



The Civic Federation

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FOREST PRESERVE DISTRICT OF COOK COUNTY FY2015 EXECUTIVE BUDGET RECOMMENDATION:

Analysis and Recommendations

November 18, 2014

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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 FY2015 Executive Budget Recommendation totaling \$187.4 million, which includes both operating and capital expenditures. We commend the District for presenting a reasonable, balanced budget while increasing public input and holding the District property tax levy relatively flat.

The Civic Federation is encouraged by the District's recent planning efforts and its increased dedication to public involvement in the planning process. The District has formally adopted four major, master plans since December 2012. These plans outline a framework for capital improvement, outdoor recreation opportunities, an improved trail system, and actions for landscape restoration, increasing public involvement in the Preserves and maximizing the economic benefits of nature conservation.

The Civic Federation recognizes that going forward the District will face increased fiscal pressures without reform of the District's pension system. Although the District has held the line on property taxes and maintains a healthy fund balance, these positive budgetary achievements will be at risk in the absence of pension reform. The market value funded ratio of the District's pension fund has fallen from 75.4% in FY2004 to 65.1% in FY2013 due in large part to statutorily required employer contributions that have been insufficient to pay down accrued unfunded liabilities. The Civic Federation urges the Forest Preserve Board of Commissioners and the Illinois General Assembly to work with the Preckwinkle Administration to pass the pension reform legislation that was introduced earlier this year. The Civic Federation further recommends that the District develop and implement a long-term financial plan to ensure fiscal sustainability and demonstrate its ability to account for the increased employer contributions that will be required of any sustainable pension reform package.

The Civic Federation offers the following **key findings** on the FY2015 proposed budget:

- Total appropriations for all funds will increase by 4.7%, or \$8.3 million, from the FY2014 adopted appropriations of \$179.1 million to \$187.4 million in FY2015;
- Total Corporate Fund appropriations net of transfers out will decrease by 2.6%, or \$1.5 million, from \$57.6 million in FY2014 to \$56.1 million in FY2015;
- Total non-capital appropriations will increase by 3.7%, or \$6.3 million, from \$172.2 million adopted in FY2014 to \$178.5 million proposed in FY2015;
- The property tax levies for the Brookfield Zoo and Chicago Botanic Garden will remain flat at \$14.9 million and \$9.3 million, respectively;
- A reduction in abatements and levying for expiring TIF increment and new property will cause the District's property tax revenues to rise slightly to \$89.7 million in FY2015 after being held flat at \$86.5 million for five years;
- Total full-time equivalent (FTE) positions will increase by 9.0%, or 54.7 FTEs to 661 FTEs in FY2015;
- The District's Corporate Fund fund balance at FY2013 year-end was \$43.8 million, and the FY2015 budget will utilize \$7.4 million of fund balance as a resource;
- The market value funded ratio for the District's pension fund declined from 75.4% to 65.1% between FY2004 and FY2013;

- The pension fund's unfunded liabilities amounted to \$124.4 million in FY2013, up from \$58.8 million in FY2004;
- The District's short-term liabilities in FY2012 fell by 36.1%, or \$13.3 million, from FY2011; and
- The District's long-term debt burden increased by 1.3%, or \$3.4 million, from \$259.4 million in FY2011 to \$262.8 million in FY2012.

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

- Presenting a reasonable balanced budget;
- Property tax levy restraint;
- Providing the public with adequate time to review the budget;
- Increased and improved planning efforts; and
- Development and introduction of pension reform legislation.

However, the Civic Federation has **concerns** about the FY2014 proposed budget including:

- Uncertainty regarding pension reform;
- Use of fund balance without one-time revenue financial policy;
- Lack of comprehensive detail in capital improvement plan about Zoo and Garden; and
- Inappropriate governance structure.

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

- Continue to work with General Assembly to implement comprehensive pension reform;
- Adopt financial planning policy governing use of District's fund balance;
- Elect a separate board of commissioners for the Forest Preserve District;
- Develop a contingency plan for pension funding; and
- Implement a long-term financial planning process.

CIVIC FEDERATION POSITION

The Civic Federation **supports** the Forest Preserve District of Cook County FY2015 Executive Budget Recommendation totaling \$187.4 million, which includes both operating and capital expenditures. We commend the District for presenting a reasonable, balanced budget while increasing public input and holding the District property tax levy relatively flat.

The Civic Federation is encouraged by the District's recent planning efforts and its increased dedication to public involvement in the planning process. The District has formally adopted four major, master plans since December 2012. These plans outline a framework for capital improvement, outdoor recreation opportunities, an improved trail system, and actions for landscape restoration, increasing public involvement in the Preserves and maximizing the economic benefits of nature conservation.

The Civic Federation recognizes that going forward the District will face increased fiscal pressures without reform of the District's pension system. Although the District has held the line on property taxes and maintains a healthy fund balance, these positive budgetary achievements will be at risk in the absence of pension reform. The market value funded ratio of the District's pension fund has fallen from 75.4% in FY2004 to 65.1% in FY2013 due in large part to statutorily required employer contributions that have been insufficient to pay down accrued unfunded liabilities. The Civic Federation urges the Forest Preserve Board of Commissioners and the Illinois General Assembly to work with the Preckwinkle Administration to pass the pension reform legislation that was introduced earlier this year. The Civic Federation further recommends that the District develop and implement a long-term financial plan to ensure fiscal sustainability and demonstrate its ability to account for increased employer contributions that will be required of any pension reform package.

The Federation reiterates its support for the creation of a separate Board of Commissioners for the Forest Preserve District. The newly appointed Conservation and Policy Council is intended to bring expert outside attention and guidance to the Board on Forest Preserve matters. However, the current board structure governing both the District and Cook County still results in an unavoidable conflict of interest between the County's mission and that of the Forest Preserve District. In the past, this conflict has resulted in land use policy violations, poor oversight of District land holdings and inadequate transparency of District finances. It has also contributed to a downgrade of the District's general obligation debt to A1 from Aa2 by Moody's, which cited the District and County's shared governance structure as a concern.¹

Issues the Civic Federation Supports

The Civic Federation supports the following issues related to the Forest Preserve District of Cook County FY2015 Executive Budget Recommendation.

¹ Moody's Investors Service, "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013.

Presenting a Reasonable Balanced Budget

The Civic Federation commends the Forest Preserve District of Cook County for developing a reasonable budget that is balanced in the near-term and minimizes the use of one-time resources such as fund balance. In the FY2015 proposed budget, the District plans to appropriate \$7.4 million in fund balance. Out of this total, \$6.0 million of the Corporate Fund fund balance is being transferred to the Capital Fund for landscape restoration and \$1.4 million is being used for operational costs. As less than one percent of the District's overall budget is being funded by one-time revenue and as the District currently maintains a large fund balance relative to its overall operating budget, the Federation is not overly concerned about the use of fund balance in the FY2015 proposed budget. However, it calls upon the District to be wary of the consequences of one-time revenue use in the future.

Property Tax Levy Restraint

The Forest Preserve District proposes to hold the gross property tax levy relatively flat, increasing to \$89.7 million, by taking advantage of levying for expiring TIF increment and new property and reducing abatement of the bond and interest levy. Previously, the District held the levy completely flat for five years in a row, after lowering it in FY2009. The Civic Federation supports the District's continued efforts to limit the pressure placed on property taxes. Additional revenue will also be obtained through user fees.

Providing the Public with Adequate Time to Review the Budget

In prior years, the Forest Preserve District released its budget less than two weeks before its scheduled public budget hearing. For instance, last year the proposed budget was released on October 17 and the first public hearing was held on October 23, allowing the public less than one calendar week to review the document. The Civic Federation has in the past issued a concern about this practice and recommended that the District allow a minimum of ten working days for the public to have sufficient time for meaningful review of the proposed budget prior to the hearing. This year the District released its proposed budget on October 8th and allowed 27 business days before its public hearing on November 18th. The Federation commends the District for providing the public with adequate time to review the FY2015 proposed budget.

Increased and Improved Planning Efforts

In the last several years, the Forest Preserve District has made notable efforts to increase its public planning and policy development. With the intent of increasing transparency and operational efficiency, the District has recently engaged in a multi-step effort of plan development, including conducting needs assessments, soliciting public input, and publicizing the master plans that outline the path forward for the District's land acquisition, camps and recreation sites, trails and long-term policy needs. Public input has been solicited through dedicated websites, interviews, focus groups and town hall meetings. By involving the public in the planning process and making the master plans public, the District allows taxpayers to help chart the path forward for the Preserves and hold the Forest Preserve Board of Commissioners accountable for plan goals or objectives that are not met. Recent master plans include:

- **Camp Master Plan** (Approved December 2012): The plan outlines a strategy of offerings to residents of Cook County and looks to both preserve the District’s camping legacy and broaden the array of overnight offerings. The Master Plan provides a conceptual framework for capital investment in the District’s campgrounds, including both immediate and potential future funding needs.²
- **Recreation Master Plan** (Approved March 2013): The Recreation Master Plan provides a vision and strategies to guide the development of expanded outdoor recreation opportunities in response to evolving community trends, needs, and interests. The plan includes decision-making tools to guide staff and leaders in making wise capital and operating investment decisions for recreational opportunities for the next ten years.³
- **Trail Master Plan and Policy** (Approved March 2014): This plan was developed out of the Recreation Master Plan published a year earlier. The overarching goal of the Trail Master Plan is to improve the user experience and identify opportunities to ensure a safe and easy-to-navigate trail system. It also describes the need for further information gathering, as well as additional staff and volunteers to adequately fund, maintain and police the system as it continues to expand.
- **New Century Conservation Plan** (Adopted February 2014): The goal of this plan is to help provide vision and guidance to the Forest Preserve District of Cook County (FPDCC) for the next 25 years. The plan was developed by community and civic leaders and includes actions for landscape restoration, increasing public involvement in the Preserves and maximizing the economic benefits of nature conservation. One of the goals of the Plan is to ensure that increased resources are appropriated to the Forest Preserves. It also sets a primary objective to “provide enduring, focused conservation leadership and increased accountability.” Most notably, the New Century Conservation Plan also called for the creation of a Forest Preserves Conservation and Policy Council that consists of experts and leaders who have expertise in the fields that impact the Forest Preserves’ mission, services and policies, including: conservation, ecology, education, cultural resources, management, finance, tourism, public policy, planning, outdoor recreation, health, volunteers and government.⁴
- **Natural and Cultural Resources Master Plan** (to be released December 2014): The District is working with the Prairie Research Institute of the University of Illinois to create a comprehensive plan for the management of its natural and cultural resources. The project will assemble into one central database ecological and archaeological data on the Forest Preserves’ holdings, including previously unknown or inaccessible data such as physical collections by staff and paper records held by partner institutions. The public will be able to access and use non-sensitive data.

Development and Introduction of Pension Reform Legislation

While the Forest Preserve District’s pension fund is not yet in as dire straits as some other State and local pension funds, it will be soon if no action is taken. Major reforms to contributions and benefits will keep the pension fund solvent and more equitably distribute taxpayers’ burden by

² Forest Preserve District of Cook County Camp Master Plan, Approved December 2012, pp. 7-8.

³ Forest Preserve District of Cook County Recreation Master Plan, Approved March 2013, p. 1.

⁴ New Century Conservation Plan for the Forest Preserves of Cook County, adopted February 2014.

tackling the problem sooner rather than requiring larger service cuts or tax increases later to keep promises made to retirees and employees.

After over two years of work with stakeholders including members of the pensions subcommittee of the Cook County Board of Commissioners, numerous affected unions representing County employees and others, the County presented pension reform legislation for the Cook County and Forest Preserve District Funds to the Illinois General Assembly in May 2014. While the pension reform package contained in House Bill 1154 (Senate Amendment 2) passed the Illinois Senate on May 27, 2014, it was not called for a vote in the House before the end of the legislative session on May 31.

The pension reform package used a number of cost-reducing levers that had not been included in previous iterations of pension reform in Illinois. Some of these levers include reducing the annuity formula⁵ and downside protections that would protect the fund from future market downturns. The major downside adjustment would start in 2020 and apply a reduced accrual rate and suspend cost of living adjustments to retirees' benefits if the fund falls below 60% funded. The reform package also includes higher employer and employee contributions and other benefit changes.⁶

The Civic Federation supported HB1154 as an innovative reform package tailored to the needs of the County's and the Forest Preserve District's pension plans. As such, the Federation calls on the Illinois House to pass the legislation and the governor to sign the bill into law.

Civic Federation Concerns

The Civic Federation has the following concerns regarding the Forest Preserve District's FY2015 Executive Budget Recommendation.

Uncertainty Regarding Pension Reform

While the Forest Preserve District's pension fund is in better shape than some other local and State funds, it is not in good fiscal health. In the ten years since FY2004, the unfunded actuarial accrued liabilities of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County have grown from approximately \$58.8 million to \$124.4 million in FY2013, the most recent year for which data are available. Similarly, the market value funded ratio for the District's pension fund has fallen from 75.4% to 65.1% over the same time period. It is currently projected that the fund will become insolvent in 2038.⁷ The District's pension problems have been caused largely by inadequate investment rates of return and consecutive years of statutorily established employer contributions that were insufficient for the level of benefits promised. Without immediate pension reform, it will become exceedingly difficult to make the pension fund fiscally sustainable.

⁵ The annuity formula is the number by which years of service and final average salary is multiplied to determine a retiree's annuity.

⁶ See the Pension section on page 36 of this analysis for more detail on the County's proposed reforms.

⁷ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Comprehensive Annual Financial Report for fiscal year ended December 31, 2013, p. 11.

While the District should be commended for making great strides in terms of convening its stakeholders and putting together a pension reform package, it is uncertain whether the package will pass the Illinois House. Given the funded ratio and the unfunded actuarial accrued liabilities of the fund stated above, failure by the Illinois General Assembly to pass the pension reform legislation brought forth by the District or some amended version puts the fund's stability and the District's fiscal outlook in doubt.

Use of Fund Balance without One-Time Revenue Financial Policy

The Civic Federation often voices concerns when governments use one-time or nonrecurring revenue sources for ongoing expenses. There are a number of reasons this can be problematic. By definition such revenue sources will not be available in the future so if the government utilizes nonrecurring revenues for operations, they are ensuring future fiscal challenges. The practice allows governments to run structural deficits and postpone making inevitable difficult choices. The Government Finance Officers Association (GFOA) recommends that all governments adopt a number of financial planning policies including the use of one-time revenues.⁸ GFOA also recommends that governments adopt rigorous policies for all operating funds to achieve and maintain a structurally balanced budget. The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to recurring expenditures in the adopted budget.⁹ The GFOA advises that the financial policies discourage the use of one-time revenues for ongoing expenditures. The best practice is that the policies be adopted by the jurisdiction's governing board and summarized in the budget document. While the District is only appropriating a small amount of its overall fund balance in the FY2015 budget for operating purposes, the District has used larger amounts of fund balance in the past for operational purposes. The Civic Federation cautions the District against reliance on fund balance for operational expenses and warns against future use without first adopting a one-time revenue financial policy.

Lack of Comprehensive Detail in Capital Improvement Plan about Zoo and Garden

The Civic Federation commends the District for publishing an annually updated Capital Improvement Plan (CIP). However, the most recent CIP for the years 2013-2017 did 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 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 on which they are located 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 who will benefit.

⁸ See GFOA Best Practice, Adopting Financial Policies, 2001.

⁹ See GFOA Best Practice, Achieving a Structurally Balanced Budget, 2012.

Inappropriate Governance Structure

In September 2014, the Cook County Board of Commissioners approved an ordinance introduced by Board President Preckwinkle to create a conservation council as part of the implementation of the Forest Preserve District's New Century Conservation Plan. The purpose of the Conservation and Policy Council is to advise the President, Board of Commissioners and General Superintendent on specific steps to implement the Next Century Conservation Plan's goals and objectives. Additionally, the Council will be responsible for developing and annually updating a strategic plan to operationalize the Next Century Conservation Plan, as well as reviewing and making recommendations for the annual budget, conservation policies and practices, and long-term strategic issues.¹⁰ While the Civic Federation is encouraged by the possibility that the District will receive a higher level of attention than prior to the creation of the Council, the Federation does not see the Council as a full solution to the District's inappropriate 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, a local government with a nearly \$4 billion budget. This structure results in an unavoidable conflict of interest between the County's mission to provide cost-effective and efficient service delivery and the Forest Preserve District's mission of land preservation and environmental education for residents of Cook County.

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.¹¹ 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 conflict of interest and inhibits proper oversight, the District suffers from numerous problems that may be mitigated by installing a separate governing body.

Other outside observers have concurred that a separate board would positively impact fiscal management. In 2009 and 2012, 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.¹² In August 2013, Moody's Investors Service downgraded the Forest Preserve District's general obligation debt to A1 from Aa2, citing the District and County's shared governance structure as a concern.¹³

While the Civic Federation commends Board President Preckwinkle and Superintendent Randall for improving management and operations at the District, over the years it has been clear that the

¹⁰ *Forest Preserves Of Cook County To Get Expertise, Guidance From New Policy Council*, Press Release, July 22, 2014.

¹¹ Civic Federation and Friends of the Forest Preserves, *Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners*, March 17, 2008.

¹² Fitch Ratings, "Fitch Upgrades Forest Preserve District of Cook County, Illinois' GOs to 'AA-'; Outlook Stable," September 9, 2009 and "Aa2 rating and stable outlook applies to \$196.6 million of post-sale GO debt," June 4, 2012.

¹³ Moody's Investors Service, "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013.

District is ill-served by the “double-duty” commissioners, whose attention and meeting availability is often consumed by the demands of the County’s many fiscal and policy needs.

Civic Federation Recommendations

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

Continue to Work with General Assembly to Implement Comprehensive Pension Reform

The Federation calls on the Cook County Board of Commissioners and the Illinois General Assembly to work with the Administration to pass the pension reform legislation that the County introduced earlier this year. While the Civic Federation is encouraged by Board President Preckwinkle’s work with labor unions that successfully crafted a pension reform agreement and by the President’s plan to continue to promote the reform in the veto and lame duck session, it is incumbent on State lawmakers to pass and the governor to sign this legislation into law.

Adopt Financial Planning Policy Governing Use of District’s Fund Balance

Best practices developed by the GFOA recommend that governments adopt financial planning policies that govern the use of one-time revenue and allow governments to achieve and maintain a truly structurally balanced budget.¹⁴ The Civic Federation urges the District to examine its current and past use of fund balance and to adopt a use of one-time revenues policy that will enable the District to maintain structurally balanced budgets in the future, where recurring revenues equal or exceed recurring expenditures. The policy should also require the budget book to identify how recurring revenues are aligned with or not aligned with recurring expenditures.

Elect a Separate Board of Commissioners for the Forest Preserve District

While the Civic Federation is encouraged by the creation of the Conservation and Policy Council, the Federation continues to 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. The Civic Federation supported legislation introduced in a previous legislative session by Representative Elaine Nekritz that would have amended the Cook County Forest Preserve District Act and beginning in 2014, the Board of Commissioners for the District would have been elected separately from the Board of Commissioners for Cook County.¹⁵ The Civic

¹⁴ See GFOA Best Practice, Adopting Financial Policies, 2001, and GFOA Best Practice, Achieving a Structurally Balanced Budget, 2012.

