



# The Civic Federation

Research \* Information \* Action \* Est. 1894

## FOREST PRESERVE DISTRICT OF COOK COUNTY FY2010 PROPOSED BUDGET:

### *Analysis and Recommendations*

November 30, 2009

The Civic Federation • 177 N. State Street • Chicago IL 60601 • [civiced.org](http://civiced.org)

*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.*

## Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>CIVIC FEDERATION POSITION .....</b>	<b>4</b>
<b>ISSUES THE CIVIC FEDERATION SUPPORTS .....</b>	<b>4</b>
DECREASING PROPERTY TAX LEVY .....	5
ADHERING TO FUND BALANCE POLICY .....	5
PROVIDING SUFFICIENT TIME FOR PUBLIC REVIEW .....	5
<b>CIVIC FEDERATION CONCERNS.....</b>	<b>5</b>
POTENTIAL VIOLATION OF LAND USE POLICY .....	5
IMPROPER GOVERNANCE STRUCTURE .....	6
RELUCTANCE TO MAXIMIZE EFFICIENCIES TO PREVENT FUTURE BUDGET DEFICITS .....	6
<b>CIVIC FEDERATION RECOMMENDATIONS .....</b>	<b>7</b>
EFFICIENCY RECOMMENDATIONS.....	7
<i>Eliminate Forest Preserve District Police Department .....</i>	<i>7</i>
<i>Transfer Ownership of Swimming Pools.....</i>	<i>8</i>
<i>Set Rent for Resident District Employees Living on District Land at Market Rates .....</i>	<i>8</i>
<i>Develop and Utilize Performance Measures.....</i>	<i>9</i>
GOVERNANCE RECOMMENDATION .....	9
<i>Elect A Separate Board of Commissioners for the Forest Preserve District .....</i>	<i>9</i>
TRANSPARENCY RECOMMENDATIONS .....	10
<i>Release Audited Financial Statements within Six Months and Post on Website .....</i>	<i>10</i>
<i>Improve the Capital Improvement Plan and Process.....</i>	<i>11</i>
<i>Implement a Long-Term Financial Planning Process .....</i>	<i>12</i>
<i>Provide More Complete Information in Budget Document.....</i>	<i>12</i>
<b>ACKNOWLEDGEMENTS .....</b>	<b>13</b>
<b>FY2010 BUDGET HIGHLIGHTS.....</b>	<b>13</b>
<b>APPROPRIATIONS .....</b>	<b>14</b>
ALL FUND APPROPRIATIONS: TWO AND FIVE YEAR TRENDS .....	14
CORPORATE FUND APPROPRIATIONS: TWO AND FIVE YEAR TRENDS.....	17
<b>RESOURCES AND REVENUE TRENDS.....</b>	<b>18</b>
CORPORATE FUND RESOURCES .....	20
PROPERTY TAX LEVY .....	22
<b>PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS .....</b>	<b>24</b>
PERSONAL SERVICES APPROPRIATIONS: TWO AND FIVE-YEAR TRENDS .....	26
FOREST PRESERVE DISTRICT EMPLOYEE BENEFIT EXPENSES: TWO-YEAR TREND.....	27
<b>SEPARATE BOARD OF COMMISSIONERS FOR THE DISTRICT .....</b>	<b>27</b>
<b>UNRESERVED CORPORATE FUND BALANCE POLICY .....</b>	<b>28</b>
<b>PENSION TRENDS .....</b>	<b>29</b>
FUNDED RATIOS .....	29
UNFUNDED LIABILITIES .....	30
INVESTMENT RATES OF RETURN .....	31
<b>SHORT-TERM LIABILITIES .....</b>	<b>32</b>
ACCOUNTS PAYABLE.....	33

## **EXECUTIVE SUMMARY**

The Civic Federation **supports** the FY2010 Forest Preserve District of Cook County budget of \$198.2 million, which includes both operating and capital expenditures. The proposed FY2010 budget represents an increase of \$4.6 million, or 2.4%, over the FY2009 proposed budget. The District has maintained adequate reserve funds and will use a portion of these funds to balance its budget, rather than increasing taxes. We commend the District for reducing its property tax levy at a time when its citizens are facing serious economic hardships.

The Civic Federation recognizes that going forward the District will face fiscal pressures due to rising personnel costs. We urge the District to maximize operating efficiencies to prevent future budget deficits. Potential operating efficiencies include transferring law enforcement duties to the Cook County Sheriff and swimming pool operations to park districts.

The Federation also strongly urges support for the creation of a separate board of commissioners for the Forest Preserve District. The current board structure that oversees both the District and Cook County results in an unavoidable conflict of interest. The conflict has resulted in land use policy violations, poor oversight of District land holdings and inadequate transparency of District finances.

The Civic Federation offers the following **key findings** on the FY2010 proposed budget:

- Total appropriations will increase by 2.4%, or \$4.6 million, from the FY2009 proposed appropriations of \$193.6 million to \$198.2 million in FY2010;
- Total resources for operating funds will increase by \$7.0 million, or 10.2% in FY2010, from \$69.0 million proposed in FY2009 to \$76.0 million;
- Funding for the Brookfield Zoo and Chicago Botanic Garden will total \$87.0 million, 54.0% of the total District Budget;
- The District's Property Tax levy will decrease by \$1.1 million, or 1.3%, to \$86.5 million;
- Total full-time equivalent (FTE) positions will increase by 0.4%, or 2 positions, from 536 FTEs to 538 FTEs; and
- The District's unreserved corporate fund balance will total \$10.4 million, which represents 17.8% of proposed FY2010 corporate fund resources, which total \$58.3 million.

The Civic Federation offers its **support** for the following items contained in the District's budget:

- Decreasing the property tax levy from \$87.6 million in FY2009 to \$86.5 million in FY2010 for a reduction of 1.3%, or \$1.1 million;
- Adhering to its 15% unreserved corporate fund balance policy; and
- Providing sufficient time for public review, with 24 working days between the release of the FY2010 proposed budget and its annual public budget hearing.

However, the Civic Federation has **concerns** about the FY2010 proposed budget including:

- Potentially violating the District's Land Use Policy with the transfer of 30 acres of District land to the Village of Hinsdale;
- Maintaining an improper governance structure where the District and Cook County share the same legislative body; and

- Failing to maximize efficiencies in order to prevent future budget deficits.

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

- Eliminate the Forest Preserve District Police Department and transfer its functions to the Cook County Sheriff's Department;
- Transfer ownership of swimming pools to local park districts or community organizations;
- Set rent for resident district employees living on District land at market rates;
- Develop and utilize performance measures as a part of a broader strategic planning practice;
- Elect a separate board of commissioners for the Forest Preserve District;
- Release audited financial statements within six months of the close of the fiscal year and post these statements on the District's website;
- Improve the Capital Improvement Plan and process with more specific information and more detailed information about the process itself; and
- Implement a long-term financial planning process that is shared and reviewed with key policymakers and public stakeholders.

### **CIVIC FEDERATION POSITION**

The Civic Federation **supports** the Forest Preserve District of Cook County FY2010 Executive Budget Recommendation totaling \$198.2 million, which includes both operating and capital expenditures.

We commend the District for reducing its property tax levy at a time when citizens are facing serious economic hardships. The District has also shown prudence by maintaining adequate reserves to allow it to draw on those reserves this year rather than reflexively increasing taxes. We are also pleased that this year the District has enacted our recommendation to afford the public additional time to review its annual budget recommendation.

However, the Civic Federation warns that the District will face fiscal pressures in the future due to rising personnel costs and should maximize operating efficiencies to prevent future budget deficits. The Civic Federation recommends that the District transfer law enforcement duties to the Cook County Sheriff and swimming pool operations to park districts.

The Civic Federation also strongly urges support for the creation of a separate board of commissioners for the Forest Preserve District. The current board structure that oversees both District and Cook County results in an unavoidable conflict of interest. The conflict has resulted in land use policy violations, poor oversight of District land holdings and inadequate transparency of District finances.

### **ISSUES THE CIVIC FEDERATION SUPPORTS**

The Civic Federation supports the following issues contained in the Forest Preserve District of Cook County FY2010 Executive Budget Recommendation.

### **Decreasing Property Tax Levy**

The Forest Preserve District proposes to reduce its total property tax levy from \$87.6 million in FY2009 to \$86.5 million in FY2010. This is a 1.3% or \$1.1 million reduction. At a time of serious economic hardships for Cook County residents, we commend the District for decreasing its property tax levy. Economic downturns are precisely the wrong time to raise taxes and impose further burdens on taxpayers.

### **Adhering to Fund Balance Policy**

The District's fund balance policy requires a minimum unreserved fund balance totaling the sum of 5.5% of Corporate Fund gross revenues, 1% of Corporate Fund expenditures for unexpected expenditures and 8% of Corporate Fund expenditures to account for insufficient operating cash.

The District continues to adhere to its fund balance policy of maintaining a Corporate Fund reserve balance of at least 17.8% as of December 31, 2008. The FY2008 audited financial statements showed a fund balance of \$10.4 million, which exceeded the required balance by \$5.2 million. This year the District is proposing to draw down \$9.4 million of its fund balance to balance its FY2010 budget, but still retain a healthy fund balance.<sup>1</sup>

The Civic Federation supports the District's prudent measure of setting aside corporate fund monies to be used during difficult economic climates, thereby negating the District's need to cut services or increase taxes.

### **Providing Sufficient Time for Public Review**

In prior years the Forest Preserve District released its budget less than two weeks before its one day of scheduled public testimony. The Civic Federation recommended that the District allow a minimum of ten working days for the public to have sufficient time for meaningful review of the budget before they have an opportunity to testify at the public hearing.