¹⁵ Illinois 97th General Assembly, HB1505. No further action was taken to date after the bill was re-referred to the Rules Committee in March 2011.

Federation urges new similar legislation be introduced in the upcoming 99th Illinois General Assembly.

Develop a Contingency Plan for Pension Funding

Whether or not the District is successful in getting its pension reform legislation passed by Illinois House and signed by the governor, the District will need to make larger payments to its pension fund to prevent insolvency. The plan should demonstrate how the District plans to account for increased employer contributions in its budget if HB 1154 is passed and contingency actions the District could undertake if reform is not passed.

Implement a Long-Term Financial Planning Process

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's Capital Improvement Plan (CIP) should be integrated into the long-term financial plan. Critical financial issues such as the significant growth in unfunded pension liabilities should be addressed in the plan.

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.¹⁶ A long-term financial plan typically includes a review of historical financial and programmatic trends; multi-year projections of revenues, expenditures and debt; an analysis of those trends and projections; and the modeling of options to address problems and opportunities. The plan helps governments address fiscal challenges before they become fiscal crises.

A key component of financial planning is engaging all stakeholders in the process of developing the plan. The GFOA describes long-term financial planning as "not just a staff-driven process. It is consensus-driven and inclusive, involving elected officials, staff and the public."¹⁷ Among other benefits, involving all stakeholders can help staff refine forecasts, institutionalize planning processes and promote strategic decision-making. The District should immediately begin mobilizing for a comprehensive long-term financial planning process.

Therefore, we recommend that in the new fiscal year the District undertake a long-term financial planning process that would proceed in four stages.¹⁸ First, Superintendent Randall and his administration would articulate fiscal and programmatic goals and priorities informed by public input. The Long-Term Financial Plan would evaluate financial and service data in order to

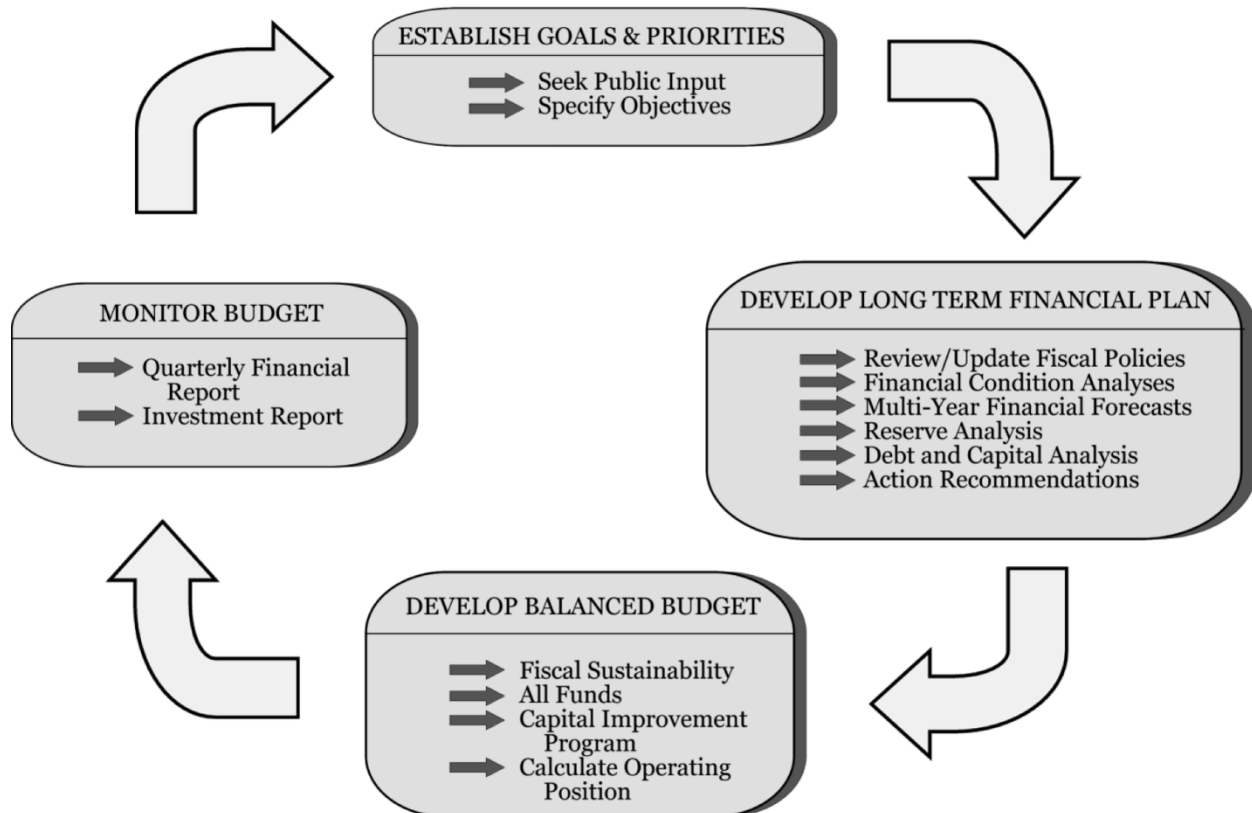
¹⁶ See Recommended Practice 9.1 "Conduct Long-Range Financial Planning," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting*. Chicago: GFOA, 1998.

¹⁷ Government Finance Officers Association, "[An Introduction to Financial Planning](http://www.gfoa.org/downloads/LTFPbrochure.pdf)," <http://www.gfoa.org/downloads/LTFPbrochure.pdf> (accessed January 10, 2011).

¹⁸ The graphic illustration of the long-term financial planning process is based on the City of San Clemente, California's Long-Term Financial Plan and is reproduced in the Government Finance Officers Association document "Long-Term Financial Planning for Governments" available at <http://www.gfoa.org/downloads/LTFPbrochure.pdf>.

determine how to accomplish the goals and priorities. It would include a review of the District’s financial policies, a financial condition analysis that presents ten years of historical trend information, multi-year financial forecasts, a reserve analysis, evaluation of debt and capital obligations and a series of action recommendations. The insights derived from the Long-Term Financial Plan would directly inform the development of a balanced Forest Preserve District budget that is fiscally sustainable each year. The plan would then be closely monitored with regular financial reports to ensure its viability.

Long-Term Financial Planning Process



If the District chooses not to undertake a full long-term financial planning process, then, at a minimum, an annual document should be developed and published that would include:

1. A description of financial policies, service level targets and financial goals. Each policy should be reviewed using relevant forecasting data to determine if the policy is being followed, if the policy should be amended and if new policies should be added;
2. A scorecard or rating of the financial indicators as part of the financial analysis that assesses whether the trend is favorable, warrants caution, is a warning sign of potential problems or is unfavorable;
3. Possible strategies, actions and scenarios needed to address financial imbalances and other long-term issues. For example, a discussion of the long-term implications of

- continuing or ending existing programs or adding new ones. These actions should include information on fiscal impact and ease of implementation; and
4. Sufficient stakeholder input including holding a public hearing for decision makers and the public to provide meaningful input on a long-term financial strategy to address the County's financial challenges.

ACKNOWLEDGEMENTS

The Civic Federation would like to express its appreciation to General Superintendent Arnold Randall, Chief Financial Officer Stephen Hughes and Director of Budget and Management Troy Alim for providing information about the proposed budget.

APPROPRIATIONS

This section provides an analysis of the Forest Preserve District's proposed FY2015 appropriations. Proposed FY2015 appropriations are compared to adopted appropriations over two- and five-year periods.¹⁹

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

The District is proposing a total FY2015 budget of \$187.4 million. This is a 4.7%, or \$8.3 million, increase from the adopted FY2014 appropriation of \$179.1 million. The proposed FY2015 budget for non-capital funds of \$178.5 million is a 3.7%, or \$6.3 million, increase from the adopted FY2014 budget. Non-capital funds include the Corporate Fund, Self-Insurance Fund, Bond and Interest Funds, Employee Annuity and Benefit (pension) Fund, the Zoological Fund (Brookfield Zoo) and the Botanic Garden Fund (Chicago Botanic Garden).²⁰ The proposed FY2015 capital budget of \$8.9 million is a 28.9%, or \$2.0 million, increase from the approved FY2014 capital appropriations.

Corporate Fund budgeted appropriations will decrease by 2.6%, or \$1.5 million, from \$57.6 million in FY2014 to \$56.1 million in FY2015. In comparison to the FY2014 adopted budget, the net Bond and Interest Funds appropriation for FY2015 will increase by 18.2% or \$2.3 million.

The Employee Annuity and Benefit Fund appropriation for the District's pension fund will increase by 10.7%, or approximately \$338,600, from nearly \$3.2 million in FY2014 to \$3.5 million in FY2015. The annual property tax levy which funds the appropriation for the pension fund is set by state statute at 1.3 times the annual employee contribution made two years prior.²¹ The levy for the Employee Annuity and Benefit Fund will increase by 10.7%, or \$338,600, in FY2015 over the FY2014 levy from approximately \$3.2 million to \$3.5 million.²²

The Forest Preserve District provides support for both the Brookfield Zoo and the Chicago Botanic Garden, two independent, nonprofit agencies. The Brookfield Zoo is administered and operated by the Chicago Zoological Society and the Botanic Garden by the Chicago Horticultural Society. Both are located on District land and operate as cooperative functions of the District. As such, the District provides financial support to both entities through a property tax funded subsidy. The gross property tax levy for the Zoo will remain at approximately \$14.9 million in FY2015. The total appropriation for the Zoo, which includes property tax revenues

¹⁹ Actual expenditures were not used due to lack of availability in the budget documents.

²⁰ Bond and Interest Funds for FY2015 reflect the net of the Bond and Interest Fund tax levy (\$12,118,288) and the Bond and Interest PPRT tax (\$3,998,100) and the Bond and Interest Escrow Abatement (-\$1,200,000). The Self-Insurance Fund functions as an internal service fund to account for future estimated claims and judgments. The Zoological and Botanic Garden Funds are discretely presented component units of the Forest Preserve District.

²¹ 40 ILCS 5/10-107.

²² The remaining amount of the \$3.5 million in appropriations for the Employee Annuity and Benefit Fund will come from personal property replacement tax (PPRT) revenue. Forest Preserve District of Cook County FY2014 Annual Appropriation Ordinance, p. 98 and FY2015 Executive Budget Recommendation, p. 102.

and Zoo generated revenue such as admissions fees and concessions, will increase by 4.6%, or \$3.0 million, from \$64.2 million to \$67.2 million in FY2015.²³

Appropriations for the Botanic Garden Fund, which provides public funding for the Chicago Botanic Garden, will increase by 7.0%, or approximately \$2.2 million, from \$31.6 million in FY2014 to \$33.8 million in FY2015. The change is attributable to a \$2.2 million increase in the amount of funds provided by the Garden, which includes revenue from grants, membership contributions and fees.²⁴ The gross property tax levy for the Garden will remain at \$9.3 million.

There will be no appropriation to the Real Estate Acquisition Fund in FY2015 as all of the money in this fund was spent down in FY2013. In the foreseeable future, funding for land acquisition will come from the District's 2012 bond issuance instead of the Real Estate Acquisition Fund as has been the practice in the past.²⁵ This fund was not directly supported by a property tax levy, but appropriations from debt proceeds, contributions, grants, fund transfers, fund balance and investment income. The District currently owns over 69,000 acres, or 11% of the Cook County land area, and is authorized to acquire up to 75,000 acres.²⁶

Between FY2014 and FY2015 appropriations for the Construction and Development Fund will decrease slightly, falling by 0.1%, or \$3,500.²⁷

The Capital Improvement Fund will receive \$6.0 million in transfers from the Corporate Fund in FY2015. This amount is held flat from the FY2014 approved appropriation. This represents the full balance of the Capital Improvement Fund's appropriation for FY2015.²⁸

Between FY2011 and FY2015 total appropriations will decrease by 5.6% or \$11.0 million. Non-capital funds appropriations will increase by 10.8%, or \$17.5 million, while capital funds appropriations will fall significantly by 76.2% or \$28.5 million. This is primarily due to \$18.6 million of real estate acquisition spending in FY2011. No real estate acquisition spending is proposed in FY2015. Over the five-year period, the Zoological and Botanic Garden Funds will increase by \$6.2 million, or 10.2%, and \$6.9 million, or 25.6%, respectively. This is primarily the result of increased funding provided through contributions from the Zoological Society and Horticultural Society.

With the exception of the Zoological and Botanic Garden Funds, the largest non-capital funds percentage increase will occur in the Bond and Interest Fund as it grows by 24.2%, or \$2.9 million between FY2011 and FY2015. Appropriations for the Construction and Development

²³ Forest Preserve District of Cook County FY2014 Annual Appropriation Ordinance, p. 98 and FY2015 Executive Budget Recommendation, p. 117.

²⁴ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 126.

²⁵ Information provided by the Forest Preserve District Department of Finance and Administration, November 1, 2013.

²⁶ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, pp. 7 and 98.

²⁷ The Construction and Development Fund is designed to account for annual tax levies and other revenues to be used for the acquisition or construction of major capital facilities. Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 149.

²⁸ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 22

and Capital Improvement Funds will be reduced by \$2.8 million, or 49.3%, and \$7.1 million, or 54.0%, respectively, over the five-year period.

Forest Preserve District All Funds Appropriations: FY2011-FY2015 (in \$ thousands)									
Fund	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Non-Capital									
Corporate	\$ 58,013.4	\$ 58,013.4	\$ 52,841.7	\$ 57,577.1	\$ 56,097.2	\$ (1,480.0)	-2.6%	\$ (1,916.3)	-3.3%
Self-Insurance	\$ -	\$ -	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ -	0.0%	\$ 3,000.0	
Bond & Interest*	\$ 12,009.6	\$ 12,001.3	\$ 14,885.5	\$ 12,623.4	\$ 14,916.4	\$ 2,293.0	18.2%	\$ 2,906.8	24.2%
Employee Annuity & Benefit	\$ 3,144.4	\$ 3,188.5	\$ 2,975.7	\$ 3,154.8	\$ 3,493.4	\$ 338.6	10.7%	\$ 348.9	11.1%
Zoological	\$ 60,955.7	\$ 63,253.9	\$ 62,899.1	\$ 64,206.6	\$ 67,179.1	\$ 2,972.6	4.6%	\$ 6,223.4	10.2%
Botanic Garden	\$ 26,913.2	\$ 28,924.2	\$ 30,632.1	\$ 31,590.5	\$ 33,807.8	\$ 2,217.3	7.0%	\$ 6,894.6	25.6%
Subtotal Non-Capital	\$ 161,036.3	\$ 165,381.3	\$ 167,234.2	\$ 172,152.4	\$ 178,493.9	\$ 6,341.5	3.7%	\$ 17,457.5	10.8%
Capital									
Construction & Development	\$ 5,739.5	\$ 5,739.5	\$ 1,940.0	\$ 2,913.5	\$ 2,910.0	\$ (3.5)	-0.1%	\$ (2,829.5)	-49.3%
Capital Improvement	\$ 13,050.0	\$ 13,780.0	\$ 5,300.0	\$ 4,000.0	\$ 6,000.0	\$ 2,000.0	50.0%	\$ (7,050.0)	-54.0%
Real Estate Acquisition	\$ 18,596.1	\$ 10,082.0	\$ 14,848.8	\$ -	\$ -	\$ -		\$ (18,596.1)	-100.0%
Subtotal Capital	\$ 37,385.6	\$ 29,601.5	\$ 22,088.8	\$ 6,913.5	\$ 8,910.0	\$ 1,996.5	28.9%	\$ (28,475.6)	-76.2%
Grand Total	\$ 198,422.0	\$ 194,982.8	\$ 189,323.0	\$ 179,065.9	\$ 187,403.9	\$ 8,337.9	4.7%	\$ (11,018.1)	-5.6%

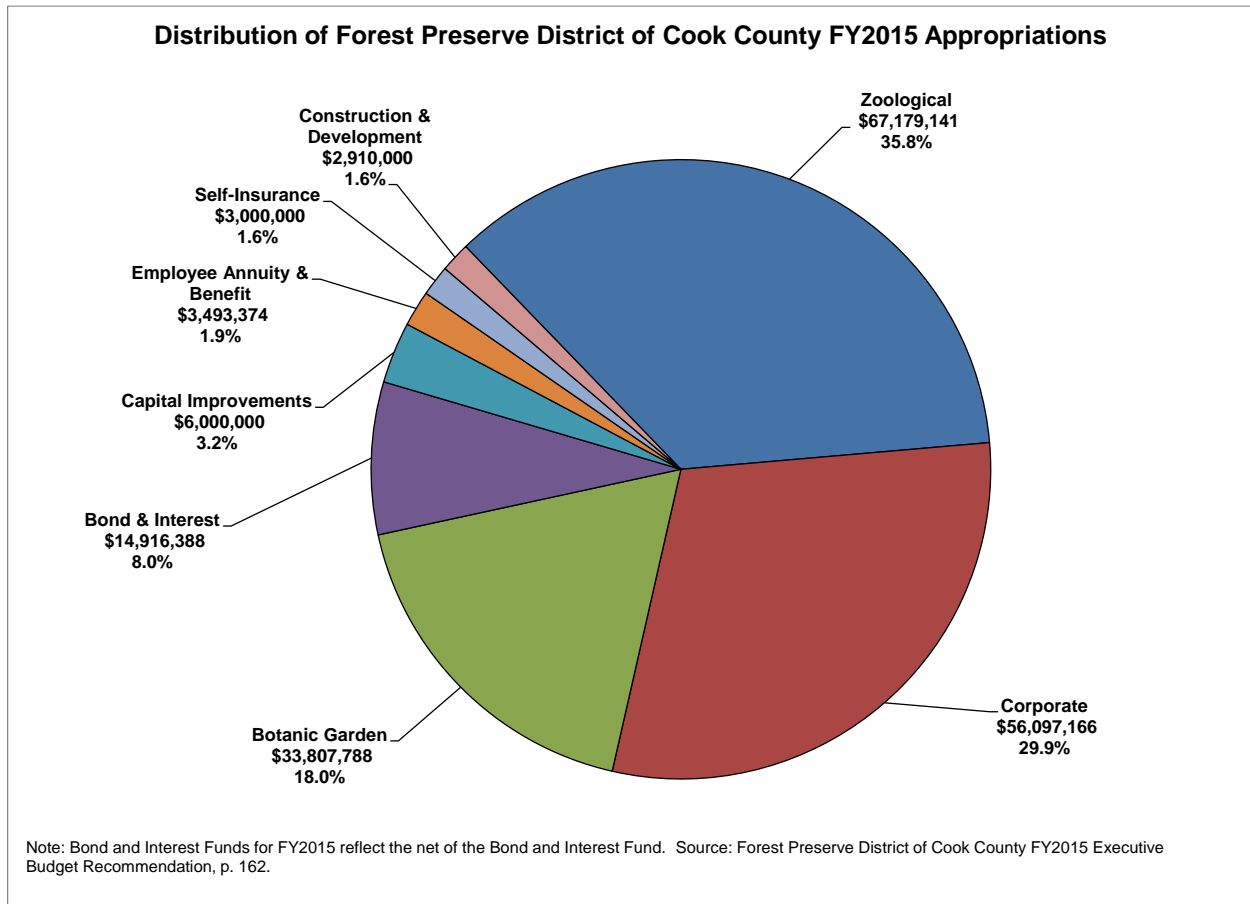
Note: Actual expenditures were not used due to lack of availability in the budget documents. Totals may differ from budget documents due to rounding.

* Bond and Interest Funds for FY2014-FY2015 reflect the net of the Bond and Interest Abatement Fund

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2014, Budget Recommendation Comparative Summaries and FY2015 Executive Budget Recommendations, p. 162.

The distribution of Forest Preserve District FY2015 appropriations by fund is shown in the next exhibit. The greatest portion of appropriations is for the Zoological Fund at 35.8%. The Botanic Garden will represent 18.0% of appropriations in FY2015. As described in the resources section on page 21, a significant portion of the Zoo and Garden operations are funded through program

income. The District's Corporate Fund appropriation of \$56.1 million will make up 29.9% of total appropriations.



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

The FY2015 proposed Corporate Fund budget is \$62.1 million, which includes \$56.1 million in Corporate Fund appropriations and \$6.0 million in transfers in to the Corporate Fund from the Capital Improvement Fund. With the FY2014 proposed budget the District created a new department in the Corporate Fund, the Department of Conservation and Experiential Programming. Some of the employees working in this department will come from existing departments including the Office of the General Superintendent, the Department of Resource Management and the Department of Permits, Concessions and Volunteer Resources.²⁹ The proposed FY2015 appropriation for the Department of Conservation and Experiential Programming is \$5.5 million, a 22.8%, or \$1.0 million increase from the FY2014 approved appropriation. The Department of Conservation and Experiential Programming operates six Nature Centers, three Aquatic Centers, manages the Youth Education Outreach Team and provides programs and recreational opportunities in the Forest Preserves for citizens.³⁰ The increase in appropriations in FY2015 is for the activation of new facilities and amenities at

²⁹ Forest Preserve District of Cook County FY2014 Executive Budget Recommendation, p. 13.

³⁰ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 8.

Rolling Knolls, Swallow Cliff, Thatcher Woods and Dan Ryan Woods.³¹ The increase will also fund new positions in the department.³²

The largest dollar increase from FY2014 to FY2015 will occur in District Wide Programs.³³ The main drivers of this increase include centralization of services previously budgeted in departmental line items, expansion of intergovernmental agreements and leveraging purchasing power for goods and services in collaboration and participation in larger Cook County contracts, programming and partnering for the Forest Preserves' Centennial Celebration and Next Century Conservation Plan, management of the District's five new or expanded public camping venues and expanded programming and recreation opportunities in the Preserves.³⁴

Over the past five years, Corporate Fund funds have been transferred out to the Capital Improvement, Real Estate Acquisition and Self-Insurance Funds. The most significant transfer occurred in FY2011 when approximately \$9.5 million was transferred out. There will be no transfers to the Self-Insurance Fund in FY2015.³⁵ In FY2013 the Self-Insurance Fund received an appropriation from a portion of the Self-Insurance Fund's fund balance rather than receive funds through a transfer from the Corporate Fund as in FY2011 and FY2012. The \$27 million in 2012 bond proceeds designated for land acquisition through the Real Estate Acquisition Fund eliminated the need for an operating transfer from the Corporate Fund in FY2013. In FY2015 only \$200,000 is proposed to be transferred out from the Corporate Fund to the Real Estate Acquisition Fund. Capital Improvement Fund expenses will be primarily funded from a transfer out of \$6.0 million of operating funds.³⁶

Total Corporate Fund appropriations will increase by 8.7%, or \$5.0 million, from \$57.1 million to \$62.1 million between FY2011 and FY2015. The largest dollar increase for programs in existence during the last five years will occur in District Wide Programs as appropriations grow by 255.6% or \$5.0 million. General Office spending will fall by 3.1%, or \$52,400, since FY2011. The decrease in appropriations of 48.0%, or \$4.0 million, in Resource Management is attributable to the transferring of positions and resources to the new Department of Conservation and Experiential Programming in FY2014. The Departments of Law Enforcement and the Legal Department will experience budget declines of 3.1% and 9.3%, respectively.

³¹ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 13.

³² Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 14.

³³ District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service, Office Equipment and Furniture and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Previously, Professional Contractual Services, Other Expenses and some employee benefits were included under Fixed Charges, but as of the FY2012 budget, these line items are included under District Wide Programs. Forest Preserve District of Cook County, FY2013 Executive Budget Recommendation, p. 105.

³⁴ Information provided by the Forest Preserve District Department of Finance and Administration, November 13, 2014.

³⁵ The Self-Insurance Fund functions as an internal service fund to account for future estimated claims and judgments.

³⁶ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 14

In FY2012 Human Resources was separated from Finance and Administration to create its own department.³⁷ When combined, Finance and Administration and Human Resources appropriations will total \$2.7 million in FY2015 compared to the FY2011 Finance and Administration appropriation total of \$2.3 million.

Forest Preserve District Corporate Fund Appropriations: FY2011-FY2015 (in \$ thousands)							
Category/Department	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Proposed	FY2015 Proposed	Five-Year \$ Change	Five-Year % Change
General Office	\$ 1,699.3	\$ 2,100.3	\$ 1,884.3	\$ 1,885.0	\$ 1,646.9	\$ (52.4)	-3.1%
Finance and Administration	\$ 2,321.2	\$ 1,787.2	\$ 2,054.6	\$ 1,894.5	\$ 1,954.0	\$ (367.2)	-15.8%
Human Resources*	\$ -	\$ 696.2	\$ 585.2	\$ 562.3	\$ 709.3	\$ 709.3	
Resource Management	\$ 8,376.7	\$ 7,986.6	\$ 7,653.5	\$ 4,202.8	\$ 4,358.2	\$ (4,018.5)	-48.0%
Conservation and Experiential Programming**	\$ -	\$ -	\$ -	\$ 4,482.4	\$ 5,503.4	\$ 5,503.4	
Resident Watchman Facilities	\$ 500.0	\$ 200.0	\$ 250.0	\$ 257.5	\$ 257.5	\$ (242.5)	-48.5%
Permits, Concessions and Volunteer Resources	\$ 1,678.2	\$ 2,707.6	\$ 3,046.9	\$ 1,739.6	\$ 2,099.7	\$ 421.5	25.1%
Law Enforcement	\$ 9,579.3	\$ 9,633.5	\$ 9,514.6	\$ 9,256.0	\$ 9,281.7	\$ (297.6)	-3.1%
Legal Department	\$ 1,459.2	\$ 1,429.7	\$ 1,366.0	\$ 1,302.3	\$ 1,323.1	\$ (136.1)	-9.3%
Planning and Development	\$ 1,902.8	\$ 1,735.3	\$ 1,813.5	\$ 1,758.1	\$ 1,934.1	\$ 31.4	1.6%
District Wide Programs***	\$ 1,959.5	\$ 2,709.5	\$ 3,415.0	\$ 4,352.1	\$ 6,967.6	\$ 5,008.1	255.6%
Operating Transfer to Capital	\$ 2,000.0	\$ -	\$ 1,550.0	\$ 6,000.0	\$ 6,000.0	\$ 4,000.0	200.0%
Operating Transfer to Real Estate Acquisition	\$ 4,506.1	\$ 4,000.0	\$ -	\$ 550.0	\$ 200.0	\$ (4,306.1)	-95.6%
Operating Transfer to Self-Insurance	\$ 3,000.0	\$ 3,000.0	\$ -	\$ -	\$ -	\$ (3,000.0)	-100.0%
General Maintenance****							
Landscape Maintenance	-	-	\$ 10,504.9	\$ 9,956.5	\$ 9,874.7		
Facilities & Fleet Maintenance	-	-	\$ 9,203.1	\$ 9,083.4	\$ 9,987.0		
General Maintenance Subtotal	\$ 18,155.9	\$ 20,027.6	\$ 19,708.1	\$ 19,039.9	\$ 19,861.7	\$ 1,705.9	9.4%
Total	\$ 57,138.1	\$ 58,013.4	\$ 52,841.7	\$ 57,282.3	\$ 62,097.2	\$ 4,959.1	8.7%

Note: Adopted appropriation figures were used because actual expenditures were not available for all years. Totals may differ from budget documents due to rounding.

* In FY2012 Human Resources was separated from Finance and Administration to create its own department.

** Conservation and Experiential Programming is a new department created in FY2014.

*** District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service, Office Equipment and Furniture and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Forest Preserve District of Cook County FY2013 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

**** In FY2013 General Maintenance was split into two separate departments: Landscape Maintenance and Facilities & Fleet Maintenance.

Source: Forest Preserve District of Cook County Executive Budget Recommendations, FY2011-FY2013; FY2014 Annual Appropriation Ordinance, p. 21 and FY2015 Executive Budget Recommendation, p. 22.

³⁷ The District also created a Human Resources Department in FY2007; however, the department was then consolidated with Finance and Administration again after one year. See Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 7.

RESOURCES

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. Data used in this section include prior year figures from the Annual Appropriations Ordinances, which are approved by the Board of Commissioners, and recommended figures from the FY2014 and FY2015 Executive Budget Recommendation.

The District also maintains a Self-Insurance Fund, which functions as an internal service fund to account for future estimated claims and judgments. The Self-Insurance Fund is actuarially funded on a biannual basis.³⁸ In FY2015 the budgeted premium for the Self-Insurance Fund will stay flat from the FY2012, FY2013 and FY2014 appropriations of \$3.0 million.³⁹

Corporate, Pension and Bond & Interest Funds

The Forest Preserve District total resources for the Corporate Fund, Pension Fund and Bond and Interest Fund will increase by 10.2%, or \$7.4 million, from \$73.1 million in FY2014 to \$80.5 million in FY2015. Over the five-year period beginning in FY2011, these resources will increase by 11.4% or \$8.2 million.

- Corporate Fund resources will decrease by 0.8%, or \$487,000, from \$62.6 million in FY2014 to \$62.1 million in FY2015;⁴⁰
- The Pension Fund property tax levy will increase by 10.7% to \$3.1 million from \$2.8 million in FY2014. This is due to a reduction in the abatement of the bond and interest levy. PPRT revenues distributed to the Pension Fund will also increase by 10.7%, from \$316,000 in FY2014 to \$350,000 in FY2015; and
- The Bond and Interest Fund (debt service fund) resources will increase to \$10.9 million as a result of a \$2.3 million increase in the amount of property tax revenues distributed to the fund, again due to the reduction in the abatement of the bond and interest levy. PPRT revenues will remain at essentially the same level at nearly \$4.0 million.

³⁸ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 149.

³⁹ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 18.

⁴⁰ The Corporate Property Tax Levy will increase by \$578,364 to capture expired TIF, property tax incentives and new construction.

Forest Preserve District Total Budgeted Resources for Corporate, Pension and Bond & Interest Funds: FY2011-FY2015 (in \$ thousands)									
Corporate Fund	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 39,325	\$ 39,795	\$ 45,307	\$ 46,432	\$ 46,937	\$ 505	1.1%	\$ 7,612	19.4%
PPRT	\$ 4,808	\$ 5,200	\$ 834	\$ 2,992	\$ 3,052	\$ 60	2.0%	\$ (1,756)	-36.5%
Non-Tax Revenues	\$ 3,831	\$ 4,487	\$ 4,755	\$ 4,107	\$ 4,308	\$ 201	4.9%	\$ 478	12.5%
Fund Balance Contribution	\$ 9,175	\$ 8,532	\$ 1,945	\$ 8,503	\$ 7,400	\$ (1,103)	-13.0%	\$ (1,775)	-19.3%
TIF Surplus*	\$ -	\$ -	\$ -	\$ 300	\$ 400	\$ 100	33.3%	\$ 400	-
Corporate Fund Total	\$ 57,138	\$ 58,013	\$ 52,842	\$ 62,334	\$ 62,097	\$ (237)	-0.4%	\$ 4,959	8.7%
Pension Fund									
Property Tax Levy	\$ 2,830	\$ 2,869	\$ 2,678	\$ 2,839	\$ 3,144	\$ 305	10.7%	\$ 314	11.1%
PPRT	\$ 315	\$ 319	\$ 298	\$ 316	\$ 350	\$ 34	10.7%	\$ 35	11.1%
Pension Fund Total	\$ 3,144	\$ 3,189	\$ 2,976	\$ 3,155	\$ 3,493	\$ 339	10.7%	\$ 349	11.1%
Bond & Interest Fund									
Property Tax Levy	\$ 12,010	\$ 12,001	\$ 10,889	\$ 8,627	\$ 10,918	\$ 2,291	26.6%	\$ (1,091)	-9.1%
PPRT	\$ -	\$ -	\$ 3,996	\$ 3,996	\$ 3,998	\$ 2	0.0%	\$ 3,998	-
Bond & Interest Fund Total	\$ 12,010	\$ 12,001	\$ 14,886	\$ 12,623	\$ 14,916	\$ 2,293	18.2%	\$ 2,907	24.2%
Total	\$ 72,292	\$ 73,203	\$ 70,703	\$ 78,112	\$ 80,507	\$ 2,395	3.1%	\$ 8,215	11.4%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2013, Attachment A; Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, Attachment A.

Corporate Fund Resources

The next exhibit presents adopted Corporate Fund resources since FY2011 and proposed for FY2015. Total Corporate Fund resources will be \$62.1 million in FY2015, a decrease of 0.4%, or \$237 million, from FY2014 and will increase by approximately \$5.0 million, or 8.7%, from FY2011. The overall decrease from FY2014 resources is due in part to decrease of \$1.1 million, or 13.0%, in fund balance contribution.

Non-tax Corporate Fund revenues will decrease from adopted FY2014 amounts by \$49,000 or 1.1%. This includes a \$100,000 increase in revenues from intergovernmental resources and a \$100,000, or 100.0%, decrease in miscellaneous revenue. This decrease in intergovernmental resources reflects a one-time revenue sharing with Cook County from receipts from Lollapalooza user fees and taxes and the \$100,000 decrease in miscellaneous revenues reflects reduced damage claims, reimbursements for chargebacks and jury duty.⁴¹ Projected revenues for fines, fees and permits are increasing by \$9,000, or 0.4%, continuing a significant growth trend from FY2013 when sweeping fee increases were first implemented.⁴²

In FY2015 the District will receive \$187,000 in revenues generated from license agreements that are allocated toward youth education, land acquisition and restoration (YELAR), a 71.0% increase from FY2014. The District began reporting these revenues separately from other license agreements in FY2013. Previously, this revenue was included in License Agreements.

The District proposes to appropriate \$7.4 million of fund balance as available resources in FY2015. This represents 11.9% of Corporate Fund total resources, a smaller portion than was used in FY2014 and prior years. However, it is important to note that the fund balance contribution for FY2014 was changed in the FY2015 budget to provide a more accurate comparison between the two fiscal years to account for corporate transfers to other funds.⁴³ In FY2010 the \$9.2 million fund balance contribution represented 16.1% of total resources. The

⁴¹ Communication with Forest Preserve District budget staff, November 14, 2014.

⁴² See the Civic Federation's analysis of the FY2013 proposed budget available on the Federation's website for details on the changes.

⁴³ Communication with Forest Preserve District budget staff, November 14, 2014.

District is also proposing to use approximately \$400,000 in tax increment financing (TIF) surplus, which is declared by the City of Chicago and distributed by Cook County.

Forest Preserve District Resources Corporate Fund: FY2011-FY2015 (in \$ thousands)									
Resources	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 39,325	\$ 39,795	\$ 45,307	\$ 46,432	\$ 46,937	\$ 505	1.1%	\$ 7,612	19.4%
PPRT	\$ 4,808	\$ 5,200	\$ 834	\$ 2,992	\$ 3,052	\$ 60	2.0%	\$ (1,756)	-36.5%
Subtotal Tax Revenues	\$ 44,133	\$ 44,995	\$ 46,141	\$ 49,424	\$ 49,989	\$ 565	1.1%	\$ 5,856	13.3%
Fines, Fees & Permits*	\$ 1,540	\$ 1,585	\$ 1,915	\$ 2,019	\$ 2,027	\$ 9	0.4%	\$ 487	31.6%
License Agreements	\$ 1,100	\$ 1,752	\$ 1,166	\$ 570	\$ 690	\$ 120	21.1%	\$ (410)	-37.3%
Golf Privatization Fees	\$ 950	\$ 900	\$ 990	\$ 990	\$ 990	\$ -	0.0%	\$ 40	4.2%
Concessions	\$ 146	\$ 150	\$ 200	\$ 220	\$ 190	\$ (30)	-13.6%	\$ 45	30.6%
Investment Earnings	\$ 70	\$ 50	\$ 150	\$ 100	\$ 75	\$ (25)	-25.0%	\$ 5	7.1%
Intergovernmental Sources	\$ -	\$ -	\$ -	\$ 250	\$ 150	\$ (100)	-	\$ 150	-
Miscellaneous Income	\$ 25	\$ 50	\$ 100	\$ 100	\$ -	\$ (100)	-100.0%	\$ (25)	-100.0%
YELAR**	\$ -	\$ -	\$ 234	\$ 109	\$ 186	\$ 77	71.0%	\$ 186	-
Subtotal Non-Tax Revenue	\$ 3,831	\$ 4,487	\$ 4,755	\$ 4,357	\$ 4,308	\$ (49)	-1.1%	\$ 478	12.5%
Total Appropriated Revenues	\$ 47,963	\$ 49,482	\$ 50,896	\$ 53,781	\$ 54,297	\$ 516	1.0%	\$ 6,334	13.2%
Fund Balance Contribution	\$ 9,175	\$ 8,532	\$ 1,945	\$ 8,503	\$ 7,400	\$ (1,103)	-13.0%	\$ (1,775)	-19.3%
TIF Surplus	\$ -	\$ -	\$ -	\$ 300	\$ 400	\$ 100	33.3%	\$ 400	-
Total Resources	\$ 57,138	\$ 58,013	\$ 52,842	\$ 62,584	\$ 62,097	\$ (487)	-0.8%	\$ 4,959	8.7%

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

**YELAR revenues are generated from fees on license agreements that are designated for youth education, land acquisition and restoration.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2012, Chart 1-J; FY2013, p. 34; FY2014, p. 20; Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 21; and communication with Forest Preserve District budget office on November 14, 2014.

Fee Schedule

The chart below shows Corporate Fund revenues generated from fees, permits and fines as compared to revenues generated from the property tax levy and Personal Property Replacement Tax (PPRT). Revenues generated from fees, permits and fines – which include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees and land use fees – will increase from 5.2% of total Corporate Fund revenues in FY2011 to 5.8% in FY2015. Tax revenues will increase from 92.0% of total revenues in FY2011 to 92.1% in FY2015. Other Revenues – which include revenues earned from license agreements, concessions, investment earnings, miscellaneous income, intergovernmental sources and YELAR – will decrease from 2.8% in FY2011 to 2.1% in FY2015. All revenue sources will increase over the two-year period except Fees and Fines and all revenue sources will increase

over the five-year period except Other Revenues. The District's FY2015 proposed budget does not include any rate or fee increases.