This year the District offered 24 working days for the public to review its FY2010 Executive Budget Recommendation. The Civic Federation commends the District for adopting our recommendation and extending its review period.

### **CIVIC FEDERATION CONCERNS**

The Civic Federation has the following concerns regarding the Forest Preserve District's FY2010 Executive Budget Recommendation.

#### **Potential Violation of Land Use Policy**

In October of 2009 the dual structure board of commissioners voted to continue discussions with the Village of Hinsdale to lease 30 acres of District land to further transform it into a village park. The proposal is contrary to the mission and stated policy of the District, which is to "acquire and hold lands...for the purpose of protecting and preserving the flora, fauna and scenic

---

<sup>1</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 42.

beauties...[and] for the purpose of ...education, pleasure and recreation.” The Forest Preserves are not a land bank open for the use of other governments or businesses.

Unfortunately, the Hinsdale proposal is only the latest in a long string of requests from different governmental units for portions of the 68,000 acres of Forest Preserve District land, and would encourage even more villages to seek forest preserve land. It would be yet another land transfer approved by the dual-purpose Board of Commissioners that runs contrary to the mission and policy of the District. For example:<sup>2</sup>

- In 1999 the Board transferred sale of 2.4 acres of District non-surplus land to the Village of Rosemont to facilitate the expansion of the Village’s convention center; and
- In 2000 the Commissioners voted to approve the Village of Morton Grove’s request to establish a permanent highway easement for a temporary road constructed on District lands. The residents enjoyed the reduction in road congestion so much that they successfully lobbied for the transformation of the temporary road to a permanent road.

The Civic Federation urges the current dual structure board of commissioners to follow the District’s land use policy and not lease the 30 acre parcel to the Village of Hinsdale.

### **Improper Governance Structure**

Currently the Forest Preserve District is overseen by a dual structure board of commissioners that also acts as the legislative body for Cook County. This governance structure results in a conflict of interest for commissioners who must balance the irreconcilable needs and missions of the county and the forest preserves, such as the aforementioned potential lease of District land in violation of its own land use policy. This structure also inhibits proper oversight.

Over the years it is clear that the District is ill-served by the “double-duty” commissioners, as evidenced by improper leasing of District land. Negative consequences related to the District’s finances have also arisen, including a failure to address the District’s general financial difficulties, inadequate adherence to transparent financial procedures, and failure to develop a Capital Improvement Plan until after approving a \$100 million bond issue. Other problems are operational and include questionable land management practices, a slow rate of land acquisition, and the allowance of private use of public lands. These examples point to an urgent need to elect a separate Board of Commissioners for the Forest Preserve District.

### **Reluctance to Maximize Efficiencies to Prevent Future Budget Deficits**

The Forest Preserve District needs to focus available resources on its core mission and improve efficiency and can do so by transferring operations of the County’s swimming pools to park districts and transferring operations of the Forest Preserve District Law Enforcement department to the Cook County Sheriff. Neither law enforcement nor swimming pool operations are central to the District’s mission of preserving flora and fauna. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operation, along with law enforcement, would

---

<sup>2</sup> For further discussion and information on this topic see “Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners” at [http://www.civicfed.org/articles/civicfed\\_269.pdf](http://www.civicfed.org/articles/civicfed_269.pdf).

be far better spent on core activities and much-needed natural area restoration and improvements, as well as offsetting constantly increasing personnel expenses.

## **CIVIC FEDERATION RECOMMENDATIONS**

The Civic Federation offers the following recommendations, including efficiency, governance and transparency, to help improve management of the Forest Preserve District of Cook County.

### **Efficiency Recommendations**

The Civic Federation offers four efficiency recommendations to reduce District expenditures and target available revenues towards core functions.

#### ***Eliminate Forest Preserve District Police Department***

In FY2010 the District is proposing to spend \$9.5 million on law enforcement, which includes the administrative and patrol duties for the Forest Preserve District. To contrast, the District is proposing to spend nearly \$7.6 million in FY2010 on the resource management department, whose mission is to protect, restore and preserve the biodiversity and beauty of the natural communities of the District as nearly as may be in their natural condition, for the education, pleasure and recreation of the public.<sup>3</sup>

As we have noted in previous analyses, the Forest Preserve District is unable to justify the need for its own Police Department. While the FY2010 budget includes information detailing law enforcement accomplishments and goals, it still does not have any measures of efficiency or effectiveness. The \$9.5 million the District proposes to spend on its Police force in FY2010 is 16.3% of the total \$58.3 million Corporate Fund budget in FY2010. The Cook County Sheriff has publicly stated that he can police the preserves with his existing staff.<sup>4</sup> In light of these facts, the District should provide the public with evidence that a separate Forest Preserve Police Department is both necessary and effective.

The Civic Federation believes the Forest Preserve District should cut costs by working to eliminate duplication of effort wherever possible. We believe the District police force could be eliminated and its functions assumed by the Cook County Sheriff, either through a wholesale transfer of responsibility or a contractual reimbursement arrangement. Cook County Sheriff Tom Dart supports this plan and has asked for Forest Preserve District law enforcement duties to be transferred to his office.<sup>5</sup> In lieu of a police force, the District should hire Civilian Conservation Officers to patrol the preserves, deter illegal activity, and provide assistance to the public. Conservation Officers would function as park rangers do in state and national parks, and would contact local police officers when law enforcement was necessary.

---

<sup>3</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 61, 71.

<sup>4</sup> Hal Dardick, "Cook County sheriff offers to take over patrolling of forest preserves," *Chicago Tribune*, February 4, 2009.

<sup>5</sup> Presentation by Cook County Sheriff Tom Dart to the Civic Federation, November 12, 2009.

### ***Transfer Ownership of Swimming Pools***

Maintaining and operating swimming pools is not a core function of the Forest Preserve District of Cook County. Public pools are more appropriately maintained by local park districts and community organizations. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operations would be far better spent on core activities and much-needed preserve restoration and improvements. This is true regardless of the source of funding used to maintain and operate the pools. The FY2010 associated personnel expenses for the pools will total \$741,312, while the pool fee revenue is expected to be \$200,000.<sup>6</sup> Pool user fees only cover 26.9% of the District's personnel costs, while the remaining \$541,312 is subsidized by the District's Corporate Fund.

Over 50 years ago the Advisory Committee to the Cook County Forest Preserve Board of Commissioners recommended that the pools be closed. In 1929, the Advisory Committee had recommended that the Forest Preserve District build swimming pools in order to provide a sanitary alternative for swimmers using Forest Preserve lakes and rivers. In 1953, however, the Committee recognized that many safe swimming opportunities were now available to County residents, and recommended closing the District pools due to high operating costs:

“Three [pools] were built but the costs of operation and maintenance are high. Inasmuch as there are now sufficient municipal and privately-operated swimming pools in the county to meet the public needs, it is recommended that the District build no more of them and discontinue these when they become obsolescent.”<sup>7</sup>

Indeed, the pools did become obsolete as the District allowed them to fall into disrepair. The District recently spent over \$9.5 million of Illinois FIRST funds from the State of Illinois to renovate Cermak Family Aquatic Center in Lyons and Green Lake Family Aquatic Center in Calumet City. The Cermak pool was re-opened in 2008, and Green Lake pool was opened in 2009.<sup>8</sup> The District's third pool, Whelan Aquatic Center, is located on the northwest side of Chicago. The Chicago Park District maintains dozens of indoor and outdoor swimming facilities within the city limits. Suburban park districts and departments and community organizations maintain many other public swimming pools around Cook County. Clearly, there are many well-qualified providers of this recreational service who can offer interested users plenty of swimming opportunities. The Civic Federation urges the District to transfer ownership and operation the pools to such entities so that it can focus on its unique mission of restoring and retaining natural lands.

### ***Set Rent for Resident District Employees Living on District Land at Market Rates***

In return for their watching over District land and serving as a deterrent to crime or misuse, the Forest Preserve District rents housing on its property to employees at drastically discounted rates.

---

<sup>6</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 41, 87.

<sup>7</sup> *Revised Report of Advisory Committee to the Cook County Forest Preserve Commissioners*, Forest Preserve District of Cook County, IL, 1953, p.20. Available at the Harold Washington Library, Chicago IL.

<sup>8</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 84.

The Civic Federation approves of the modest step taken by Forest Preserve Commissioners when they passed an ordinance in July 2005 to increase the rent for Resident Employees by 6.6%, from \$225 to \$240 per month for some residences and from \$450 to \$480 per month for others. The Commissioners also voted to tie annual rent increases to the Consumer Price Index. While these measures constituted positive reform, the Civic Federation believes that Resident Employee rents are still excessively low, and should be raised to market rates. Instead of receiving discounted housing, Resident Employees should be paid hourly for any additional duties performed as “watchmen.”

### ***Develop and Utilize Performance Measures***

The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning strategy. All governments should evaluate the performance of the programs and services they provide to ensure that they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of any variance between expectations and actual achievements.<sup>9</sup>

Forest Preserve District staff should work to support the development of performance measures to track the efficiency and effectiveness of management and operations. True performance measurements, however, would provide information about the District’s measurable conservation and management goals, financial and staff resources dedicated to those goals, measurable accomplishments, and the efficiency with which those accomplishments were met. Accountability requires that the District explain its goals and accomplishments and demonstrate effective use of taxpayer dollars through a consistent and thoughtful measurement system.

### **Governance Recommendation**

The Civic Federation offers the following governance recommendation to help the District operate without conflict and preserve the 68,000 acres of preserve holdings.

### ***Elect A Separate Board of Commissioners for the Forest Preserve District***

In the spring of 2008 the Civic Federation and the Friends of the Forest Preserves issued a report advocating for the creation of a separate elected Board of Commissioners to govern the Forest Preserve District of Cook County.<sup>10</sup> 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.

The report further stated that certain actions taken by the Commissioners illustrate the fact that they are placed in irreconcilable positions when asked to choose between economic development and land preservation. These actions included the sale of District land to the Village of

---

<sup>9</sup> See Recommended Practice 11.1 “Monitor, Measure, and Evaluate Program Performance,” in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

<sup>10</sup> “Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners” at [http://www.civiced.org/articles/civiced\\_269.pdf](http://www.civiced.org/articles/civiced_269.pdf).

Rosemont in 1999, granting the Village of Morton Grove a permanent easement over District lands in 2000, consideration of a land swap proposal between the District and Mittal Steel in 2005, and the transfer of \$13.3 million from the District to the County in 2007. Since this report was issued, yet another example has come to the Civic Federation's attention. In October of 2009, the dual-structure Board of Commissioners voted to continue discussions to lease a 30 acre parcel of land to the Village of Hinsdale so it can be used as a recreational park.

The report also pointed to numerous problems arising from the current governance structure. Some of the negative consequences related to the District's finances, including a failure to address the District's general financial difficulties, inadequate adherence to transparent financial procedures, and failure to develop a Capital Improvement Plan until after approving a \$100 million bond issue. Other problems are operational and include questionable land management practices, a slow rate of land acquisition, and the allowance of private use of public lands.

Furthermore, Fitch announced that the District's rating outlook is stable. The agency also noted that in the long-term the creation of a separate board of commissioners would provide the District greater autonomy to manage its financial resources and facilitate its ability to maintain its AA- rating.

The Civic Federation and the Friends of the Forest Preserves strongly recommend that a separate elected Board of Commissioners be created for the Forest Preserve District of Cook County. This action does not create a new government entity and its creation should not result in any additional costs for the District. 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.

Legislation has since been introduced in the Illinois State Senate that would create a separate board of commissioners for the District.

### **Transparency Recommendations**

The Civic Federation offers the following transparency recommendations to provide citizens with a greater understanding of how the District is expending citizen tax dollars.

#### ***Release Audited Financial Statements within Six Months and Post on Website***

The Civic Federation believes that all governments, including the Forest Preserve District of Cook County, should release audited financial statements no later than six months after the close of their respective fiscal years. Unfortunately, the District has fallen into a pattern of delaying the release of its Comprehensive Annual Financial Report (CAFR).

The District's ongoing delays in releasing its audited financial statements diminish its accountability because the public cannot access important financial information needed to assess the government's financial condition in a timely fashion.

The Civic Federation believes that the Comprehensive Annual Financial Report should be released to the Board of Commissioners and the public no later than June 30 of the following calendar year or within six months of the close of the fiscal year.

Furthermore, the District now publishes its annual budget proposal and capital improvement plan on its website. In the interest of transparency and accessibility, the Civic Federation urges the District to also publish its audited financial statements on its website. The Government Finance Officers' Association recommends that every government publish its budget document and financial statement on its website.<sup>11</sup> Furthermore, we urge the District to retain prior years' documents on its website so that the public may easily access and reference them. A separate web page should be established for such documents, perhaps linked through the "About Us" page.

### ***Improve the Capital Improvement Plan and Process***

As of publication of this document, the District has yet to release its updated Capital Improvement Plan. We understand that the Capital Improvement Plan is a work in progress, but we offer several recommendations for ways to improve the CIP document and the prioritization process going forward:

- The capital projects being undertaken by the Brookfield Zoo and the Chicago Botanic Garden should be subjected to the same standards of disclosure as those initiated for the District. The Zoo and Garden facilities are owned by the District and the majority of capital improvements at those facilities are paid for with taxpayer dollars;
- The District should include more specific information about the CIP process, including:
  1. A description of how the plan is formulated, including the steps that District staff take to develop a needs assessment, the means it employs to solicit input from stakeholders (including the public and Commissioners) and the way that input is incorporated into the capital plan;
  2. A list of Board of Commissioners meeting dates and times (both past and future) at which the CIP is discussed or action is taken; and
  3. A list of the ways that the public may become involved in the planning process, including meeting dates and times (both past and future) and public review periods.
- Each project page should have specific information about anticipated operating costs, including the number of full-time equivalent positions to be added or removed, and dollar estimates of any changes in operating expenses. It is important that the District evaluate the potential operating costs or savings of new facilities before investing capital dollars. If there are no anticipated changes to operating costs, then this category should be marked "No change";

---

<sup>11</sup> Government Finance Officers' Association, "GFOA Recommended Practice: Using Websites to Improve Access to Budget Documents and Financial Reports (2003)" <http://www.gfoa.org/downloads/caafr-budgets-to-websites.pdf>

- Each project page should include project status. The status is left blank on many projects. The project status, whether completed, in progress or not yet begun, should be stated for each project.
- The District should specifically describe how its capital needs are determined and identify on each project page where the project fits in terms of the prioritization criteria set out in the initial pages of the CIP, in addition to whom it will benefit;
- The public and the Commissioners should have the opportunity to provide input into the planning process that establishes the prioritization of capital projects. The District can facilitate public input in two ways: 1) by including citizen and Commissioner participation on a committee that undertakes the prioritization; or 2) by providing opportunities for review and comment on the entire CIP by the public and the Commissioners; and
- The Board of Commissioners should formally approve the CIP, recognizing that it is a planning document; the time and date for this formal approval should be announced in the CIP.

### ***Implement a Long-Term Financial Planning Process***

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.<sup>12</sup> The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and reviewed by key policymakers and public stakeholders. The District should develop a comprehensive, formal long-term financial plan and the CIP should be integrated into that plan.

### ***Provide More Complete Information in Budget Document***

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

- An improved executive summary that discusses some changes in each fund;
- Disclosure of the unreserved fund balance policy;
- A multi-year history of staffing by function that is provided in terms of full-time equivalent positions;
- A multi-year trend of the property tax levy by fund; and
- “Capital Asset Statistics by Program” for picnic permits and law enforcement activities.

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

---

<sup>12</sup> National Advisory Council on State and Local Budgeting, “Practice 9.1: Conduct Long-Range Financial Planning,” 2000, <http://www.gfoa.org/services/nacslb/>.

- Better information about the workings of the Real Estate Acquisition Fund, including a narrative description of activity in the fund, information about pending acquisitions and explanation of its fund balance;
- Explanation and definition of vague categories such as “Other,” “Other Income,” “Miscellaneous Income” and “Contingency” should be provided whenever they appear in the budget document, particularly when there are significant year-to-year changes in these figures;
- Explanation of fund status changes, such as the change of the Self Insurance Fund from a Special Revenue Fund in FY2005 to an Internal Service Fund in FY2006;<sup>13</sup> and
- Any format changes from the previous year’s budget document should be noted and comparability maintained so that the public and Forest Preserve District Commissioners may be able to make meaningful comparisons over time.

### **ACKNOWLEDGEMENTS**

The Civic Federation would like to express its appreciation to Chief Financial Officer Marlo Kemp for providing the Civic Federation with a budget briefing and for answering our questions about the proposed budget.

### **FY2010 BUDGET HIGHLIGHTS**

The Forest Preserve District proposes a \$198.2 million total appropriation for FY2010. The District’s operating, or Corporate Fund, budget totals \$58.3 million in FY2010, a 10% or \$5.6 million increase over FY2009 proposed appropriations. Corporate Fund appropriations are increasing by \$5.6 million due in large part to a \$3.0 million transfer to the Self Insurance Fund and the approval of the Collective Bargaining Agreement between the District and the Fraternal Order of Police, which provides back pay to District police officers. In the FY2010 budget the District is proposing to add two full-time equivalent (FTE) positions for a total of 538 FTE positions.

Some of the highlights of the FY2010 District budget are summarized below.

#### ***Total Appropriations: \$198.2 Million***

- Total appropriations will increase by 2.4%, or \$4.6 million, from the FY2009 budgeted amount of \$193.6 million to \$198.2 million in FY2010.
- Corporate Fund appropriations will increase 10.6%, or \$5.6 million, from \$52.7 million to \$58.2 million.
- Real Estate Acquisition Fund appropriations will increase by \$2.3 million, or by 13.5%.

#### ***Funding for Brookfield Zoo and Chicago Botanic Garden: 44.0% of Total District budget***

- The Zoo and Garden Funds, which include property tax subsidies for the Brookfield Zoo and the Chicago Botanic Garden, will total 54.0% of the Forest Preserve District budget, or \$87.0 million.
- The Botanic Garden Fund, totaling \$27.3 million, will increase \$1.4 million, or by 5.5%.
- The Zoological Fund will increase by 8.8%, from \$54.9 or \$59.8 million.

---

<sup>13</sup> Information provided by the Forest Preserve District, November 25, 2006.

***Revenues: Property Tax Levy Reduced to \$86.5 million***

- The District's property tax levy will decrease by \$1.1 million, or 1.3%, to \$86.5 million.
- The Corporate Fund tax levy will remain flat at \$41.7 million.
- Total operating funds resources will increase by 10.2% in FY2010, from \$69.0 million to \$76.0 million.

***Personnel: Increase of 2 FTEs***

- The number of full-time equivalent (FTE) positions will increase from 536 to 538, or by 0.4%;
- No FTEs will be added to General Maintenance and Law Enforcement.
- One FTE will be added to Resource Management.
- Two FTEs will be removed from the General Office.
- Two FTEs will be added to Legal.
- One FTE will be added to Finance and Administration
- One FTE will be removed from Planning and Development.
- One FTE will be added to Permit and Recreation Activities.

***Bond Rating Upgraded by Fitch Ratings***

- Fitch Ratings upgraded the District's unlimited tax general obligation bonds rating from A-plus to double-A-minus. Fitch cited the following factors for the ratings upgrade: the District's improved financial performance; management initiatives including a 15% corporate fund unreserved fund balance policy; and low direct levels with no plans for additional debt.