Forest Preserve District Corporate Fund Revenues: FY2011-FY2015									
(in \$ thousands)									
Revenues	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Fees and Permits*	\$ 2,340	\$ 2,310	\$ 2,585	\$ 2,923	\$ 2,851	\$ (71)	-2.4%	\$ 511	21.8%
Fines	\$ 150	\$ 175	\$ 320	\$ 336	\$ 316	\$ (20)	-6.0%	\$ 166	110.7%
Subtotal Fees and Fines	\$ 2,490	\$ 2,485	\$ 2,905	\$ 3,259	\$ 3,167	\$ (91)	-2.8%	\$ 677	27.2%
Percent of Total	5.2%	5.0%	5.7%	6.1%	5.8%				
Tax Revenues	\$ 44,133	\$ 44,995	\$ 46,141	\$ 49,424	\$ 49,989	\$ 565	1.1%	\$ 5,856	13.3%
Percent of Total	92.0%	90.9%	90.7%	91.9%	92.1%				
Other Revenues**	\$ 1,341	\$ 2,002	\$ 1,850	\$ 1,099	\$ 1,141	\$ 42	3.8%	\$ (200)	-14.9%
Percent of Total	2.8%	4.0%	3.6%	2.0%	2.1%				
Total Revenues	\$ 47,963	\$ 49,482	\$ 50,896	\$ 53,781	\$ 54,297	\$ 516	1.0%	\$ 6,334	13.2%

*Fees and Permits include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees and land use fees.

**Other Revenues include revenues earned from license agreements, concessions, investment earnings, miscellaneous income, intergovernmental sources and YELAR. Note: Revenues do not include fund balance contributions and tax increment financing (TIF) surplus.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2012, Chart 1-J; FY2013, p. 23; FY2014, p. 20; and Forest Preserve District of Cook County, FY2015 Executive Budget Recommendation, p. 21.

Zoological Fund and Botanic Fund Resources

Between FY2011 and FY2015, total Zoological Fund and Botanic Fund resources will grow by 14.6% or \$12.8 million. The net property tax levy will remain flat at \$14.3 million for the Zoological Fund and \$9.1 million for the Botanic Fund over the five-year period. During the same time, PPRT revenue for the Zoological and Botanic Funds will increase by 21.8% and 35.5%, respectively. Zoological Fund resources will increase by 4.3%, or \$2.8 million, in FY2015 from FY2014 adopted levels due to expected increases in program income. Similarly, the Botanic Fund resources will increase by 6.8%, or \$2.2 million from FY2014 adopted figures, due to projected increases in funds generated by the Garden.

Forest Preserve District Total Budgeted Resources Zoological and Botanic Funds: FY2011-FY2015 (in \$ thousands)									
	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Zoological Fund									
Gross Property Tax Levy	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	-	-	-	-
Reserves for Deferred Collections and Refunds	\$ (744)	\$ (744)	\$ (547)	\$ (547)	\$ (547)	-	-	\$ 198	-26.6%
Net Property Tax Levy	\$ 14,141	\$ 14,141	\$ 14,338	\$ 14,338	\$ 14,338	-	-	\$ 198	1.4%
PPRT	\$ 615	\$ 615	\$ 749	\$ 749	\$ 749	-	-	\$ 134	21.8%
Program Income	\$ 46,100	\$ 48,398	\$ 47,711	\$ 49,001	\$ 51,789	\$ 2,787	5.7%	\$ 5,689	12.3%
Deferred Collections	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	-	-	-	-
Zoological Fund Total	\$ 60,956	\$ 63,254	\$ 62,899	\$ 64,189	\$ 66,976	\$ 2,787	4.3%	\$ 6,021	9.9%
Botanic Fund									
Gross Property Tax Levy	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	-	-	-	-
Reserves for Deferred Collections and Refunds	\$ (467)	\$ (467)	\$ (280)	\$ (280)	\$ (280)	-	-	\$ 187	-40.0%
Net Property Tax Levy	\$ 8,881	\$ 8,881	\$ 9,068	\$ 9,068	\$ 9,068	-	-	\$ 187	2.1%
PPRT	\$ 263	\$ 263	\$ 356	\$ 356	\$ 356	-	-	\$ 93	35.5%
Provided by Garden	\$ 17,770	\$ 19,781	\$ 21,209	\$ 22,156	\$ 24,309	\$ 2,153	9.7%	\$ 6,539	36.8%
Botanic Fund Total	\$ 26,913	\$ 28,924	\$ 30,632	\$ 31,579	\$ 33,732	\$ 2,153	6.8%	\$ 6,819	25.3%
Total	\$ 87,869	\$ 92,178	\$ 93,531	\$ 95,768	\$ 100,709	\$ 4,940	5.2%	\$ 12,840	14.6%

Source: Forest Preserve District of Cook County Executive Budget Recommendations, FY2011, pp. 137 and 149; FY2012, pp. 133 and 148; FY2013, pp. 133 and 151; FY2014, pp. 111 and 127; FY2015, pp. 112 and 126.

Property Tax Levy

The Forest Preserve District proposes to increase the revenue from its gross property tax levy by \$3.2 million, or 3.7% from \$86.5 million in FY2014 to \$89.7 million in FY2015. This is due to a decrease in the amount of tax it will abate from the previous year. The District had held its base property tax levy at the same level since FY2010, when it was decreased by 1.3% from \$87.6 million in FY2009.

The next exhibit shows the distribution of gross property tax revenues by fund from FY2011 to FY2015. The share of the property tax levy distributed to the Corporate Fund has increased by nearly \$7.0 million, or 16.9%, from \$41.4 million in FY2011 to \$48.4 million in FY2015.⁴⁴ The increase for the Corporate Fund will be partly offset by a decrease of \$1.1 million, or 9.1%, distributed to the Bond and Interest Fund and a \$3.0 million, or 50.3% decrease in the Construction and Development Fund. The \$10.9 million in property tax revenues allocated to the Bond and Interest Fund includes one abatement. According to the District, a property tax levy pledge of nearly \$4.0 million for bonds backed by Personal Property Replacement Tax (PPRT) revenues will be abated when sufficient PPRT revenue is received to cover debt service.⁴⁵ In addition, this budget includes a debt service reduction of \$1.2 million that will be paid for by drawing down a surplus of escrow funds.⁴⁶ The levies for the Brookfield Zoo and the Chicago Botanic Garden have been held flat over the five-year period.

⁴⁴ The gross property tax levy does not subtract allowances for uncollectible taxes and tax refunds.

⁴⁵ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 149.

⁴⁶ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 14.

Forest Preserve District Gross Property Tax Levy Recommendations by Fund: FY2011-FY2015 (in \$ thousands)									
Fund	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Corporate	\$ 41,395	\$ 41,363	\$ 46,709	\$ 47,810	\$ 48,388	\$ 578	1.2%	\$ 6,993	16.9%
Zoological and Botanic	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ -	0.0%	\$ -	0.0%
Bond & Interest*	\$ 12,010	\$ 12,001	\$ 10,889	\$ 8,627	\$ 10,918	\$ 2,291	26.6%	\$ (1,091)	-9.1%
Construction & Development	\$ 6,042	\$ 6,042	\$ 2,000	\$ 3,000	\$ 3,000	\$ -	0.0%	\$ (3,042)	-50.3%
Pension	\$ 2,830	\$ 2,869	\$ 2,678	\$ 2,839	\$ 3,144	\$ 305	10.7%	\$ 314	11.1%
Total	\$ 86,509	\$ 86,509	\$ 86,509	\$ 86,509	\$ 89,683	\$ 3,174	3.7%	\$ 3,174	3.7%

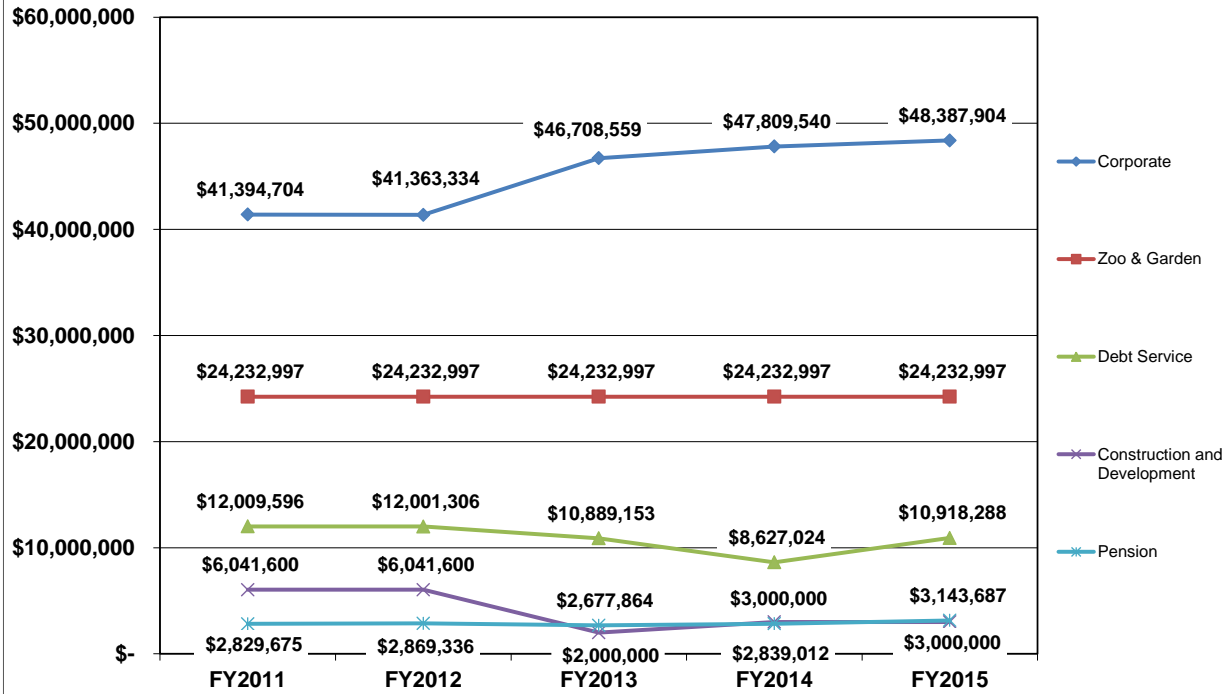
Note: Totals may differ from budget books due to rounding.

*In FY2014 the portion of the property tax levy allocated to the Bond & Interest fund includes a PPRT Bond and Interest Abatement of \$4.0 million and Bond and Interest Escrow Abatement of \$3.3 million. The FY2015 portion of the property tax levy allocated to the Bond & Interest fund includes PPRT Bond and Interest Escrow Abatement of \$1.2 million.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2014, Attachment A; and Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, Attachment A, p. 18.

The chart below shows the District's distribution of property tax revenues over the five-year period beginning in FY2011. The District maintained relatively stable shares of the levy from FY2010 to FY2012, but altered the distributions significantly with the FY2013 approved budget. The share of the levy dedicated to the Corporate Fund increased significantly from 47.9% of the total in FY2011 to 54.0% of the total in FY2015. The increase is offset by a declining share of property tax revenue for Construction and Development in FY2013, which decreased from 7.0% of the total in FY2011 to 3.5% of the total in FY2015. Property tax revenues for Debt Service fluctuated from 13.9% of the total in FY2011 to 10.0% in FY2014 before increasing to 12.2% of the total in FY2015, largely due to a decrease in abatements. The share of the levy dedicated to pension payments will increase slightly over the five-year period, from 3.3% of the total levy in FY2011 to 3.5% in FY2015.

Distribution of the Forest Preserve District Recommended Property Tax Levy: FY2011-FY2015



Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2011-FY2014, Attachment A and Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, Attachment A..

PERSONNEL AND PERSONNEL SERVICES APPROPRIATIONS

The following section provides an analysis of the Forest Preserve District's full-time equivalent (FTE) positions and personnel appropriations in the Corporate Fund. The Corporate Fund is the District's general operating fund and supports the District's operations and services. This section does not include a personnel analysis of the Brookfield Zoo or the Chicago Botanic Garden. Although the District provides financial support for the Zoo and Garden, they are administered and operated by the Chicago Zoological Society and Chicago Horticultural Society, respectively, and as such, create and implement their own budgets.

In the FY2015 budget, the Forest Preserve District will add 54.7 full-time equivalent (FTE) net positions for a total of 661.0 FTEs. This is a 9.0% increase from FY2014 appropriated FTEs. This reflects a net increase of 14.0 full-time positions and part-time or seasonal positions equivalent to 40.7 full-time positions.

In October 2011 the District released a desk audit report listing recommendations to improve the effectiveness of the District with particular regard to job functions and performance.⁴⁷ With the FY2012 budget, the District re-created the Human Resources Department to implement a more transparent and accountable human resource function for District employees.⁴⁸ The District also contracted with AMD Business Solutions, Inc. to revise its job descriptions so that titles better reflect the work performed.⁴⁹ As a result, the FY2013 budget included a number of title changes due to job description revisions. For example, all General Maintenance positions were divided between newly created Landscape Maintenance and Facilities & Fleet Maintenance departments and four vacant positions were eliminated. The District plans to complete another desk audit during the second and third quarter of 2015.⁵⁰

The FY2014 Executive Budget Recommendation included the addition of a new department called the Department of Conservation and Experiential Programming, which is designed to focus on education, outreach, special events and recreation. The new department pulls together District employees previously under the Office of the General Superintendent, the Department of Resource Management and the Department of Permits, Concessions and Volunteer Resources. The FY2015 Executive Budget Recommendation proposes adding 4.0 new full-time and 23.1 new seasonal or part-time positions to the department in order to assist with expanded district-wide programs.⁵¹

The District will add part-time/seasonal positions equivalent to 40.7 full-time positions in FY2015. The part-time/seasonal positions will increase primarily due to expanded district-wide programming with the newly created Department of Conservation and Experiential

⁴⁷ See the District's website for the desk audit report and quarterly reports available at <http://fpdcc.com/results-of-the-desk-audit/>.

⁴⁸ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 42. After creating a Human Resources Department in FY2007, the District disbanded the department and shifted personnel to Finance and Administration in FY2008. Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 7 and communication between Marlo Kemp and the Civic Federation, October 17, 2007.

⁴⁹ Forest Preserve District of Cook County, "Forest Preserve District of Cook County Desk Audit Update: 2nd Quarter 2012," press release, August 14, 2012.

⁵⁰ Communication with Forest Preserve budget staff, November 14, 2014.

⁵¹ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 14.

Programming. In addition, Landscape Maintenance and Permits, Concessions & Volunteer Resources will also see large part-time and seasonal position increases.

The chart below shows the net change in full-time equivalent positions between FY2014 and FY2015 by department, including the net change in full-time and part-time/seasonal positions.

Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2014 & FY2015				
Department	FY2014 Adopted	FY2015 Proposed	# Change	% Change
Landscape Maintenance	141.0	143.0	2.0	1.4%
Part-Time/Seasonal	29.5	35.5	6.0	20.3%
Law Enforcement	126.0	128.0	2.0	1.6%
Resource Management	55.0	60.0	5.0	9.1%
Part-Time/Seasonal	3.3	4.1	0.8	24.2%
Conservation & Experiential Programming	46.0	50.0	4.0	8.7%
Part-Time/Seasonal	38.9	62.0	23.1	59.4%
Facilities & Fleet Maintenance	59.0	59.0	0.0	0.0%
Part-Time/Seasonal	3.0	3.5	0.5	16.7%
Permits, Concessions & Volunteer Resources	20.0	20.0	0.0	0.0%
Part-Time/Seasonal	6.6	14.2	7.6	115.2%
Finance & Administration	19.0	20.0	1.0	5.3%
Part-Time/Seasonal	1.0	1.0	0.0	0.0%
Planning & Development	19.0	20.0	1.0	5.3%
Part-Time/Seasonal	1.2	1.2	0.0	0.0%
Office of the General Superintendent	16.0	15.0	(1.0)	-6.3%
Part-Time/Seasonal	1.8	0.0	(1.8)	-100.0%
Legal	13.0	13.0	0.0	0.0%
Part-Time/Seasonal	0.5	0.0	(0.5)	-100.0%
Human Resources	6.0	6.0	0.0	0.0%
Part-Time/Seasonal	0.5	5.5	5.0	1000%
Sub-Total Full-Time FTEs	520.0	534.0	14.0	2.7%
Sub-Total Part-Time/Seasonal FTEs	86.3	127.0	40.7	47.2%
Total	606.3	661.0	54.7	9.0%

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

Source: Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 20.

Over the five-year period from FY2011 to FY2015, the District will gain 116.5 FTE positions, an increase of 21.4% of the District's workforce. Much of this growth is primarily due to the District's investment in recreation and educational programs and in restoration work. The District has made efforts to focus on better human resources management, maintenance of the forest preserves, management of the District's facilities and equipment and increased awareness through better programming.

Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2011-FY2015									
Department	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year # Change	Two-Year % Change	Five-Year # Change	Five-Year % Change
General Maintenance	211.0	233.0	0.0	0.0	0.0	0.0	-	(211.0)	-100.0%
Landscape Maintenance	0.0	0.0	170.5	170.5	178.5	8.0	4.7%	178.5	-
Law Enforcement	122.0	122.0	122.0	126.0	128.0	2.0	1.6%	6.0	4.9%
Resource Management	109.0	101.0	107.6	58.3	64.1	5.8	9.9%	(44.9)	-41.2%
Conservation & Experiential Programming*	0.0	0.0	0.0	84.9	112.0	27.1	31.9%	112.0	-
Facilities & Fleet Maintenance	0.0	0.0	58.5	62.0	62.5	0.5	0.8%	62.5	-
Permits, Concessions & Volunteer Resources	36.0	45.0	53.5	26.6	34.2	7.6	28.6%	(1.8)	-5.0%
Finance & Administration	21.0	16.0	20.0	20.0	21.0	1.0	5.0%	0.0	0.0%
Planning & Development	19.0	18.5	19.9	20.2	21.2	1.0	5.0%	2.2	11.6%
General Office	13.0	16.0	17.8	17.8	15.0	(2.8)	-15.7%	2.0	15.4%
Legal	13.5	13.3	13.5	13.5	13.0	(0.5)	-3.7%	(0.5)	-3.7%
Human Resources	0.0	8.8	6.5	6.5	11.5	5.0	76.9%	11.5	-
Total	544.5	573.6	589.8	606.3	661.0	54.7	9.0%	116.5	21.4%

Note: Totals may differ from budget books due to rounding. Landscape and facilities and fleet maintenance functions were transferred from General Maintenance in FY2013 to create two separate departments. Recreation, Volunteer Resources & Permits was referred to as Permit & Recreation Activities prior to FY2013. Human Resources functions were transferred from Finance & Administration to their own department in FY2012.

*New department in FY2014.

Source: Forest Preserve District of Cook County Appropriation Ordinance, FY2011 p. 41; FY2012, p. 13; FY2013, p. 14; FY2014, p. 19; and Forest Preserve District of Cook County FY2015 Executive Budget Recommendations, p. 20.

Personnel Services Appropriations

The following exhibit presents Corporate Fund appropriations for salaries and wages from FY2011 through proposed FY2015. The FY2015 budget recommends nearly \$35.8 million be appropriated for Corporate Fund salaries and wages, a 7.1% increase from the FY2014 adopted budget. The largest year-to-year increase occurs between FY2012 and FY2013 when appropriated salaries and wages grew by \$3.4 million, or 11.6%, to \$32.8 million from \$29.4 million. Salaries will increase by \$8.0 million, or 28.8%, over the five-year period. This corresponds with the increase of 116.5 FTEs, or 21.4% of the District's workforce during the same time period.