**APPROPRIATIONS**

This section provides an analysis of the Forest Preserve District's proposed FY2010 appropriations.

**All Fund Appropriations: Two and Five Year Trends**

This year, the District's budget will total \$198.2 million, a 2.4% or \$4.6 million increase from the originally proposed FY2009 budget of \$193.6 million. The proposed operating budget is \$160.0 million, a 0.5% or \$0.7 million decrease from the original FY2009 budget proposal. The proposed capital budget of \$38.1 million is a 16.2% or \$5.3 million increase over the FY2009 proposal.<sup>14</sup>

Corporate Fund budgeted appropriations will increase by 10.6%, or \$5.6 million, from \$52.7 million in FY2009 to \$58.2 million in FY2010. This is primarily due to a \$3.0 million transfer to the Self Insurance Fund and a retroactive collective bargaining agreement with the forest preserve police.<sup>15</sup>

---

<sup>14</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 13.

<sup>15</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 7, 8, 133.

The Bond and Interest Fund appropriation will decrease by \$1.9 million and total \$12.0 million in FY2010. This decline reflects the expiration of the Master Loan Agreement with Cook County in FY2009.<sup>16</sup>

The Employee Annuity and Benefit Fund appropriation will increase by \$171,970, or 6.7%, from \$2.6 million in FY2009 to \$2.8 million in FY2010. The annual property tax levy for the Fund is set by state statute at 1.3 times the annual employee contribution made two years prior.<sup>17</sup>

The budgeted appropriations for Brookfield Zoo and the Botanic Garden will decline by 5.5% and 5.9%, respectively. This is because the property tax levies for these facilities will be held flat while the own-source revenues of the Zoo and Garden are expected to decline.<sup>18</sup>

Real Estate Acquisition Fund appropriations will increase by \$2.3 million to \$19.4 million in FY2010. This fund is not supported by a property tax levy, but appropriates from debt proceeds, contributions, grants, fund transfers, fund balance, and investment income.<sup>19</sup> The total available for appropriation in FY2010 is \$25.8 million, of which \$19.4 million will be appropriated.<sup>20</sup> The remaining amount is not appropriated because reserve funds must be maintained in anticipation of the potential litigation costs associated with real estate acquisition.<sup>21</sup> The District currently owns over 68,000 acres and is authorized to acquire up to 75,000 acres.

<b>Forest Preserve District All Funds Appropriations: FY2009 &amp; FY2010</b>				
<b>Fund</b>	<b>FY2009 Recommended</b>	<b>FY2010 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating</b>				
Corporate	\$ 52,670,817	\$ 58,252,887	\$ 5,582,070	10.6%
Bond & Interest	\$ 13,302,237	\$ 12,008,168	\$ (1,294,069)	-9.7%
Employee Annuity & Benefit	\$ 2,583,000	\$ 2,754,970	\$ 171,970	6.7%
Zoological	\$ 63,261,594	\$ 59,772,551	\$ (3,489,043)	-5.5%
Botanic Garden	\$ 28,969,344	\$ 27,265,166	\$ (1,704,178)	-5.9%
<b>Subtotal Operating</b>	<b>\$ 160,786,992</b>	<b>\$ 160,053,742</b>	<b>\$ (733,250)</b>	<b>-0.5%</b>
<b>Capital</b>				
Construction & Development	\$ 6,041,600	\$ 5,739,520	\$ (302,080)	-5.0%
Capital Improvements	\$ 9,725,000	\$ 13,050,000	\$ 3,325,000	34.2%
Real Estate Acquisition	\$ 17,075,000	\$ 19,385,000	\$ 2,310,000	13.5%
<b>Subtotal Capital</b>	<b>\$ 32,841,600</b>	<b>\$ 38,174,520</b>	<b>\$ 5,332,920</b>	<b>16.2%</b>
<b>Grand Total</b>	<b>\$ 193,628,592</b>	<b>\$ 198,228,262</b>	<b>\$ 4,599,670</b>	<b>2.4%</b>

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation p. 14, and FY2010 Executive Budget Recommendation p. 13.

<sup>16</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 8, 122.

<sup>17</sup> 40 ILCS 5/10-107.

<sup>18</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 141, 146.

<sup>19</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 123.

<sup>20</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 123.

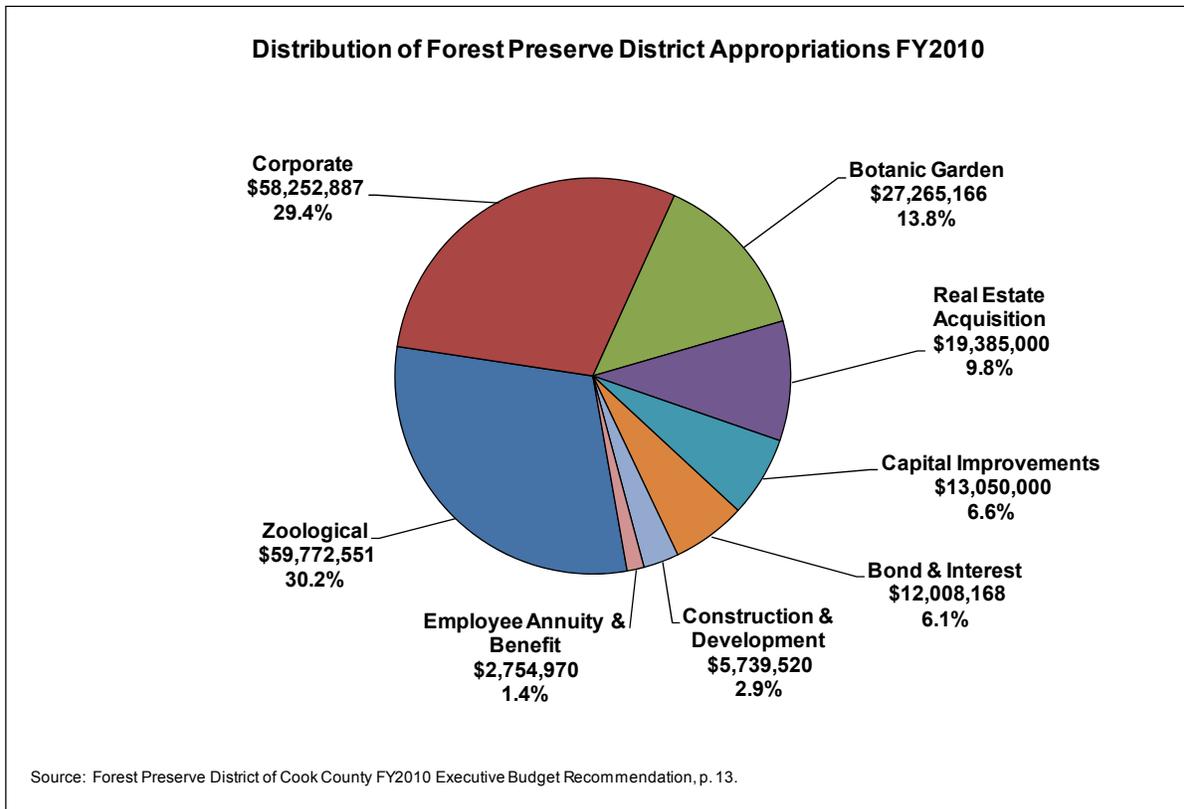
<sup>21</sup> Lenny Moore (Chief Financial Officer, Forrest Preserve District), in a communication to the Civic Federation, January 18, 2005.

The next exhibit shows five-year appropriation trends for all Forest Preserve District funds between FY2006 and FY2010. Total appropriations during this period increased by 22.4% or \$36.2 million. The biggest dollar increases have occurred in the Corporate Fund (\$12.2 million) and Real Estate Acquisition Fund (\$11.1 million). Operating funds appropriations increased 11.8% between FY2006 and FY2010, while capital funds appropriations increased 101.9%.

<b>Forest Preserve District All Funds Appropriations: FY2006 &amp; FY2010</b>				
<b>Fund</b>	<b>FY2006 Recommended</b>	<b>FY2010 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating</b>				
Corporate	\$ 46,060,071	\$ 58,252,887	\$ 12,192,816	26.5%
Bond & Interest	\$ 13,311,504	\$ 12,008,168	\$ (1,303,336)	-9.8%
Employee Annuity & Benefit	\$ 2,983,000	\$ 2,754,970	\$ (228,030)	-7.6%
Zoological	\$ 54,912,833	\$ 59,772,551	\$ 4,859,718	8.8%
Botanic Garden	\$ 25,831,676	\$ 27,265,166	\$ 1,433,490	5.5%
<b>Subtotal Operating</b>	<b>\$ 143,099,084</b>	<b>\$ 160,053,742</b>	<b>\$ 16,954,658</b>	<b>11.8%</b>
<b>Capital</b>				
Construction & Development	\$ 4,960,000	\$ 5,739,520	\$ 779,520	15.7%
Capital Improvements	\$ 5,625,000	\$ 13,050,000	\$ 7,425,000	132.0%
Real Estate Acquisition	\$ 8,325,000	\$ 19,385,000	\$ 11,060,000	132.9%
<b>Subtotal Capital</b>	<b>\$ 18,910,000</b>	<b>\$ 38,174,520</b>	<b>\$ 19,264,520</b>	<b>101.9%</b>
<b>Grand Total</b>	<b>\$ 162,009,084</b>	<b>\$ 198,228,262</b>	<b>\$ 36,219,178</b>	<b>22.4%</b>

Source: Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 5, and Forest Preserve District of Cook County FY2010 Executive Budget Recommendation p. 13.

The distribution of Forest Preserve District FY2010 appropriations by fund is shown in the next exhibit. Forty-four percent of appropriations will go to the Brookfield Zoo and Chicago Botanic Garden. The Zoological Fund remains the largest of the District's funds, constituting 30.2% of the Forest Preserve's total appropriation in FY2010. The District Corporate Fund appropriation of \$58.2 million will make up 29.4% of all appropriations.



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

The FY2010 proposed Corporate Fund appropriation is \$58.2 million, an increase of 10.6% or \$5.6 million over the original FY2009 appropriation. The largest increase is in the Fixed Charges line and reflects a \$3.0 million Self Insurance premium contribution.<sup>22</sup> The Corporate Fund transfer to the Capital Improvement Fund will increase by \$1.5 million, from \$4.3 million to \$5.8 million. A collective bargaining agreement covering the years 2005-2008 was reached with the forest preserve police during FY2009 and the full amount of salary adjustments for that period is recognized in the FY2010 Corporate Fund budget.<sup>23</sup>

The changes in General Office, Finance and Administration, and Legal Department budgets are primarily the result of transferring positions between departments.<sup>24</sup>

<sup>22</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 8, 116, 133. Personal Services adjustments and District Wide Enhancement Programs declined in FY2010, resulting in the net \$2.6 million increase for fixed charges. See Budget p. 116.

<sup>23</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 7.

<sup>24</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 52, 59, 102-103.

<b>Forest Preserve District Corporate Fund Appropriations: FY2009 &amp; FY2010</b>				
<b>Category/Department</b>	<b>FY2009 Recommended</b>	<b>FY2010 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
General Office	\$ 1,749,319	\$ 1,582,307	\$ (167,012)	-9.5%
Finance and Administration	\$ 2,187,720	\$ 2,296,793	\$ 109,073	5.0%
Resource Management	\$ 7,540,643	\$ 7,591,539	\$ 50,896	0.7%
General Maintenance	\$ 17,395,662	\$ 17,849,646	\$ 453,984	2.6%
Resident Watchman Facilities	\$ 500,000	\$ 500,000	\$ -	0.0%
Permit & Rec. Activities Admin.	\$ 1,564,481	\$ 1,659,317	\$ 94,836	6.1%
Law Enforcement	\$ 8,628,763	\$ 9,477,830	\$ 849,067	9.8%
Legal Department	\$ 1,235,384	\$ 1,472,085	\$ 236,701	19.2%
Planning and Development	\$ 2,160,171	\$ 1,999,422	\$ (160,749)	-7.4%
Fixed Charges	\$ 2,433,676	\$ 5,073,949	\$ 2,640,273	108.5%
Operating Transfer to Capital	\$ 4,275,000	\$ 5,750,000	\$ 1,475,000	34.5%
Operating Transfer to Real Estate Acq.	\$ 3,000,000	\$ 3,000,000	\$ -	0.0%
<b>Total*</b>	<b>\$ 52,670,819</b>	<b>\$ 58,252,888</b>	<b>\$ 5,582,069</b>	<b>10.6%</b>

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 43 and FY2010 p. 42.

\*FY2009 budget book figure listed the Total Appropriation for FY2009 as "\$52,670,817." The summation of the numbers provided in the budget total to "\$52,670,819."

The next exhibit shows five-year appropriation trends for the Corporate Fund between FY2006 and FY2010. Total appropriations during this period increased by 26.5%, or \$12.2 million. The largest dollar increase was the Operating Transfer to Capital, which has risen by \$2.1 million or 59.7% since FY2006. Operating transfers to the Real Estate Acquisition fund are three times larger than in FY2006, having grown from \$1.0 million to \$3.0 million over that period. The Resident Watchman Facilities appropriation was broken out beginning in FY2009.

<b>Forest Preserve District Corporate Fund Appropriations: FY2006 &amp; FY2010</b>				
<b>Category/Department</b>	<b>FY2006 Recommended</b>	<b>FY2010 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
General Office	\$ 1,572,148	\$ 1,582,307	\$ 10,159	0.6%
Finance and Administration	\$ 1,795,059	\$ 2,296,793	\$ 501,734	28.0%
Resource Management	\$ 5,735,203	\$ 7,591,539	\$ 1,856,336	32.4%
General Maintenance	\$ 14,408,896	\$ 17,849,646	\$ 3,440,750	23.9%
Resident Watchman Facilities	\$ -	\$ 500,000	\$ 500,000	-
Permit & Rec. Activities Admin.	\$ 913,762	\$ 1,659,317	\$ 745,555	81.6%
Law Enforcement	\$ 7,687,298	\$ 9,477,830	\$ 1,790,532	23.3%
Legal Department	\$ 1,133,279	\$ 1,472,085	\$ 338,806	29.9%
Planning and Development	\$ 1,944,614	\$ 1,999,422	\$ 54,808	2.8%
Fixed Charges	\$ 6,269,812	\$ 5,073,949	\$ (1,195,863)	-19.1%
Operating Transfer to Capital	\$ 3,600,000	\$ 5,750,000	\$ 2,150,000	59.7%
Operating Transfer to Real Estate Acq.	\$ 1,000,000	\$ 3,000,000	\$ 2,000,000	200.0%
<b>Total</b>	<b>\$ 46,060,071</b>	<b>\$ 58,252,888</b>	<b>\$ 12,192,817</b>	<b>26.5%</b>

Source: Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 23 and Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 42.

## RESOURCES AND REVENUE TRENDS

The Forest Preserve District resources available for operating funds (Corporate Fund, Pension Fund, Bond and Interest Fund, Self Insurance Fund) will increase by 10.2% in FY2010. That represents a \$7.0 million increase from \$69.0 million in FY2009 to \$76.0 million in FY2010.

Corporate Fund resources will increase by 10.6% or \$5.5 million. The increase is due to a transfer of \$9.3 milling from reserve funds. All these categories of Corporate Fund revenues will experience decreases:

- Net property tax revenues (net of the allowance for loss and cost of collection) will fall by 1.6%;
- Personal property replacement tax (PPRT) revenues will drop by 25.7% or \$1.67 million;
- Non-tax revenues such as fees, fines and license agreements will decline by 15.9%, falling from \$5.2 million to \$4.4 million.

In addition:

- The Pension Fund property tax levy will increase by 6.7 %, or \$0.1 million.
- Bond and interest (debt service fund) resources will decrease by 9.7%;
- The amount of resources for the Self Insurance Fund will increase from \$450,000 to \$3.0 million. The District has a policy of maintaining a fund balance of at least \$30.0 million to meet general liability and tort claims. Because anticipated Worker’s Compensation claims may push the fund below the \$30.0 million amount, the District is transferring \$3.0 million to the fund in FY2010 to ensure that the policy is maintained.<sup>25</sup>

<b>Forest Preserve District Total Budgeted Resources (Operating Funds): FY2009 &amp; FY2010</b>				
	<b>FY2009</b>	<b>FY2010</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Corporate Fund</b>				
Property Tax Levy (Net)	\$ 40,285,478	\$ 39,659,279	\$ (626,199)	-1.6%
PPRT	\$ 6,525,333	\$ 4,846,728	\$ (1,678,605)	-25.7%
Non-Tax Revenues	\$ 5,220,215	\$ 4,392,360	\$ (827,855)	-15.9%
Fund Balance Contribution	\$ 639,791	\$ 9,354,520	\$ 8,714,729	1362.1%
<b>Corporate Fund Total</b>	<b>\$ 52,670,817</b>	<b>\$ 58,252,887</b>	<b>\$ 5,582,070</b>	<b>10.6%</b>
<b>Pension Fund</b>				
Property Tax Levy	\$ 2,324,442	\$ 2,479,198	\$ 154,756	6.7%
PPRT	\$ 258,558	\$ 275,772	\$ 17,214	6.7%
<b>Pension Fund Total</b>	<b>\$ 2,583,000</b>	<b>\$ 2,754,970</b>	<b>\$ 171,970</b>	<b>6.7%</b>
<b>Bond &amp; Interest Fund</b>				
Property Tax Levy	\$ 13,302,237	\$ 12,008,168	\$ (1,294,069)	-9.7%
<b>Bond &amp; Interest Fund Total</b>	<b>\$ 13,302,237</b>	<b>\$ 12,008,168</b>	<b>\$ (1,294,069)</b>	<b>-9.7%</b>
<b>Self Insurance Fund</b>				
Premium	\$ -	\$ 3,000,000	\$ 3,000,000	100.0%
Other	\$ 450,000	\$ -	\$ (450,000)	.....
<b>Self Insurance Fund Total</b>	<b>\$ 450,000</b>	<b>\$ 3,000,000</b>	<b>\$ 2,550,000</b>	<b>566.7%</b>
<b>Total</b>	<b>\$ 69,006,054</b>	<b>\$ 76,016,025</b>	<b>\$ 7,009,971</b>	<b>10.2%</b>

Source: Forest Preserve District Executive Budget Recommendation, FY2009 and FY2010

In the five-year period between FY2006 and FY2010, operating funds resources increased by approximately \$2.2 million, or 3.0%.

- Corporate Fund resources have increased by 10.8%, rising from \$52.5 million to \$58.2 million. Net property tax revenues will have risen by 19.9% or nearly \$6.6 million, while

<sup>25</sup> Forest Preserve District Executive FY2010 Budget Recommendation, p. 8.

non-tax revenues such as fines, fees and permits; license fees; and golf privatization fees will increase by 41.9%.

- The Bond and Interest Fund property tax levy will decrease from \$13.3 million in FY2006 to \$12.0 million in FY2010.
- The Pension Fund property tax levy will fall by 9.8%, dropping from \$2.9 million to \$2.7 million. This \$0.2 million reduction is due in large part to dramatic personnel cuts made in FY2003. When employee contributions decline, employer contributions automatically decline two years later. The annual property tax levy for the Fund is set by state statute at 1.3 times the annual employee contribution made two years prior.<sup>26</sup>
- The amount of money used from reserves, the fund balance contribution, will rise from \$6.5 million to \$9.3 million, a nearly \$2.4 million increase.