Forest Preserve District Corporate Fund Appropriated and Proposed Salaries and Wages: FY2011-FY2015			
	Total	Two-Year \$ Change	Two-Year % Change
FY2011	\$ 27,781,543	\$ 297,761	1.1%
FY2012	\$ 29,389,218	\$ 1,607,675	5.8%
FY2013	\$ 32,800,925	\$ 3,411,707	11.6%
FY2014	\$ 33,402,956	\$ 602,031	1.8%
FY2015	\$ 35,780,363	\$ 2,377,407	7.1%
Five-Year Change		\$ 7,998,820	28.8%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2012-FY2013; and FY2015 President's Executive Budget Recommendations, p. 20.

The following chart shows Corporate Fund personnel services appropriations as a percentage of total Corporate Fund appropriations. In FY2015 recommended Corporate Fund personnel services appropriations will represent approximately 64.9% of total recommended Corporate Fund expenditures. Personnel services appropriations include salaries, hospital and life insurance, dental and vision plans and appropriation services adjustments.⁵² They do not include the District's costs for employee pensions because those are accounted for in the Employee Annuity and Benefit Fund.

⁵² Appropriation services adjustments is a term the District uses to budget expenses for retroactive payments that cover a late resolution of union contracts.

During the five-year period from FY2011 through FY2015, personnel services appropriations will increase by \$2.0 million, or 5.2%, while Corporate Fund total appropriations will increase by nearly \$5.0 million or 8.7%. The majority of the increase in personnel services is due to an accounting change. A breakdown of benefit expenses over the five-year period is provided later in this section. The drop in Program Expenses in FY2013 is because the District made a significantly smaller transfer of funds out of the Corporate Fund to other funds totaling \$1.5 million. Whereas in FY2012 the District appropriated \$7.0 million to be transferred to the Real Estate Acquisition and Self-Insurance Funds, in FY2014 the District appropriated \$6.6 million to be transferred to the Real Estate Acquisition Fund and Capital for Landscape Restoration and in FY2015 \$6.2 million will be transferred to the Real Estate Acquisition and Self-Insurance Funds.⁵³

Forest Preserve District Corporate Fund Personnel Services Appropriations: FY2011-FY2015 (in \$ thousands)									
	FY2011 Adopted	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Personnel Services	\$ 38,341	\$ 40,557	\$ 40,047	\$ 38,780	\$ 40,324	\$ 1,544	4.0%	\$ 1,983	5.2%
Program Expenses	\$ 18,798	\$ 17,457	\$ 12,795	\$ 18,502	\$ 21,773	\$ 3,271	17.7%	\$ 2,976	15.8%
Total Corporate Fund									
Appropriations	\$ 57,138	\$ 58,013	\$ 52,842	\$ 57,282	\$ 62,097	\$ 4,815	8.4%	\$ 4,959	8.7%
Personnel as % of Total	67.1%	69.9%	75.8%	67.7%	64.9%				

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2010, p. 41; FY2011, p. 40; FY2012, p. 23; FY2013, p. 35; FY2014, p. 21; and Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 22.

Forest Preserve District Employee Benefit Expenses

The following chart shows actual benefit expenses for FY2011 through FY2013, FY2014 adopted benefit expenses and FY2015 proposed benefit expenses. Expenses for employee benefits will increase by nearly \$1.5 million, or 21.2%, from \$6.8 million in FY2011 to \$8.3 million in FY2015. During this five-year period, health insurance and life insurance will increase by 22.4% and 44.0% respectively. At the same time, dental care expenses will decline by \$20,112, or 11.0% and vision care expenses will decline by \$20,084, or 32.5%. Over the two-year period expenses for employee benefits will decline 6.2% or \$547,204. According to the District, this is because the District began estimating benefit expenses more conservatively beginning in FY2014. The significant fluctuations between actual figures in FY2011 through FY2013, budgeted figures in FY2014 and proposed FY2015 appropriations show a history of over-budgeting these expenses.⁵⁴ For instance, FY2013 adopted appropriations for benefits totaled \$8,895,309, or almost two times actual expenditures.

Forest Preserve District Benefit Expenses*: FY2011-FY2015									
	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Adopted	FY2015 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Health Insurance	\$6,521,694	\$5,556,440	\$4,420,388	\$8,454,997	\$7,982,848	\$ (472,149)	-5.6%	\$ 1,461,154	22.4%
Life Insurance	\$ 71,819	\$ 59,521	\$ 53,078	\$ 89,018	\$ 103,446	\$ 14,428	16.2%	\$ 31,627	44.0%
Dental Care Plan	\$ 183,420	\$ 151,096	\$ 119,742	\$ 218,596	\$ 163,308	\$ (55,288)	-25.3%	\$ (20,112)	-11.0%
Vision Plan	\$ 61,734	\$ 49,674	\$ 41,581	\$ 75,845	\$ 41,650	\$ (34,195)	-45.1%	\$ (20,084)	-32.5%
Total Benefits	\$6,838,667	\$5,816,731	\$4,634,789	\$8,838,456	\$8,291,252	\$ (547,204)	-6.2%	\$ 1,452,585	21.2%

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

Note: These figures do not include expenses for Appropriation Adjustments for Personnel Services or Medicare Payments. Actual figures are provided for FY2011, FY2012 and FY2013 with the implementation of adding actual data to the FY2013 budget.

Source: Forest Preserve District of Cook County Executive Budget Recommendations, Corporate Fund detail pages, FY2013-FY2015.

⁵³ Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2012, p. 23; FY2013, p. 35; and FY2014, p. 21; and FY2015 President's Recommended Budget, p. 22.

⁵⁴ Information provided by the Forest Preserve District of Cook County, November 1, 2013.

FUND BALANCE

Fund balance is a term commonly used to describe the net assets of a governmental fund and serves as a measure of financial resources.⁵⁵ It is an important financial indicator for local governments. Fund balance is the difference between the assets and liabilities in a governmental fund. A governmental fund differs from other funds typically included in non-governmental financial reporting in that it includes only a subset of assets and liabilities. Fund balance is more a measure of liquidity than of net worth and can be thought of as the savings account of the local government.⁵⁶

This section discusses three aspects of fund balance: recent changes to fund balance reporting, fund balance policy and definitions and an analysis of the Forest Preserve District's fund balance levels.

Changes to Fund Balance Reporting

Beginning in FY2011, the District's audited financial statements include a modification in fund balance reporting, as recommended by the Governmental Accounting Standards Board (GASB). GASB Statement No. 54 shifted the focus of fund balance reporting from the availability of fund resources for budgeting purposes to the "extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent."⁵⁷

Previous Components of Fund Balance

Previously, the categories for fund balance focused on whether resources were available for appropriation by governments. The *unreserved* fund balance thus referred to resources that did not have any external legal restrictions or constraints. The unreserved fund balance was able to be further categorized as designated and undesignated. A *designation* was a limitation placed on the use of the fund balance by the government itself for planning purposes or to earmark funds.⁵⁸

Components of Fund Balance

GASB Statement No. 54 created five components of fund balance, though not every government or governmental fund will report all components. The five components are:

- *Nonspendable fund balance* – resources that inherently cannot be spent such as pre-paid rent or the long-term portion of loans receivable. In addition, this category includes resources that cannot be spent because of legal or contractual provisions, such as the principal of an endowment.
- *Restricted fund balance* – net fund resources subject to legal restrictions that are externally enforceable, including restrictions imposed by constitution, creditors or laws and regulations of non-local governments.

⁵⁵ Government Finance Officers Association, Appropriate Level of Unrestricted Fund Balance in the General Fund (Adopted October 2009).

⁵⁶ Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁵⁷ Stephen J. Gauthier. "Fund Balance: New and Improved," Government Finance Review, April 2009 and GASB Statement No. 54, paragraph 5.

⁵⁸ Stephen J. Gauthier. "Fund Balance: New and Improved," Government Finance Review, April 2009.

- *Committed fund balance* – net fund resources with self-imposed limitations set at the highest level of decision-making which remain binding unless removed by the same action used to create the limitation.
- *Assigned fund balance* – the portion of fund balance reflecting the government’s intended use of resources, with the intent established by government committees or officials in addition to the governing board. Appropriated fund balance, or the portion of existing fund balance used to fill the gap between appropriations and estimated revenues for the following year, would be categorized as assigned fund balance.
- *Unassigned fund balance* – in the General or Corporate Fund, the remaining surplus of net resources after funds have been identified in the four categories above.⁵⁹

Historically, the focus of the Civic Federation fund balance analysis has been on the unreserved general fund balance. Given the new components of fund balance established by GASB Statement No. 54, the Civic Federation now focuses on a government’s unrestricted fund balance, which includes the *committed*, *assigned* and *unassigned* fund balance levels. The only difference between the two terms (unreserved and unrestricted) is that a portion of what used to be categorized as unreserved fund balance is now reported as restricted fund balance; otherwise, the two terms are synonymous.⁶⁰

In response to the classification changes, beginning in FY2011, the District provides in its Comprehensive Annual Financial Report (CAFR) a definition of each of the five classifications, including descriptions of how each new classification specifically affects the District’s individual funds and overall financial policies.⁶¹ In the interest of government transparency, the Civic Federation recommends that all local governments, if possible, provide ten years of fiscal data in the updated GASB Statement No. 54 format in the statistical sections of their audited financial statements. Without this restated data, accurate trend analyses cannot be conducted.

Fund Balance Policy

The Government Finance Officers Association (GFOA) recommends “at a minimum, those 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%.⁶²

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. The Forest Preserve District’s policy on unassigned 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;

⁵⁹ Stephen J. Gauthier. “Fund Balance: New and Improved,” Government Finance Review, April 2009.

⁶⁰ Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁶¹ See pp. 51-52 of the District’s FY2012 Comprehensive Annual Financial Report.

⁶² Government Finance Officers Association, *Appropriate Level of Unrestricted Fund Balance in the General Fund* (Adopted October 2009).

- 1% of Corporate Fund expenditures to account for unexpected expenditures; and
- 8% of Corporate Fund expenditures to account for insufficient operating cash.⁶³

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 (by 0.5%) the current GFOA recommendation, but within its past guidelines. Previously, the GFOA had recommended a general fund balance of 5% to 15% of general fund expenditures. In practice, the District has maintained a high level of fund balance well beyond the District’s own or the GFOA standard.

The unassigned 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.⁶⁴

Corporate Fund Fund Balance Level

The following charts present 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. At the end of FY2013, the District’s unrestricted corporate fund balance was \$43.8 million, or 86.7% of operating expenditures. This level of fund balance greatly exceeds the GFOA recommended minimum fund balance.

Forest Preserve District of Cook County Corporate Fund Balance Ratio: FY2011 - FY2013			
	Unrestricted Corporate Fund Balance	Operating Expenditures	Ratio
FY2011	\$ 37,026,316	\$ 41,646,735	88.9%
FY2012	\$ 41,902,515	\$ 45,597,442	91.9%
FY2013	\$ 43,836,352	\$ 50,557,997	86.7%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 9; FY2012, pp. 24 and 29; FY2013 pp. 27 and 29.

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-Insurance Fund based on claim experience.⁶⁵ 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

⁶³ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 19.

⁶⁴ Forest Preserve District of Cook County FY2015 Executive Budget Recommendation, p. 19.

⁶⁵ Phone communication between the Civic Federation and Marlo Kemp, Chief Financial Officer, December 16, 2010.

reached zero in FY2009.⁶⁶ 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 unreserved fund balance, the measure used in fund balance reporting prior to the implementation of GASB Statement No. 54. 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 Comprehensive Annual Financial Reports, 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 has 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.

Including Corporate Fund operating expenditures and transfers out, the FY2013 year-end fund balance ratio was 83.5%. One of the largest contributors to the District's Corporate Fund unrestricted fund balance is the annual savings from turnover in personnel positions, primarily with seasonal employees, trades and law enforcement personnel.⁶⁷

Forest Preserve District of Cook County					
Corporate Fund Balance Ratio & Transfers Out: FY2011 - FY2013					
	Unreserved Corporate Fund Balance	Operating Expenditures	Transfers Out		Alternative Ratio
FY2011	\$ 37,026,316	\$ 41,646,735	\$ 10,220,375		71.4%
FY2012	\$ 41,902,515	\$ 45,597,442	\$ 4,206,338		84.1%
FY2013	\$ 43,836,352	\$ 50,557,997	\$ 1,933,837		83.5%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 9; FY2012, pp. 24 and 29; FY2013 p. 29.

⁶⁶ Forest Preserve District of Cook County Comprehensive Annual Financial Reports, FY2006-FY2010.

⁶⁷ Information provided by the Forest Preserve District of Cook County, November 13, 2014.

This ratio also indicates a sustained high level of fund balance for the District between FY2007 and FY2010.

Forest Preserve District of Cook County				
Corporate Fund Balance Ratio + Transfers Out: 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 Comprehensive Annual Financial Reports, FY2006-FY2010.

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.⁶⁸ Plan benefits and contribution amounts can only be amended through state legislation.⁶⁹

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.

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 ten 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

⁶⁸ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2013, p. 8.

⁶⁹ 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.

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, 2012; 40 ILCS 5/9; Comprehensive Annual Financial Report for the Year Ending December 31, 2012; and Public Act 96-0889.

Members of the Forest Preserve 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.

Cook County introduced a package of pension reforms including changes to Forest Preserve District employees' retiree benefits and an increase to employee and employer contributions to the fund, House Bill 1154, in the final days of the spring 2014 legislative session. The bill passed the Senate, but was not brought to a vote in the House before adjournment. President Preckwinkle and Superintendent Randall have said they will continue to pursue passage of the reforms during the General Assembly's veto and lame duck sessions in November 2014 and January 2015, respectively.

Membership

In FY2013 the fund had 531 active employees and 534 beneficiaries for a ratio of 0.99 active members for every beneficiary. This ratio increased from 0.70 in FY2004 as the number of active members increased faster than the number of beneficiaries. An upward trend in this ratio reduces financial stress on the fund as there are more employees contributing to the fund to support current beneficiaries.

Forest Preserve District Pension Fund Membership: FY2004-FY2013			
Fiscal Year	Active Employees	Beneficiaries	Ratio of Active to Beneficiary
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
FY2011	408	520	0.78
FY2012	460	518	0.89
FY2013	531	534	0.99
Ten-Year Change	163	12	0.3
Ten-Year % Change	44.3%	2.3%	41.1%

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2004-FY2013.

Funded Ratios

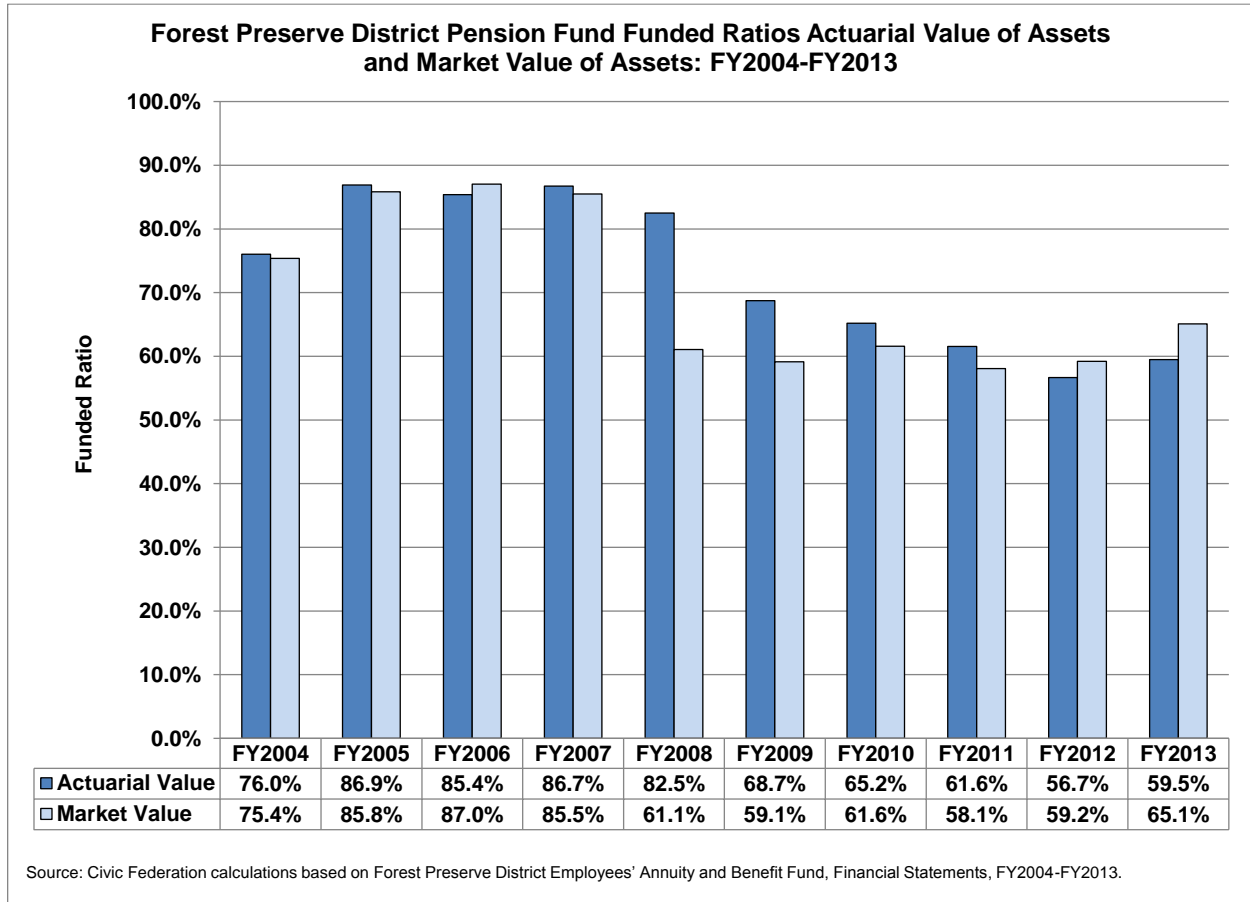
This report uses two measurements of pension plan funded ratio: the actuarial value of assets measurement and the market value of assets measurement. These ratios show the percentage of pension liabilities covered by assets. The lower the percentage, the more difficulty a government may have in meeting future obligations. There is no official industry standard for an acceptable funded ratio other than 100%.

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.⁷⁰ 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 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 rose from 76.0% in FY2004 to 86.9% in FY2005 before then falling to 56.7% in FY2012 and rising in FY2013 to 59.5%. The market value funded ratio rose from 75.4% in FY2004 to a high of 87.0% in FY2006 before falling to 59.2% in FY2012 and rising to 65.1% in FY2013. 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. Both the actuarial value and market value funded ratios increased in FY2013 because of higher than

⁷⁰ For more detail on the actuarial value of assets, see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

expected investment returns and favorable demographic results, such as salary increases below expectations.⁷¹



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 District changed actuaries. The actuary used a different method for smoothing asset value than the previous actuary.⁷² These changes resulted in a decrease of \$34.4 million in unfunded liabilities for the Forest Preserve District.⁷³ 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 assumptions based on Fund experience.⁷⁴ This increased the Fund's total actuarial liability by \$24.7 million.⁷⁵ Without this change the FY2009 ratio would have been 75.6%, still a decline from FY2008 levels.

⁷¹ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2003, pp. 3-4.