<b>Forest Preserve District Total Budgeted Resources (Operating Funds): FY2006 &amp; FY2010</b>				
	<b>FY2006</b>	<b>FY2010</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Corporate Fund</b>				
Property Tax Levy (Net)	\$ 33,069,000	\$ 39,659,279	\$ 6,590,279	19.9%
PPRT	\$ 5,296,000	\$ 4,846,728	\$ (449,272)	-8.5%
Non-Tax Revenues	\$ 3,095,000	\$ 4,392,360	\$ 1,297,360	41.9%
Operating Transfer from Construction & Development Fund	\$ 4,600,000	\$ -	\$ (4,600,000)	-100.0%
Fund Balance Contribution	\$ 6,500,000	\$ 9,354,520	\$ 2,854,520	43.9%
<b>Corporate Fund Total</b>	<b>\$ 52,560,000</b>	<b>\$ 58,252,887</b>	<b>\$ 5,692,887</b>	<b>10.8%</b>
<b>Pension Fund</b>				
Property Tax Levy	\$ 2,684,402	\$ 2,479,198	\$ (205,204)	-7.6%
PPRT	\$ 298,598	\$ 275,772	\$ (22,826)	-7.6%
<b>Pension Fund Total</b>	<b>\$ 2,983,000</b>	<b>\$ 2,754,970</b>	<b>\$ (228,030)</b>	<b>-7.6%</b>
<b>Bond &amp; Interest Fund</b>				
Property Tax Levy	\$ 13,311,504	\$ 12,008,168	\$ (1,303,336)	-9.8%
<b>Bond &amp; Interest Fund Total</b>	<b>\$ 13,311,504</b>	<b>\$ 12,008,168</b>	<b>\$ (1,303,336)</b>	<b>-9.8%</b>
<b>Self Insurance Fund</b>	\$ 4,620,000	\$ 3,000,000	\$ (1,620,000)	-35.1%
Other	\$ 330,000	\$ -	\$ (330,000)	-100.0%
<b>Self Insurance Fund Total</b>	<b>\$ 4,950,000</b>	<b>\$ 3,000,000</b>	<b>\$ (1,950,000)</b>	<b>-39.4%</b>
<b>Total</b>	<b>\$ 73,804,504</b>	<b>\$ 76,016,025</b>	<b>\$ 2,211,521</b>	<b>3.0%</b>

Source: Forest Preserve District Executive Budget Recommendation, FY2006 and FY2010

### Corporate Fund Resources

The next exhibit compares Corporate Fund revenues and resources in FY2009 and FY2010. Corporate Fund resources will increase by 10.6% over the previous year. This will be an approximately \$5.6 million increase from \$52.6 million to \$58.2 million.

The net Corporate Fund property tax levy will decrease by 1.6%, or \$0.6 million. Personal Property Replacement Tax revenues are expected to decrease by 25.7% as the economy continues to stagnate. Total tax revenues are projected to decrease by 4.9%. Non-tax revenues are also expected to decrease, falling by 15.9%. The decrease is due to reductions in license fee

<sup>26</sup> 40 ILCS 5/10-107.

receipts (-11.8%), falling golf privatization fees (-20.0%) and large investment losses (-86.0%). Fines, fees, and permits are expected to increase slightly by 3.9% in FY2009.<sup>27</sup>

The District will transfer \$9.3 million from its corporate fund balance in FY2010. As of December 31, 2008, the total unreserved Corporate fund balance was \$19.7 million. After the \$9.3 million is transferred to the Corporate Fund, \$10.4 million will remain in unreserved corporate fund reserves.<sup>28</sup>

<b>Forest Preserve District Budgeted Resources (Corporate Fund): FY2009 &amp; FY2010</b>				
<b>Resources</b>	<b>FY2009</b>	<b>FY2010</b>	<b>\$ Change</b>	<b>% Change</b>
Property Tax Levy (Net)	\$ 40,285,478	\$ 39,659,279	\$ (626,199)	-1.6%
PPRT	\$ 6,525,333	\$ 4,846,728	\$ (1,678,605)	-25.7%
<b>Subtotal Tax Revenues</b>	<b>\$ 46,810,811</b>	<b>\$ 44,506,007</b>	<b>\$ (2,304,804)</b>	<b>-4.9%</b>
Fines, Fees & Permits	\$ 1,475,000	\$ 1,556,188	\$ 81,188	5.5%
License Agreements	\$ 1,700,000	\$ 1,500,000	\$ (200,000)	-11.8%
Golf Privatization Fees	\$ 1,270,215	\$ 1,016,172	\$ (254,043)	-20.0%
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%
Investment Earnings	\$ 500,000	\$ 70,000	\$ (430,000)	-86.0%
Miscellaneous Income	\$ 125,000	\$ 100,000	\$ (25,000)	-20.0%
<b>Subtotal Non-Tax Revenue</b>	<b>\$ 5,220,215</b>	<b>\$ 4,392,360</b>	<b>\$ (827,855)</b>	<b>-15.9%</b>
Fund Balance Contribution	\$ 639,791	\$ 9,354,520	\$ 8,714,729	....
<b>Total</b>	<b>\$ 52,670,817</b>	<b>\$ 58,252,887</b>	<b>\$ 5,582,070</b>	<b>10.6%</b>

Source: FY2009 Forest Preserve District Budget, p. 42 and FY2010 Forest Preserve District Budget, p. 41.

Between FY2006 and FY2010 Corporate Fund resources will grow by 10.8% or \$5.7 million. The net property tax levy will grow by \$6.6 million, or 19.9% during this five-year period. Golf privatization revenues will decrease significantly by 24.7% or \$0.3 million over this five-year period. Fines and fees will grow by 8.4%, or \$0.1 million. Miscellaneous income will experience a substantial percentage increase, rising by 66.7%.

<sup>27</sup> The District's golf courses were privatized in 2003 and their management was turned over to Billy Casper Golf Management, Inc. The District's 2003 contract with Billy Casper specified that the District receive from Casper annual base fees of \$350,000 and capital improvement fees of \$300,000 for ten years. In addition, the District is to receive an increasing percentage of gross revenues exceeding \$6.4 million, up to a maximum of 50%. Standard & Poor's, *Research: Cook County Forest Preserve District, Illinois*, October 13, 2004.

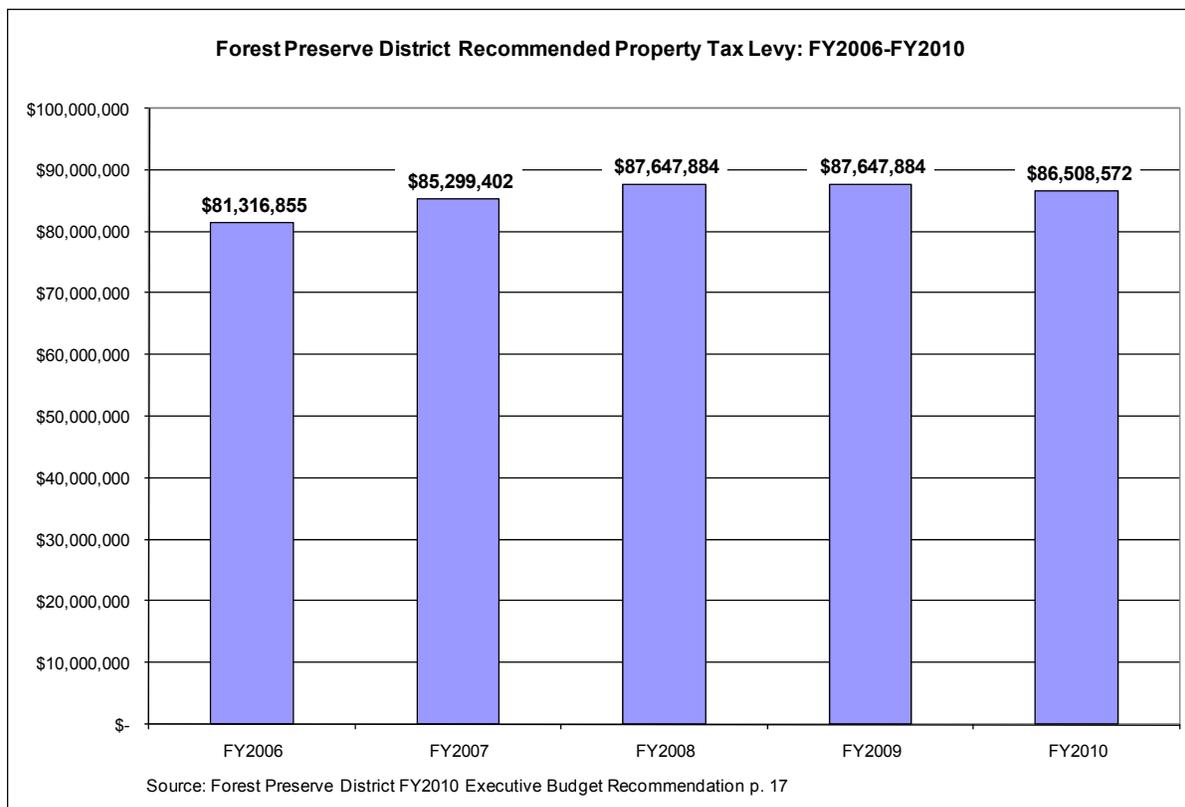
<sup>28</sup> Forest Preserve District FY2010 Executive Budget Recommendation, pp. 5 & 19