⁷² The previous actuary used a five-year smoothed average ratio of market to book value while the new actuary used a five-year smoothing of unexpected investment gains or losses (market value only), a more common method.

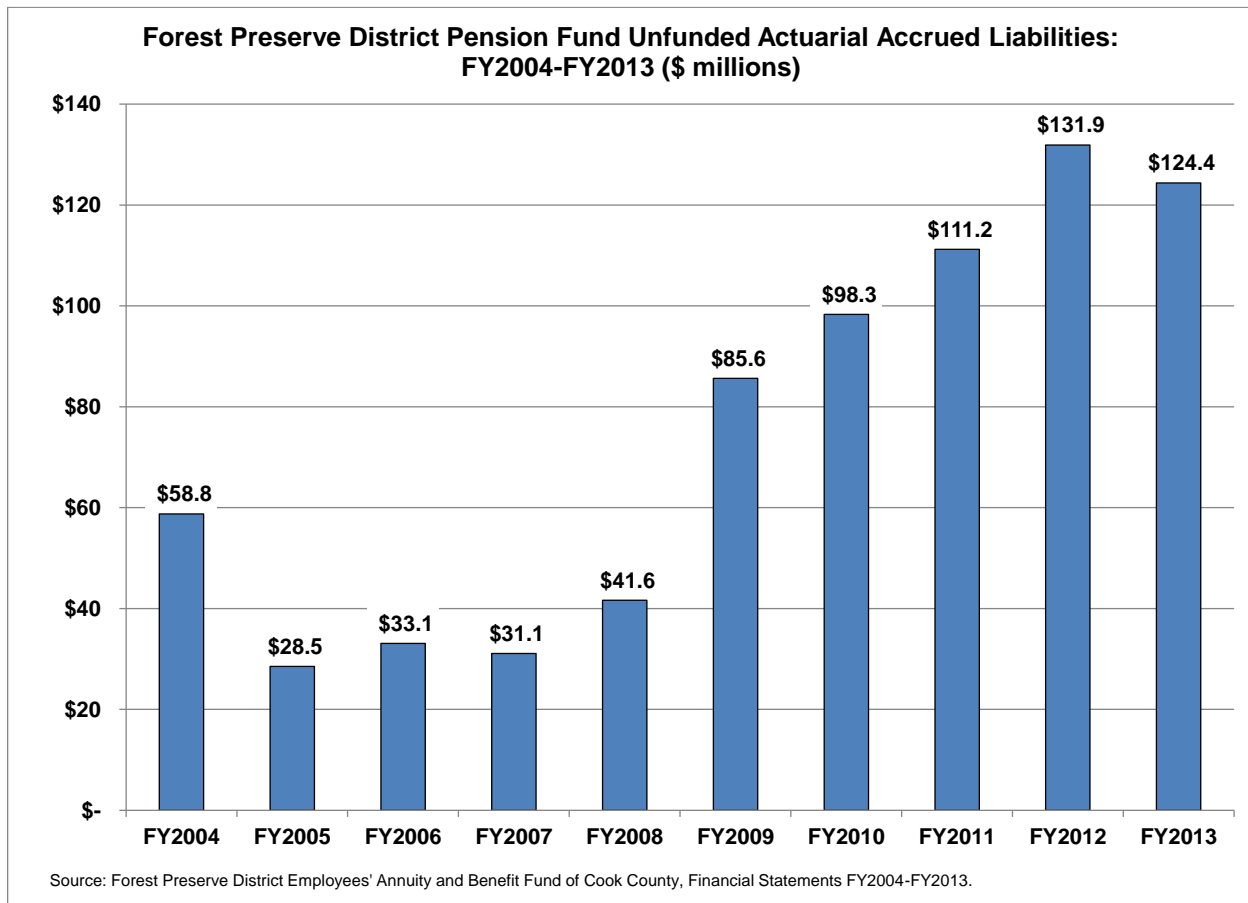
⁷³ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements as of December 31, 2005, p. 3a.

⁷⁴ 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.

⁷⁵ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2009, p. 13.

Unfunded Actuarial Accrued Liability

Unfunded actuarial accrued liability (UAAL) is the dollar value of accrued liabilities not covered by the actuarial value of assets. The unfunded liability for the Forest Preserve District pension fund totaled \$124.4 million in FY2013, up from \$58.8 million in FY2004, but down from \$131.9 million in FY2012, due to high investment returns and favorable results compared to assumptions.



The next exhibit adds together the contributing factors that have increased or decreased the unfunded liability since FY2006. The largest contributor to the \$92.6 million growth in unfunded liabilities between the beginning of FY2006 and the end of FY2013 was the shortfall in employer contributions as compared to the annual normal cost plus interest on the UAAL, which added \$45.4 million to the UAAL over eight years. The second largest contributor was investment returns failing to meet the 7.5% expected rate of return.⁷⁶ This added nearly \$36.4

⁷⁶ 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 2012*, October 2, 2014.

million to the UAAL, followed by the change in actuarial assumptions in FY2009, which added \$24.7 million.⁷⁷

Reasons for Change in Unfunded Actuarial Accrued Liability: FY2006-FY2013							
	Employer Contribution Lower/(Higher) than ARC	Investment Return Lower/(Higher) Than Assumed	Salary Increase (Lower)/Higher Than Assumed	Retiree Health Insurance Premium Lower/(Higher) Than Assumed	Change in Actuarial Assumptions or Methods	Other	Total Net UAAL Change
FY2006	\$ 2,485,073	\$ 1,773,170	\$ (150,731)	\$ -	\$ -	\$ 440,412	\$ 4,547,924
FY2007	\$ 3,014,714	\$ (2,343,691)	\$ 2,200,509	\$ (2,415,401)	\$ -	\$ (2,448,998)	\$ (1,992,867)
FY2008	\$ 3,928,697	\$ 13,247,300	\$ 1,179,009	\$ -	\$ -	\$ (7,782,032)	\$ 10,572,974
FY2009	\$ 4,512,235	\$ 14,363,849	\$ (1,015,614)	\$ -	\$ 24,746,310	\$ 1,386,895	\$ 43,993,675
FY2010	\$ 7,483,382	\$ 9,729,368	\$ (3,394,112)	\$ -	\$ -	\$ (1,140,818)	\$ 12,677,820
FY2011	\$ 7,734,557	\$ 11,541,394	\$ (3,690,231)	\$ -	\$ -	\$ (2,704,346)	\$ 12,881,374
FY2012	\$ 5,369,563	\$ 5,369,563	\$ 1,939,324	\$ -	\$ -	\$ 4,744,938	\$ 17,423,388
FY2013	\$ 10,855,083	\$ (17,264,428)	\$ (2,208,899)	\$ -	\$ -	\$ 1,098,881	\$ (7,519,363)
Eight-Year Total	\$ 45,383,304	\$ 36,416,525	\$ (5,140,745)	\$ (2,415,401)	\$ 24,746,310	\$ (6,405,068)	\$ 92,584,925

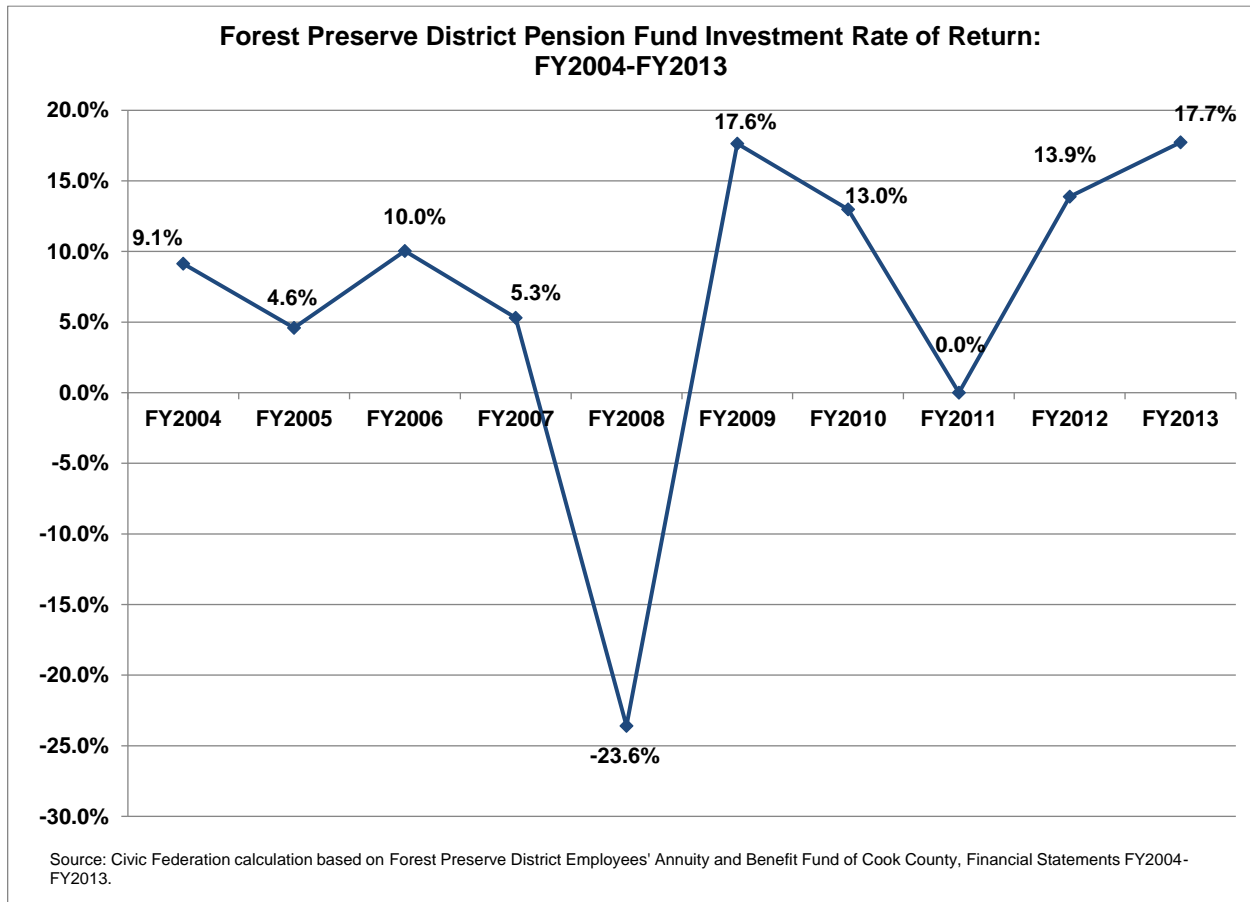
Source: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Combined Actuarial Valuations FY2006-FY2013.

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

⁷⁷ See section entitled "Reconciliation of Change in Unfunded Liability" in the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County annual actuarial valuations.

FY2004 and FY2013 the pension fund average annual rate of return was 6.8%.⁷⁸ Returns ranged from highs of 17.6% in FY2009 and 17.7% in FY2013 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.⁷⁹ 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

⁷⁸ The Civic Federation calculates investment rate of return using the following formula: Current Year Rate of Return = Current Year Gross Investment Income / (0.5*(Previous Year Market Value of Assets + Current Year Market Value of Assets - 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.

⁷⁹ The ARC reporting requirement was established by GASB Statements 25 and 27. GASB Statements 67 and 68 will end the requirement for ARC disclosure starting with the 2014 and 2015 fiscal years. No substitute measure of a government's annual pension funding adequacy has been proposed.

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).⁸⁰ 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.⁸¹ 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 healthcare 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.⁸² However, the separate pension and OPEB valuations done for GASB purposes are the ones used to compute the net pension and OPEB obligations of the 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 fell short of equaling 100% of the ARC in all of the years FY2004 through FY2013. In FY2004 the \$3.9 million employer contribution represented 41.7% of the ARC, meaning that \$5.4 million more

⁸⁰ GASB statements 67 and 68 will limit governments and pension funds to one method of calculating actuarial cost for their financial statements, the entry age normal method.

⁸¹ 40 ILCS 5/10-107.

⁸² Information provided by Daniel Degnan, Executive Director, Cook County Employees’ and Officers’ Annuity and Benefit Fund of Cook County, February 14, 2011.

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 before increasing in FY2011 due to an increase in compensation two years earlier attributed to an extra pay period and retroactive payments made to employees.⁸³ The contribution decreased in FY2012 and FY2013. In FY2013 the \$2.9 million employer contribution represented only 20.4% of the ARC for the “combined” valuation of pension and OPEB, for a shortfall of \$11.2 million that year. The cumulative ten-year difference between ARC and actual employer contribution for “combined” pension and OPEB is a \$60.6 million shortfall. In 2013 the combined ARC for pension and OPEB was \$14.0 million, or nearly five times the actual employer contribution of only \$2.9 million.

Expressing ARC as a percent of payroll provides a sense of scale and affordability. In FY2004 the ARC was 56.1% of payroll while the actual employer contribution was 23.4% of payroll. In FY2013 the “combined” pension and OPEB ARC was 47.6% of payroll, while the actual employer contribution was 9.7% of payroll.

Forest Preserve District Pension Fund Schedule of Employer Contributions--COMBINED Pension and OPEB Valuation FY2004-FY2013							
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
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%
2011	\$ 11,606,636	\$ 3,255,609	\$ 8,351,027	28.0%	\$ 22,678,566	51.2%	14.4%
2012	\$ 12,429,935	\$ 3,108,976	\$ 9,320,959	25.0%	\$ 26,252,071	47.3%	11.8%
2013	\$ 14,045,708	\$ 2,863,145	\$ 11,182,563	20.4%	\$ 29,485,857	47.6%	9.7%

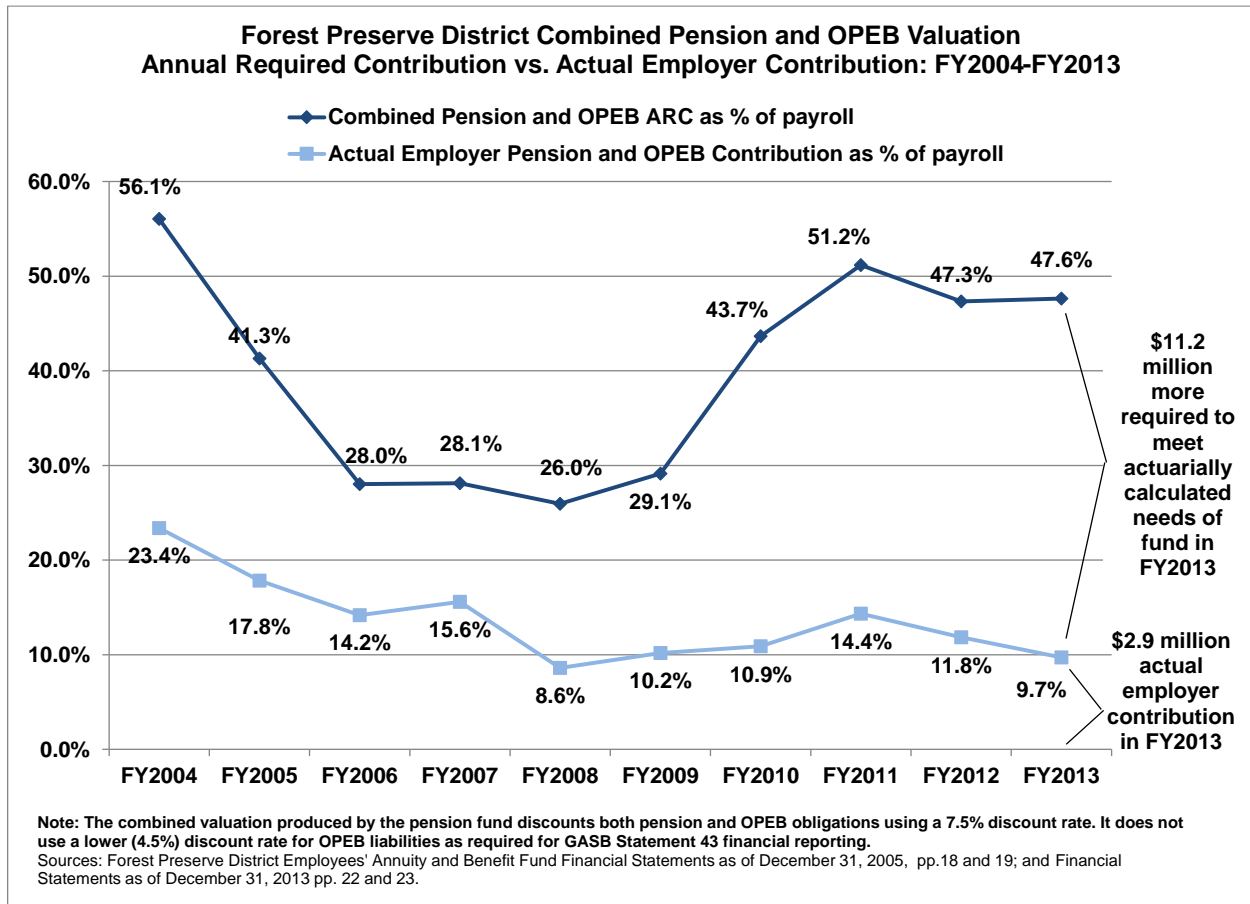
Note: This combined valuation produced by the pension fund discounts both pension and OPEB obligations using a 7.5% discount rate. It does not use a lower (4.5%) discount rate for OPEB liabilities as required for GASB Statement 43 financial reporting.

Source: Forest Preserve Employees' Annuity and Benefit Fund Financial Statements as of December 31, 2006, pp. 18-19; Financial Statements as of December 31, 2013, pp. 22-23.

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 32.7% of payroll, or \$5.4 million, in FY2004 to 37.9% of payroll in FY2013. In other words, 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

⁸³ Communication with the Forest Preserve District of Cook County, November 9, 2012.

Preserve District would have needed to contribute an additional 37.9% of payroll, or \$11.2 million, in FY2013.



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 FY2014, the District would need to levy property taxes equal to a tax multiple of 5.55 rather than 1.30.⁸⁴

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 insurance plans.⁸⁵ The pension fund currently subsidizes roughly 54% of retiree premiums (including dependent coverage) and 69% of surviving spouse premiums (including dependent

⁸⁴ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2013, p. 10.

⁸⁵ 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.

coverage). The remaining premium amount is paid by the participant.⁸⁶ 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 FY2013 there were 291 retiree and surviving spouse participants whose health plan costs were subsidized by the pension fund. This is an increase from 282 participants in FY2009.

Forest Preserve District Pension Fund Retiree Health Plan Participants: FY2009-FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
Retiree and Surviving Spouse Participants	282	275	279	281	291

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2008, p. 17; FY2010, p. 18; and FY2013, 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.⁸⁷

The actuarial accrued liability for District retiree healthcare benefits was \$47.1 million in FY2013, up from \$45.7 million in FY2012. 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%.

⁸⁶ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2013, p. 18.

⁸⁷ Forest Preserve District of Cook County Comprehensive Annual Financial Report for the Year Ended December 31, 2013, p. 111.

SHORT-TERM LIABILITIES

Forest Preserve District short-term liabilities are financial obligations incurred in the governmental funds 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 Governmental Funds Balance Sheet in its Comprehensive Annual Financial Reports (CAFRs) 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 District employees but have not yet been paid or recorded in the District's accounts;
- *Interfund payables*: monies owed to other funds for services that have been rendered that are outstanding at the end of the fiscal year;
- *Intergovernmental Payable*: funds to be paid to other governments or agencies carried over from the previous fiscal year;
- *Other Liabilities*: includes self-insurance funds, unclaimed property and other unspecified liabilities; and
- *Deposits*: funds held by the District or its agents to collateralize other investment risks.

In FY2013 the District's total short-term liabilities decreased from the prior year by \$13.3 million, or 36.1%. Much of this large decline was due to the \$11.7 million, or 44.4%, decrease in interfund payables. These payables represent interfund borrowing transactions. They are monies owed by the Governmental Funds to other funds as well as temporary cash overdrafts reclassified as payables at the end of the fiscal year. There are interfund receivables owed to the Governmental Funds corresponding to these payables recorded in the assets portion of the Governmental Funds Balance Sheet.⁸⁸ Since FY2009 short-term liabilities have decreased by \$20.2 million or 46.2%. The decrease is a positive sign.

Forest Preserve District of Cook County Short-Term Liabilities in the Governmental Funds: FY2009-FY2013									
Type	FY2009	FY2010	FY2011	FY2012	FY2013	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Accounts Payable	\$ 6,528,481	\$ 10,782,055	\$ 7,826,864	\$ 7,991,997	\$ 6,897,196	\$ (1,094,801)	-13.7%	\$ 368,715	5.6%
Accrued Payroll	\$ 944,387	\$ 976,782	\$ 1,720,156	\$ 2,267,709	\$ 1,376,629	\$ (891,080)	-39.3%	\$ 432,242	45.8%
Interfund Payable	\$ 35,697,643	\$ 8,900,764	\$ 13,704,578	\$ 26,278,349	\$ 14,599,883	\$ (11,678,466)	-44.4%	\$ (21,097,760)	-59.1%
Intergovernmental Payable	\$ 55,042	\$ 298,134	\$ -	\$ -	\$ -	\$ -	-	\$ (55,042)	-100.0%
Other Liabilities	\$ 493,553	\$ 557,115	\$ 780,446	\$ 281,209	\$ 601,466	\$ 320,257	113.9%	\$ 107,913	21.9%
Deposits	\$ 51,167	\$ 34,561	\$ 31,398	\$ 30,993	\$ 82,217	\$ 51,224	165.3%	\$ 31,050	60.7%
Total	\$ 43,770,273	\$ 21,549,411	\$ 24,063,442	\$ 36,850,257	\$ 23,557,391	\$ (13,292,866)	-36.1%	\$ (20,212,882)	-46.2%

Source: Forest Preserve District of Cook County Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets, FY2009-FY2013.

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.⁸⁹ This indicator, developed by the International City/County Management

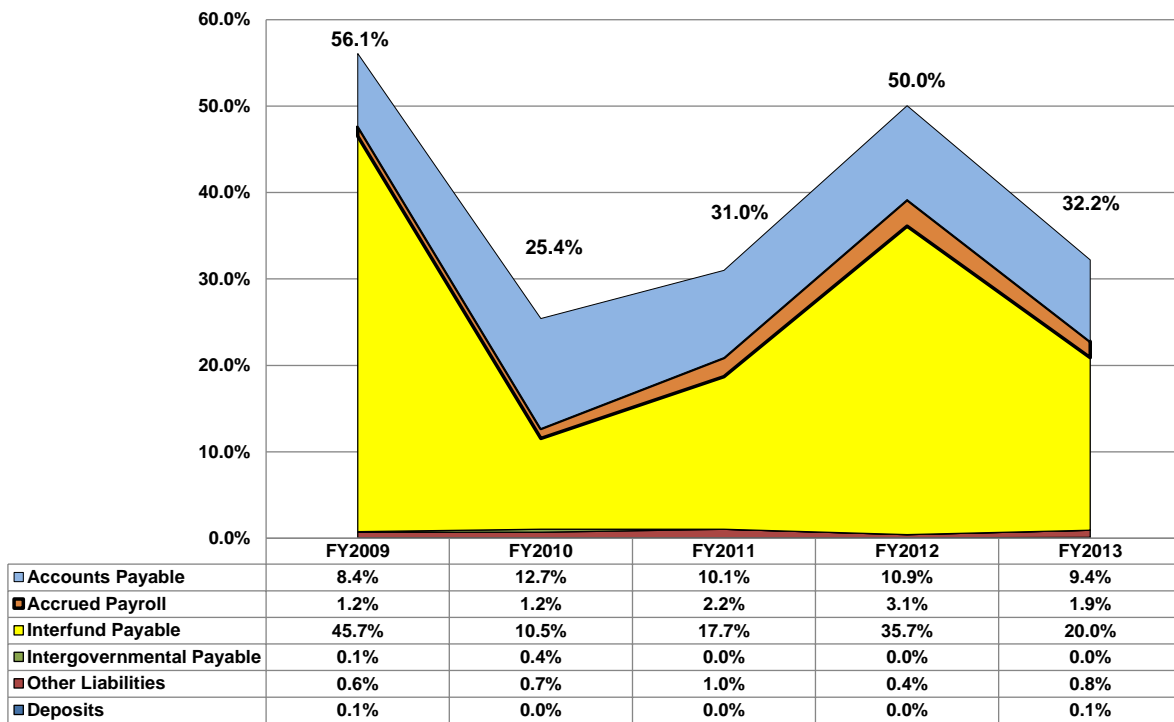
⁸⁸ See Forest Preserve District of Cook County FY2013 Comprehensive Annual Financial Report, Note 1: Summary of Significant Accounting Policies, p. 47.

⁸⁹ 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*

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 spending. The ratio has fluctuated over time, falling from 56.1% in FY2009 to 25.4% in FY2010 before rising to 31.0% in FY2011 and then to 50.0% in FY2012. Between FY2012 and FY2013 it fell again, dropping to 32.2%.

The average ratio over this five-year period was 39.0%. Much of the ratio is due to the fluctuating amount of interfund borrowing that occurs at the Forest Preserve District. Thus, most of the current liabilities are interfund payables, which represent monies owed by the Governmental Funds to other funds as well as temporary cash overdrafts reclassified as payables at the end of the fiscal year. There are interfund receivables owed to the Governmental Funds corresponding to these payables recorded in the assets portion of the Governmental Funds Balance Sheet.⁹⁰ If these transactions are deducted from the calculations, the ratio drops to a five-year average of 23.3%.

Forest Preserve District Short-Term Liabilities in the Governmental Funds as a % of Operating Revenues: FY2009-FY2013



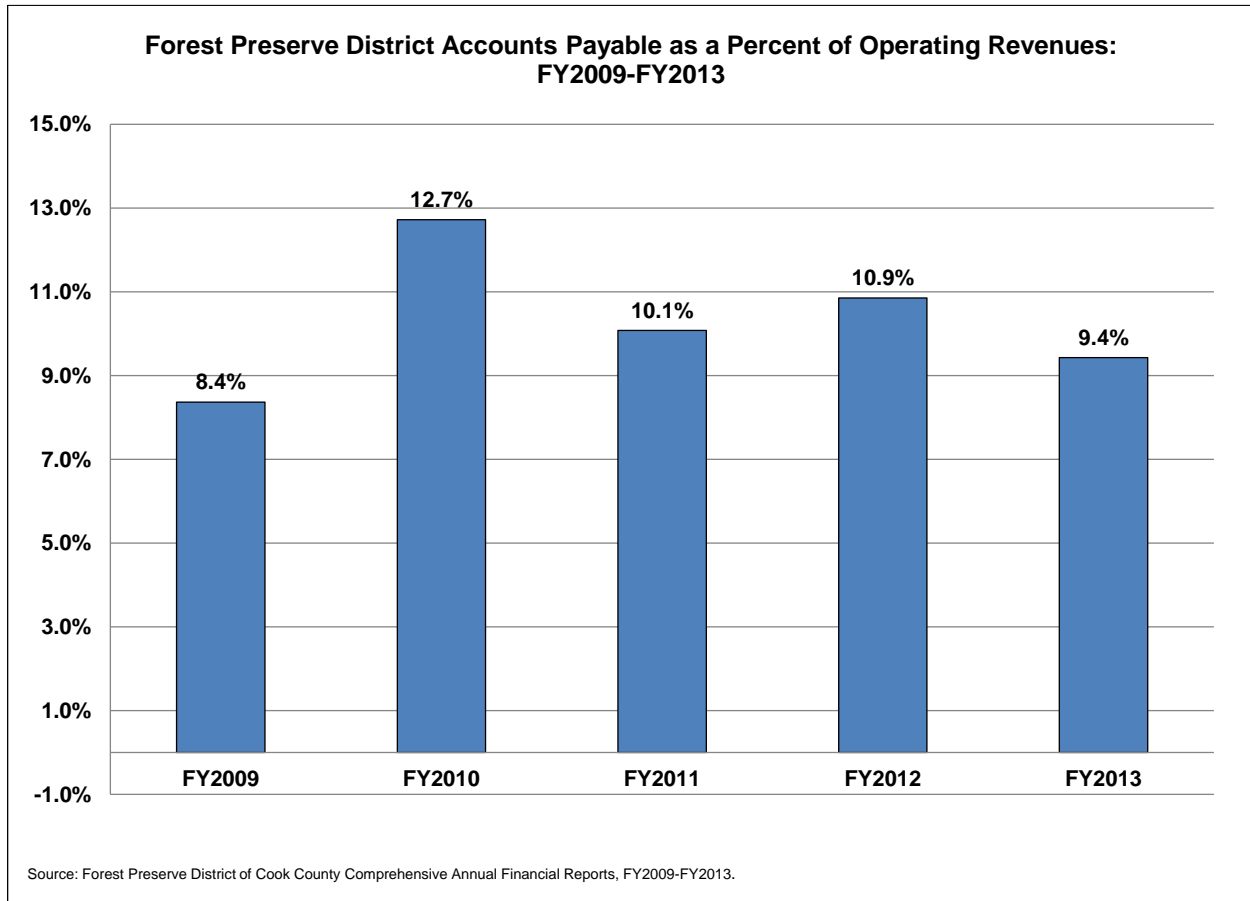
Source: Forest Preserve District of Cook County Comprehensive Annual Financial Reports, FY2009-FY2013.

Financial Condition: A Handbook for Local Governmen,. International City/County Management Association, 2003, p. 77 and 169.

⁹⁰ See Forest Preserve District of Cook County FY2011 Comprehensive Annual Financial Report, Note 6: Interfund Receivables and Payables, p. 39-40.

Accounts Payable as a Percentage of Operating Revenues

Over time, rising amounts of accounts payable may indicate a government's difficulty in controlling expenses or keeping up with spending pressures. Between FY2009 and FY2010, the Forest Preserve District's ratio of accounts payable to operating revenues increased from 8.4% to 12.7%. The ratio then decreased in FY2011 to 10.1% before rising slightly in FY2012 to 10.9%. It then fell slightly to 9.4% in FY2013. The average ratio over this five-year period was 10.3%.



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.⁹¹

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

⁹¹ 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 8.2 in FY2013, the most recent year for which data is available. In the past five years, the District's current ratio averaged 7.0, which is above the preferred benchmark of 2.0 and thus demonstrates a healthy level of liquidity. From FY2009 to FY2013, the current ratio increased substantially from 4.8 to 8.2.

Forest Preserve District Current Ratio in the Governmental Funds: FY2009-FY2013 (in \$ thousands)									
	FY2009	FY2010	FY2011	FY2012	FY2013	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Current Assets									
Cash and cash equivalents	\$ 50,533	\$ 27,507	\$ 39,135	\$ 104,044	\$ 91,177	\$ (12,867)	-12.4%	\$ 40,644	80.4%
Short-term investments	\$ 62,118	\$ 77,143	\$ 72,811	\$ 3,149	\$ 3,161	\$ 12	0.4%	\$ (58,957)	-94.9%
Accrued interest	\$ 39	\$ 16	\$ 13	\$ 3	\$ -	\$ (3)	-100.0%	\$ (39)	-100.0%
Property taxes receivable	\$ 65,881	\$ 70,934	\$ 64,536	\$ 66,415	\$ 64,912	\$ (1,503)	-2.3%	\$ (969)	-1.5%
Intergovernmental receivable	\$ 802	\$ 1,066	\$ 900	\$ 881	\$ 1,819	\$ 938	106.5%	\$ 1,017	126.8%
Grant receivable	\$ 205	\$ 58	\$ 750	\$ 717	\$ 519	\$ (198)	-27.6%	\$ 314	153.2%
Golf receivable	\$ 696	\$ 715	\$ 809	\$ 624	\$ 551	\$ (73)	-11.7%	\$ (145)	-20.8%
Concession Receivable	\$ 102	\$ 83	\$ 70	\$ 98	\$ 87	\$ (11)	-11.2%	\$ (15)	-14.7%
Other receivables	\$ -	\$ -	\$ -	\$ 7	\$ 7	\$ -	-	\$ 7	-
License fee receivable	\$ -	\$ 496	\$ 1,391	\$ 2,544	\$ 2,544	\$ -	-	\$ 2,544	-
Loans receivable	\$ -	\$ -	\$ -	\$ -	\$ 14,151	\$ 14,151	-	\$ 14,151	-
Interfund receivable	\$ 30,772	\$ 8,700	\$ 12,504	\$ 24,828	\$ 14,600	\$ (10,228)	-41.2%	\$ (16,172)	-52.6%
Total Current Assets	\$ 211,148	\$ 186,718	\$ 192,919	\$ 203,310	\$ 193,528	\$ (9,782)	-4.8%	\$ (17,620)	-8.3%
Current Liabilities									
Accounts Payable	\$ 6,528	\$ 10,782	\$ 7,827	\$ 7,992	\$ 6,897	\$ (1,095)	-13.7%	\$ 369	5.7%
Accrued Payroll	\$ 944	\$ 977	\$ 1,720	\$ 2,268	\$ 1,377	\$ (891)	-39.3%	\$ 433	45.9%
Interfund Payable	\$ 35,698	\$ 8,901	\$ 13,705	\$ 26,278	\$ 14,600	\$ (11,678)	-44.4%	\$ (21,098)	-59.1%
Intergovernmental Payable	\$ 55	\$ 298	\$ -	\$ -	\$ -	\$ -	-	\$ (55)	-
Other Liabilities	\$ 494	\$ 557	\$ 780	\$ 281	\$ 601	\$ 320	113.9%	\$ 107	21.7%
Deposits	\$ 51	\$ 35	\$ 31	\$ 31	\$ 82	\$ 51	164.5%	\$ 31	60.8%
Total Current Liabilities	\$ 43,770	\$ 21,550	\$ 24,063	\$ 36,850	\$ 23,557	\$ (13,293)	-36.1%	\$ (20,213)	-46.2%
Current Ratio	4.8	8.7	8.0	5.5	8.2				

Source: Forest Preserve District of Cook County Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets, FY2009-FY2013.

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 (as of 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; and⁹²
- *Net Other Post Employment Benefit (OPEB) obligations*: The cumulative difference (as of 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 FY2012 and FY2013, total Forest Preserve District long-term liabilities rose by 1.3%, increasing from \$259.4 million to \$262.8 million. Over the five-year period between FY2009 and FY2013 long-term obligations rose by 78.6% or \$115.6 million.

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 FY2009 and FY2013, long-term debt for the Forest Preserve District increased by 61.5%, or roughly \$76.2 million. In the two-year period between FY2012 and FY2013 long-term debt outstanding fell by 4.1%, or \$8.7 million. The large long-term debt increase between FY2011 and FY2012 of \$99 million was due primarily to the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁹³

Other liabilities rose by 169.8%, or \$39.4 million, between FY2009 and FY2013. In the same period, net pension obligations increased by 171.9%, or \$28.9 million while net post-employment benefits rose by 231.5% or \$10.4 million. These large increases are causes for concern.

⁹²Governmental 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> (accessed December 17, 2010).

⁹³ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.

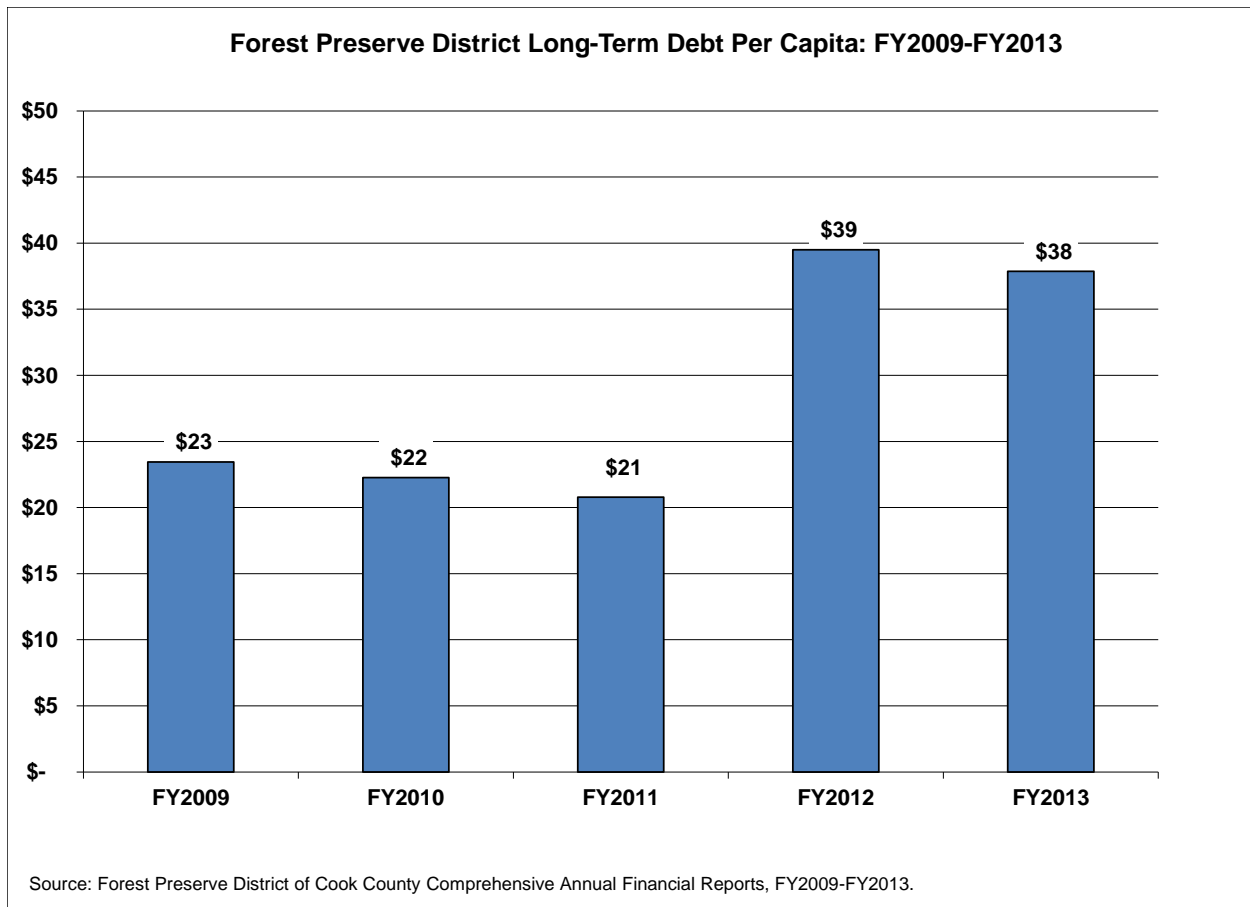
Forest Preserve District Long-Term Liabilities: FY2009-FY2013									
	FY2009	FY2010	FY2011	FY2012	FY2013	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
General Obligation Bonds	\$115,105,000	\$108,665,000	\$101,935,000	\$187,950,000	\$179,655,000	\$ (8,295,000)	-4.4%	\$ 64,550,000	56.1%
Bond Premium and Issuance Costs	\$ 8,834,651	\$ 8,398,587	\$ 7,940,094	\$ 21,870,884	\$ 20,517,164	\$ (1,353,720)	-6.2%	\$ 11,682,513	132.2%
Unamortized deferred amount on refunding	\$ -	\$ -	\$ -	\$ (986,779)	\$ -	\$ 986,779	-	\$ -	-
Subtotal Long-Term Debt	\$123,939,651	\$117,063,587	\$109,875,094	\$208,834,105	\$200,172,164	\$ (8,661,941)	-4.1%	\$ 76,232,513	61.5%
Compensated Absences	\$ 1,890,488	\$ 1,828,772	\$ 1,792,974	\$ 1,858,731	\$ 1,973,026	\$ 114,295	6.1%	\$ 82,538	4.4%
Net Pension Obligation	\$ 16,828,972	\$ 23,014,896	\$ 29,000,897	\$ 36,382,010	\$ 45,763,389	\$ 9,381,379	25.8%	\$ 28,934,417	171.9%
Net Post Employment Obligations	\$ 4,481,298	\$ 6,963,983	\$ 9,892,669	\$ 12,280,577	\$ 14,854,307	\$ 2,573,730	21.0%	\$ 10,373,009	231.5%
Subtotal Other Liabilities	\$ 23,200,758	\$ 31,807,651	\$ 40,686,540	\$ 50,521,318	\$ 62,590,722	\$ 12,069,404	23.9%	\$ 39,389,964	169.8%
Total	\$147,140,409	\$148,871,238	\$150,561,634	\$259,355,423	\$262,762,886	\$ 3,407,463	1.3%	\$115,622,477	78.6%

Sources: Forest Preserve District of Cook County CAFRs, FY2009-FY2013.