<b>Forest Preserve District Budgeted Resources (Corporate Fund): FY2006 &amp; FY2010</b>				
<b>Resources</b>	<b>FY2006</b>	<b>FY2010</b>	<b>\$ Change</b>	<b>% Change</b>
Property Tax Levy (Net)	\$ 33,069,000	\$ 39,659,279	\$ 6,590,279	19.9%
PPRT	\$ 5,296,099	\$ 4,846,728	\$ (449,371)	-8.5%
<b>Subtotal Tax Revenues</b>	<b>\$ 38,365,099</b>	<b>\$ 44,506,007</b>	<b>\$ 6,140,908</b>	<b>16.0%</b>
Fines, Fees & Permits	\$ 1,435,000	\$ 1,556,188	\$ 121,188	8.4%
License Agreements	\$ -	\$ 1,500,000	\$ 1,500,000	100.0%
Golf Privatization Fees	\$ 1,350,000	\$ 1,016,172	\$ (333,828)	-24.7%
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%
Interest Income	\$ 100,000	\$ 70,000	\$ (30,000)	...
Miscellaneous Income	\$ 60,000	\$ 100,000	\$ 40,000	66.7%
Operating Transfer from Construction & Development Fund	\$ 4,600,000	\$ -	\$ (4,600,000)	-100.0%
<b>Subtotal Non-Tax Revenue</b>	<b>\$ 7,695,000</b>	<b>\$ 4,392,360</b>	<b>\$ (3,302,640)</b>	<b>-42.9%</b>
Fund Balance Contribution	\$ 6,500,000	\$ 9,354,520	\$ 2,854,520	....
<b>Total</b>	<b>\$ 52,560,099</b>	<b>\$ 58,252,887</b>	<b>\$ 5,692,788</b>	<b>10.8%</b>

Source: FY2006 Forest Preserve Budget, p. 22 and FY2010 Forest Preserve Budget, p. 41.

### Property Tax Levy

The Forest Preserve District proposes to reduce its total property tax levy from \$87.6 million in FY2009 to \$86.5 million in FY2010. This is a 1.3% or \$1.1 million reduction. Property taxes levied for FY2010 will not begin to be collected until the autumn of 2011. Since FY2006, the levy will have risen by \$5.2 million, or 6.4%.

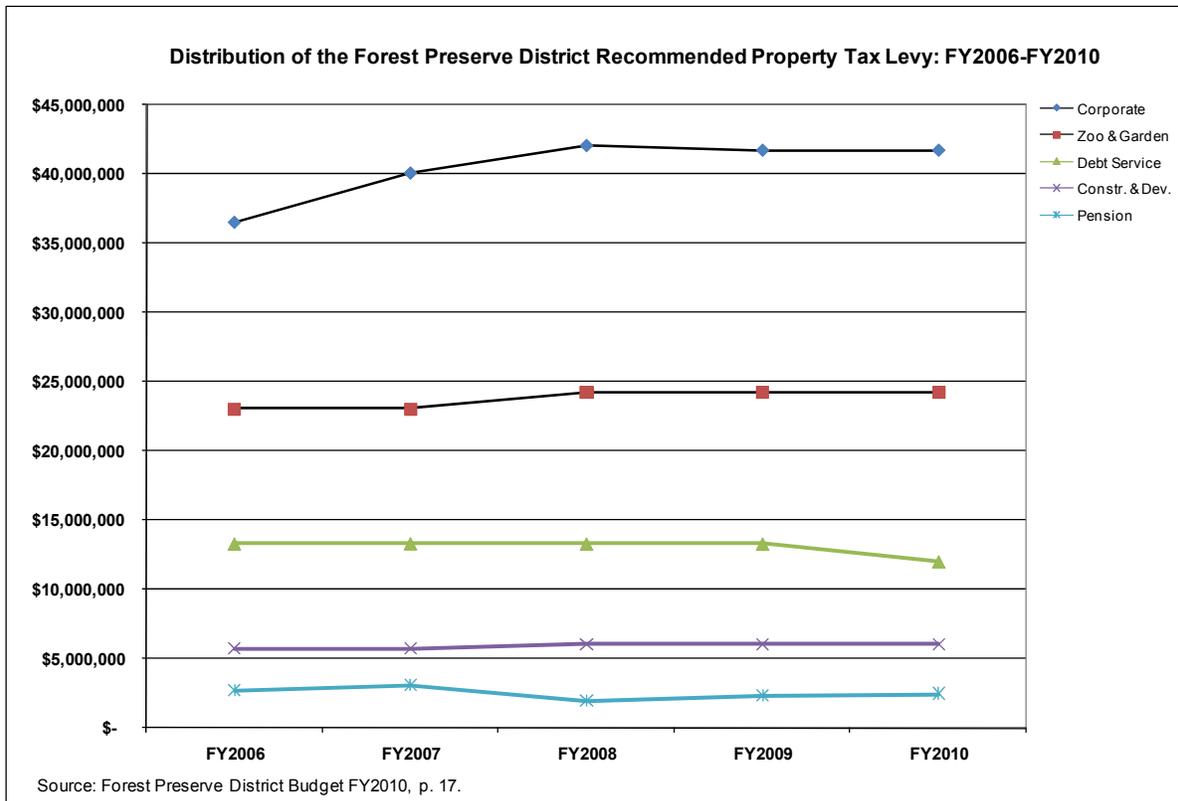


The next exhibit shows the distribution of property tax revenues by fund in FY2009 and FY2010. Corporate Fund property tax revenues will be held flat at \$41.7 million. The amount of property tax dollars earmarked for debt service payments through the Bond and Interest Fund will fall by 9.7% or nearly \$1.3 million. Similarly, the Pension Fund levy also will increase, rising by 6.7%, or \$2.5 million. The levies for the Brookfield Zoo, the Chicago Botanic Garden and the Construction and Development Fund will be held flat from FY2009.

<b>Forest Preserve District Gross Property Tax Levy by Fund: FY2009 &amp; FY2010</b>				
<b>Fund</b>	<b>FY2009 Recommended</b>	<b>FY2010 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
Corporate	\$ 41,746,608	\$ 41,746,608	\$ -	0.0%
Zoological	\$ 14,884,927	\$ 14,884,927	\$ -	0.0%
Bond & Interest	\$ 13,302,237	\$ 12,008,168	\$ (1,294,069)	-9.7%
Botanic Garden	\$ 9,348,070	\$ 9,348,070	\$ -	0.0%
Construction & Development	\$ 6,041,600	\$ 6,041,600	\$ -	0.0%
Pension	\$ 2,324,442	\$ 2,479,198	\$ 154,756	6.7%
<b>Total</b>	<b>\$ 87,647,884</b>	<b>\$ 86,508,571</b>	<b>\$ (1,139,313)</b>	<b>-1.3%</b>

Source: Forest Preserve District Budget FY2010, p. 17.

The distribution by purpose of the District's property tax levy over a five-year period reveals that the share of the levy dedicated to the Corporate Fund will increase from 44.9% to 48.3% of the total. In contrast, property taxes earmarked for Debt Service will decrease from 16.4% of the total in FY2006 to 13.9% in FY2010. The share of the levy dedicated to the Brookfield Zoo and Chicago Botanic Garden will remain relatively constant over the 5-year period, dipping slightly from 28.4% of the total levy in FY2006 to 28.0% in FY2010.



## PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS

In the FY2010 budget the Forest Preserve District will add 2 full-time equivalent (FTE) positions for a total of 538 FTEs. Part time and seasonal positions have been converted into FTE positions. Between FY2002 and FY2004 the District had eliminated 474 positions, or 48% of the workforce, reducing positions from 922 in FY2002 to 475 in FY2004.<sup>29</sup>

Resource Management will add one FTE position over FY2009 proposed levels to expand programming at two new nature centers.<sup>30</sup> The Legal Department will add two FTE positions and Finance and Administration and Permit and Recreation Activities will add one FTE over FY2009 proposed levels. The General Office and Planning and Development Departments will reduce their FTE counts by two FTEs and one FTE, respectively. The General Maintenance and Law Enforcement Departments will not add any FTEs.

<sup>29</sup> Forest Preserve District of Cook County Executive FY2009 Budget Recommendation, p. 16.

<sup>30</sup> Forest Preserve District of Cook County President Todd Stroger's FY2010 Budget Address, p. 8, October 20, 2009.

<b>Forest Preserve District Positions Summary: FY2009 &amp; FY2010</b>				
<b>Department</b>	<b>FY2009</b>	<b>FY2010</b>	<b># Change</b>	<b>% Change</b>
General Maintenance	211.0	211.0	0.0	0.0%
Law Enforcement	121.0	121.0	0.0	0.0%
Resource Management	102.5	103.5	1.0	1.0%
General Office	14.0	12.0	-2.0	-14.3%
Legal	12.0	14.0	2.0	16.7%
Finance & Administration	20.0	21.0	1.0	5.0%
Planning & Development	21.0	20.0	-1.0	-4.8%
Permit & Recreation Activities	34.5	35.5	1.0	2.9%
<b>Total*</b>	<b>536.0</b>	<b>538.0</b>	<b>2.0</b>	<b>0.4%</b>

\*Totals vary slightly from the totals provided in the FY2009 and FY2010 budget recommendations due to rounding.

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 44; FY2010 Executive Budget Recommendation, p. 43.