Long-Term Debt Per Capita

A common ratio used by ratings 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 jurisdiction benefits from infrastructure improvements. This analysis takes the total long-term debt amount reported in the District's audited financial statements and divides it 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 increased by 68.4% between FY2009 and FY2012, rising from \$23 to \$39 per capita. The large increase between FY2011 and FY2012 was due primarily to the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁹⁴ In FY2013, debt per capita fell slightly from \$39 to \$38.

⁹⁴ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.



Debt Service Appropriations as a Percentage of Total Appropriations

The ratio of debt service appropriations as a percentage of total Governmental Fund appropriations is frequently used by ratings agencies to assess debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the ratings agencies.⁹⁵

⁹⁵ 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.

Forest Preserve District debt service appropriations in the proposed budget for FY2015 will constitute 8.0% of the District's \$187.4 million in total appropriations. The District proposes to appropriate a net amount of \$14.9 million for debt service this year. The total amount of debt service is reported as \$16.1 million; however the District intends to abate \$1.2 million of that sum. The abatement is made possible by spending down available escrow funds.⁹⁶

The increase in debt service appropriations and the corresponding debt service ratio between FY2014 and FY2015 is due primarily to a reduction in the amount bond and interest abatement in the proposed FY2015 budget. Since FY2011 the percentage appropriated for 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: FY2011-FY2015					
	FY2011	FY2012	FY2013	FY2014	FY2015
Debt Service Appropriations	\$ 12,009,596	\$ 12,001,306	\$ 19,881,853	\$ 19,932,213	\$ 16,116,388
Bond and Interest Abatement	\$ -		\$ (4,996,350)	\$ (7,308,839)	\$ (1,200,000)
Subtotal Net Debt Service	\$ 12,009,596	\$ 12,001,306	\$ 14,885,503	\$ 12,623,374	\$ 14,916,388
Total Appropriations	\$ 197,546,604	\$ 194,982,844	\$ 189,323,000	\$ 179,065,916	\$ 187,403,857
Debt Service as a % of Total Appropriations	6.1%	6.2%	7.9%	7.0%	8.0%

Sources: Forest Preserve District of Cook County Executive Budget Recommendations, FY2011-FY2015, Annual Appropriation Comparative Summaries.

Bond Ratings

The Forest Preserve District had the following credit ratings as of October 2014:

Forest Preserve District of Cook County Bond Ratings	
Standard & Poor's	AA
Moody's	A1
Fitch	AA

Sources: Forest Preserve District of Cook County FY2013 Comprehensive Annual Financial Report, p. iii and Moody's Investors Service. "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013. Fitch Ratings. "Fitch Revises Cook County Forest Preserve, IL's Outlook to Negative; Affirms 'AA' GOs," May 30, 2014.

Standard & Poor's gave the District a credit rating upgrade from AA- to AA in June 2012, citing its strengthened corporate fund reserves, large property tax base, strong liquidity and moderate overall debt burden.⁹⁷ However, in August 2013, Moody's Investors Service downgraded the rating on the Forest Preserve District's general obligation debt from Aa2 to A1 with a negative outlook because of the government's growing pension liabilities. Moody's also expressed concern about the District's governance system under which the District shares the same Board of Commissioners as Cook County because of the interconnectedness between the finances of

⁹⁶ Forest Preserve District FY2015 Executive Budget Recommendation, p. 14.

⁹⁷ Forest Preserve District of Cook County, "Forest Preserve District Secures Historically Low Interest Rate on Bond Sale," press release, June 14, 2012.

both entities.⁹⁸ Reflecting that concern, Moody's also concurrently downgraded Cook County's general obligation rating from Aa3 to A1 with a negative outlook in August 2013.⁹⁹

In May 2014, Fitch affirmed the District's AA credit rating, but revised its outlook from stable to negative. The rating agency cited the Forest Preserve District's unfunded pension liabilities and uncertainty over the future course of pension reform in the Illinois legislative and judicial arenas as a cause for concern.¹⁰⁰

⁹⁸ Moody's Investors Service. "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013.

⁹⁹ Chicago Tribune. "Moody's cuts Cook County bond rating to A1: Rating service cites pension liabilities, maintains negative outlook," August 16, 2013.

¹⁰⁰ Fitch Ratings. "Fitch Revises Cook County Forest Preserve, IL's Outlook to Negative; Affirms 'AA' GOs," May 30, 2014 at http://finance.yahoo.com/news/fitch-revises-cook-county-forest-204000294.html;_ylt=A0LEVxNG00dU9bwAprFXNyoA;_ylu=X3oDMTEzbDhvOWs2BHNIYwNzcgRwb3MDMgRjb2xvA2JmMQR2dGlkA1ZJUDM4MF8x.

FOREST PRESERVE DISTRICT CAPITAL PLAN

The Forest Preserve District published a FY2014 update to its five-year Capital Improvement Plan (CIP) in December 2013. The update includes information for FY2014-FY2018.¹⁰¹ The FY2015-FY2019 CIP will be released in December 2014.¹⁰²

The District proposes \$138.9 million in funded and unfunded projects over that five-year period. The amounts listed for FY2016 through FY2018, a total of \$40.6 million, do not yet have identified sources of funding.

Forest Preserve District Capital Improvement Plan: FY2014-FY2018	
FY2014	\$ 70,975,262
FY2015	\$ 27,265,663
FY2016-FY2018 (Unfunded)	\$ 40,610,159
Total	\$ 138,851,084

Source: Forest Preserve District of Cook County 2014 Update to the 5-Year Capital Improvement Plan, Table 1, p. 19.

The CIP provides information on capital projects for FY2014-FY2018 by location, category and timing. Opportunities were provided for public input on new projects for 2014 through surveys, community meetings and open houses. The input focused on identifying project priorities for camps and recreation sites.¹⁰³

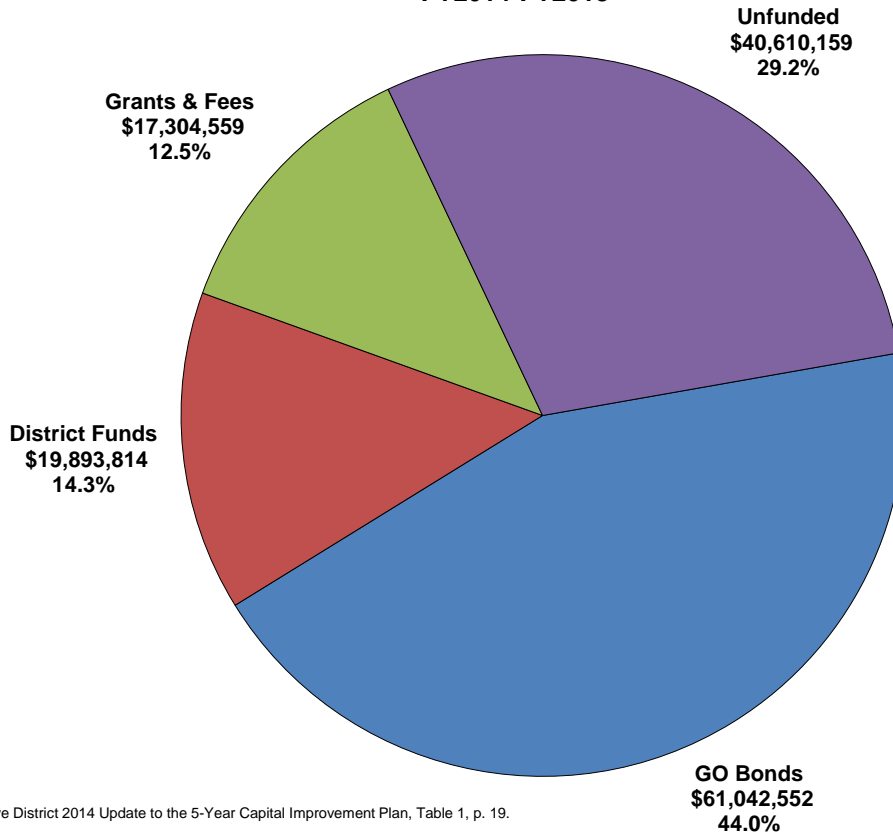
The next exhibit shows the sources of funding for the Forest Preserve District's FY2014-FY2018 CIP projects. At this time, 44.0% or \$61.0 million in funding will derive from general obligation bonds. District pay as you go funding will finance \$19.9 million, or 14.3%, of the projects. Another 12.5% or \$17.3 million will be paid for with grants and fee revenues. Approximately \$40.6 million in projects, or 29.2% of the total, do not yet have funding identified.

¹⁰¹ Forest Preserve District. 2014 Update to the 5-Year Capital Improvement Plan, December 3, 2013 at <file:///S:/Forest%20Preserve%20District/FY2015%20Budget/Budget%20Books/FPDCC%20CIP.pdf>.

¹⁰² Information provided by Forest Preserve District, October 8, 2014.

¹⁰³ Forest Preserve District 2014 Update to the 5-Year Capital Improvement Plan, December 3, 2013, p. 1.

**Forest Preserve District Capital Improvement Plan Funding Sources:
FY2014-FY2018**

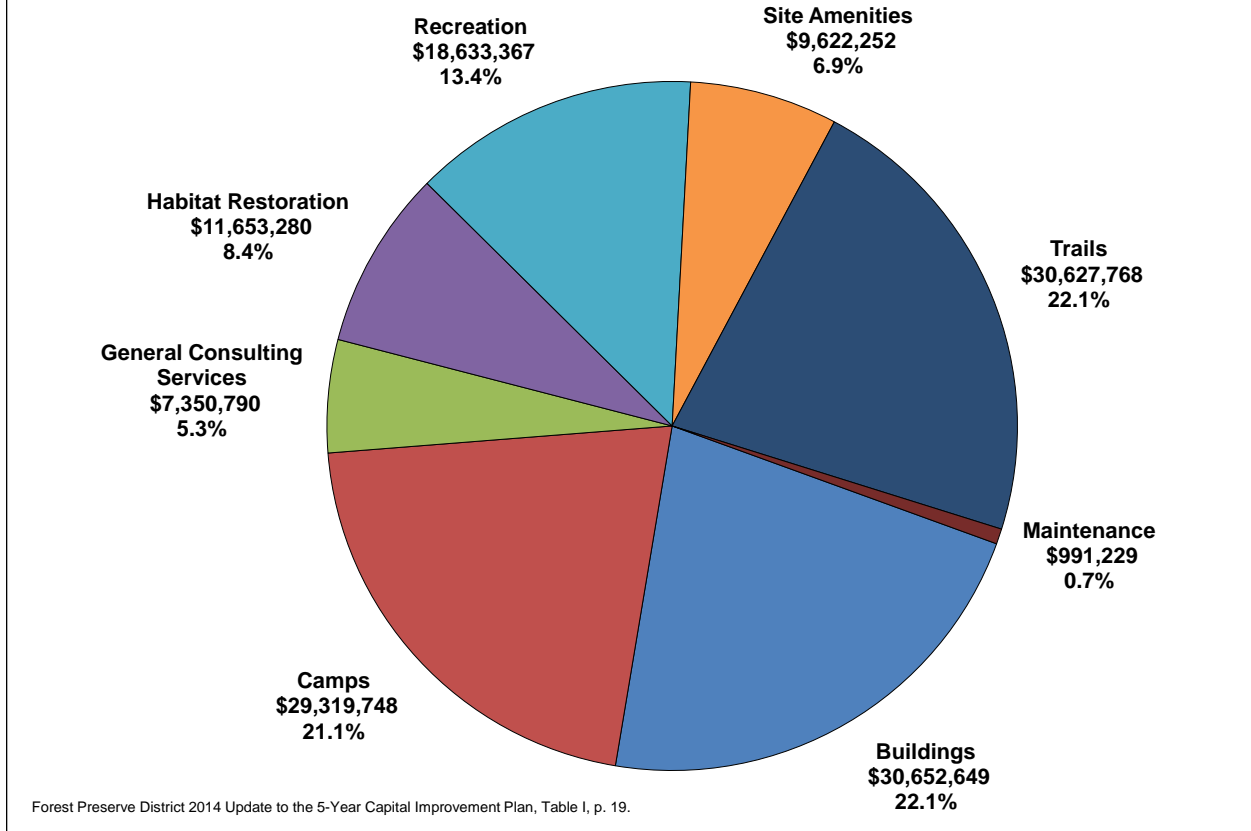


Forest Preserve District 2014 Update to the 5-Year Capital Improvement Plan, Table 1, p. 19.

The FY2014-FY2018 Forest Preserve CIP proposes to allocate funds for a wide variety of projects:

- 22.1% of the total, or \$30.7 million, will be set aside for buildings;
- An additional 22.1%, or \$30.6 million, will be used for trails;
- 21.1%, or \$29.3 million, will be used for campsites;
- 13.4%, or \$18.6 million, is earmarked for recreational facilities;
- 8.4%, or \$11.7 million, is reserved for habitat restoration; and
- The remaining 12.9% of funding will be used for maintenance, general consulting services (i.e., planning, assessment and design activities) and site amenities.

Forest Preserve District Capital Improvement Plan Projects: FY2014-FY2018



According to best practices for capital budgeting, a complete capital improvement plan (CIP) includes the following elements:¹⁰⁴

- A comprehensive inventory of all government-owned assets, with description of useful life and current condition;
- A narrative description of the CIP process including how criteria for projects were determined and whether materials and meetings were made available to the public;
- A five-year summary list of all projects and expenditures per project as well as funding sources per project;
- Criteria for projects to earn funding in the capital budget including a description of an objective and needs-based prioritization process;
- Publicly available list of project rankings based on the criteria and prioritization process;
- Information about the impact of capital spending on the annual operating budget of each project;
- Annual updates on actual costs and changes in scope as projects progress;

¹⁰⁴ National Advisory Council on State and Local Budgeting Recommended Practice 9.10: Develop a Capital Improvement Plan, p. 34; Government Finance Officers Association, Best Practices, Development of Capital Planning Policies, October 2011.

- Brief narrative descriptions of individual projects, including the purpose, need, history and current status of each project; and
- An expected timeframe for completing each project and a plan for fulfilling overall capital priorities.

Once the CIP process is completed, the plan should be formally adopted by the governing body and integrated into its long-term financial plan. There should be opportunities for public input into the process. A well-organized and annually updated CIP helps ensure efficient and predictable execution of capital projects and helps efficiently allocate scarce resources. It is important that a capital budget prioritize and fund the most critical infrastructure needs before funding new facilities or initiatives.

The checklist that follows assesses how well the District's CIP conforms to best practice guidelines. Overall, the CIP conforms to many of the guidelines. There are opportunities for stakeholder input into the CIP process for new projects. The Capital Development Committee of the Forest Preserve Board holds a public hearing on the CIP at which public testimony is taken and the full Board subsequently adopts the plan.¹⁰⁵

However, in many respects, the CIP falls short of best practice guidelines. There is no narrative discussion in the document of whether the District follows a formal prioritization system to determine the selection of individual projects. The 2014 Update to the 5-Year Capital Improvement Plan contains less detail than previous documents. For example, information about individual projects, funding sources and timelines for project completion over the entire five-year timeframe of the CIP is no longer provided. Projects funded by public funds at the Brookfield Zoo and Chicago Botanic Garden continue to be missing from the CIP. Therefore the CIP falls short of the best practice guidelines for a comprehensive document providing taxpayers with full information about District-funded capital projects.

¹⁰⁵ Information provided by the Forest Preserve District of Cook County, November 1, 2013.

Forest Preserve District of Cook County Capital Improvement Program Checklist	
Does the government prepare a formal capital improvement plan?	Yes
How often is the CIP updated?	Annually
Does the capital improvement plan include: <ul style="list-style-type: none"> • <i>A narrative description of the CIP process?</i> • <i>A five year summary list of projects and expenditures per project as well as funding sources per project?</i> • <i>Information about the impact and amount of capital spending on the annual operating budget for each project?</i> • <i>Brief narrative descriptions of individual projects, including the purpose, need, history, and current status of each project?</i> • <i>The time frame for fulfilling capital projects?</i> 	Yes Yes No Limited narrative by project area Yes
Are projects ranked and/or selected according to a formal prioritization or needs assessment process?	No
Is the capital improvement plan made publicly available for review by elected officials and citizens? <ul style="list-style-type: none"> • <i>Is the CIP published in the budget or a separate document?</i> • <i>Is the CIP available on the Web?</i> 	Yes – separate document Yes
Are there opportunities for stakeholders to provide input into the CIP? <ul style="list-style-type: none"> • <i>Is there stakeholder participation on a CIP advisory or priority setting committee?</i> • <i>Does the governing body hold a formal public hearing at which stakeholders may testify?</i> • <i>Is the public permitted at least ten working days to review the CIP prior to a public hearing?</i> 	Yes – through surveys, online webinars, and advisory group sessions Yes Unclear
Is the CIP formally approved by the governing body of the government?	Yes
Is the CIP integrated into a long term financial plan?	Unclear
Sources: National Advisory Council on State and Local Budgeting Recommended Practice 9.6: Develop a Capital Improvement Plan, the Government Finance Officers Association and Civic Federation Budget Analyses of Local Government Budget – various years and the Forest Preserve District of Cook County.	