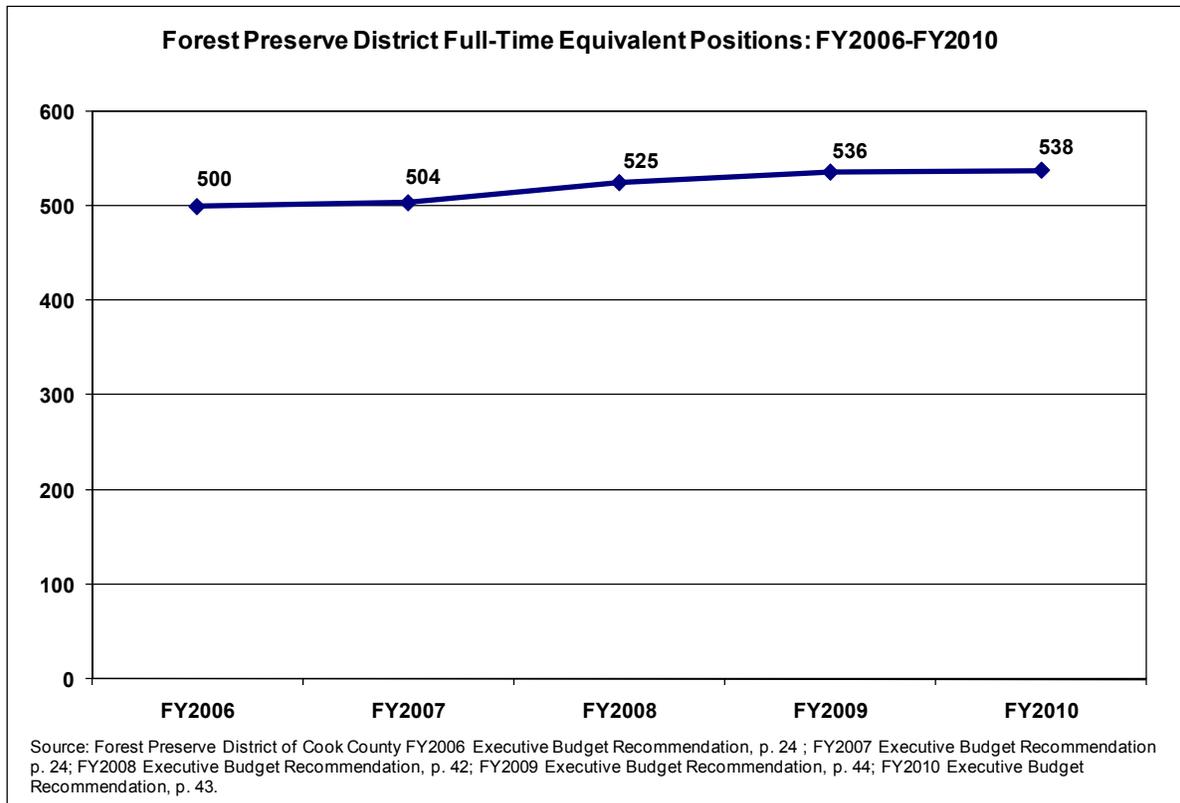
The District will add 38 FTE positions over FY2006. The Resource Management and Permit and Recreation Activities Departments will see the largest numerical increases over the five-year period with increases of 15.5 FTE positions. Law Enforcement will increase by 9 FTEs, General Maintenance will increase by 4 FTEs and Permit and the Legal Department will increase by 2 FTEs. Finance and Administration positions will remain flat with respect to FY2006. The General Office and the Department of Planning and Development will each decrease by 4 FTEs under FY2006 levels.

<b>Forest Preserve District Positions Summary: FY2006 &amp; FY2010</b>				
<b>Department</b>	<b>FY2006</b>	<b>FY2010</b>	<b># Change</b>	<b>% Change</b>
General Maintenance	207.0	211.0	4.0	1.9%
Law Enforcement	112.0	121.0	9.0	8.0%
Resource Management	88.0	103.5	15.5	17.6%
General Office	16.0	12.0	-4.0	-25.0%
Legal	12.0	14.0	2.0	16.7%
Finance & Administration	21.0	21.0	0.0	0.0%
Planning & Development	24.0	20.0	-4.0	-16.7%
Permit & Recreation Activities	20.0	35.5	15.5	77.5%
<b>Total*</b>	<b>500.0</b>	<b>538.0</b>	<b>38.0</b>	<b>7.6%</b>

\*Totals vary slightly from the totals provided in the FY2006 and FY2010 budget recommendations due to rounding.

Source: Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 24; FY2010 Executive Budget Recommendation, p. 43.

Over the five-year period from FY2006 to FY2010, the number of Forest Preserve District FTE positions has increased from 500 to 538 or by 7.6%.



**Personal Services Appropriations: Two and Five-Year Trends**

The following exhibit presents appropriations for salaries and wages from FY2006 through and FY2010. Salaries will increase \$5.4 million, or 24.5% over the five-year period and \$830,671 million, or 3.1% between FY2009 and FY2010.

<b>Forest Preserve District of Cook County Corporate Fund Salaries and Wages: FY2006-FY2010</b>			
<b>FY</b>	<b>Total</b>	<b>\$ Change</b>	<b>% Change</b>
2006	\$ 22,066,546	-	-
2007	\$ 22,459,505	\$ 392,959	1.8%
2008	\$ 22,797,956	\$ 338,451	1.5%
2009	\$ 26,653,111	\$ 3,855,155	16.9%
2010	\$ 27,483,782	\$ 830,671	3.1%
<b>Five-year Change</b>		<b>\$ 5,417,236</b>	<b>24.5%</b>

Source: Forest Preserve District FY2006 Executive Budget Recommendation, p. 24; FY2007 Executive Budget Recommendations, p. 24, FY2008 Executive Budget Recommendation, p. 42; FY2009 Executive Budget Recommendation, p. 44; FY2010 Executive Budget Recommendation, p. 43.

Corporate Fund salaries and wages appropriations will decrease as a percentage of corporate fund appropriations between FY2006 and FY2010, from 48.5% to 47.2%.

<b>Forest Preserve District of Cook County Corporate Fund Personal Services Appropriations and Total Appropriations: FY2006 &amp; FY2009</b>			
<b>FY</b>	<b>Personnel Services Appropriations</b>	<b>Total Appropriations</b>	<b>% of Total</b>
2006	\$ 22,338,049	\$ 46,060,071	48.5%
2010	\$ 27,483,782	\$ 58,252,887	47.2%
<b>% Change</b>	<b>23.0%</b>	<b>26.5%</b>	

Source: Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 23; FY2010 Executive Budget Recommendation, p. 42.

### **Forest Preserve District Employee Benefit Expenses: Two-Year Trend**

Between FY2009 and FY2010, expenses for employee benefits will increase by \$324,527 or 4.2%. The largest numerical increase will be for the hospitalization insurance, which will grow by 4.2% or \$342,527. The District's Vision Plan will experience the largest percentage increase, with an increase of \$4,795, or 6.4%.

<b>Forest Preserve District of Cook County Benefit Expenses*: FY2009 &amp; FY2010</b>				
	<b>FY2009</b>	<b>FY2010</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Hospitalization Insurance</b>	\$ 7,377,750	\$ 7,682,746	\$ 304,996	4.1%
<b>Dental Insurance</b>	\$ 87,536	\$ 91,894	\$ 4,358	5.0%
<b>Life Insurance</b>	\$ 225,024	\$ 235,402	\$ 10,378	4.6%
<b>Vision Plan</b>	\$ 75,262	\$ 80,057	\$ 4,795	6.4%
<b>Total Benefits</b>	<b>\$ 7,765,572</b>	<b>\$ 8,090,099</b>	<b>\$ 324,527</b>	<b>4.2%</b>

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

\*\*These figures do not include expenses for Appropriation Adjustments for Personal Services or Medicare Payments

Source: Forest Preserve District FY2009 & FY2010 Executive Budget Recommendation Corporate Fund detail pages

### **SEPARATE BOARD OF COMMISSIONERS FOR THE DISTRICT**

In the spring of 2008 the Civic Federation, along with Friends of the Forest Preserves, issued a report advocating for the creation of a separate elected Board of Commissioners to govern the Forest Preserve District of Cook County.<sup>31</sup> 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 improved by installing a separate governing body.

With respect to the conflict of interest, the report stated that certain actions taken by the Commissioners illustrate the fact that they are placed in irreconcilable positions when asked to choose between economic development and land preservation. These actions included the sale of District land to the Village of Rosemont in 1999, granting the Village of Morton Grove a permanent easement over District lands in 2000, consideration of a land swap proposal between the District and Mittal Steel in 2005, and the transfer of funds from the District to the County in

<sup>31</sup> "Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners" at [http://www.civiced.org/articles/civiced\\_269.pdf](http://www.civiced.org/articles/civiced_269.pdf)

2007. In October of 2009 the dual-structure Board of Commissioners voted to continue discussions to lease a 30 acre parcel of land to the Village of Hinsdale so it can be used as a recreational park.

The report also cited a disproportionate allocation of meeting time between County issues and District issues and an unwillingness to create a separate Human Resources Department for the District as further evidence of the poor management structure currently in place.

The report pointed to numerous problems arising from the current governance structure. Some of the negative consequences related to the District's finances, including a failure to address the District's general financial difficulties, inadequate adherence to transparent financial procedures, and failure to develop a Capital Improvement Plan until after approving a \$100 million bond issue. Other problems are operational and include questionable land management practices, a slow rate of land acquisition, and the allowance of private use of public lands.

The Civic Federation, along with the Friends of the Forest Preserves, both strongly recommend that a separate elected Board of Commissioners be created for the Forest Preserve District of Cook County. This action does not create a new government entity and its creation should not result in any additional costs for the District. 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.

Legislation has been introduced in the Illinois State Senate creating a separate board of commissioners for the District.

### **UNRESERVED CORPORATE FUND BALANCE POLICY**

The Forest Preserve District's policy on Unreserved Fund Balance Level requires the District to annually budget a minimum unreserved fund balance totaling the sum of:

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

This policy was introduced for FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund balance.

The unreserved fund balance policy is meant to ensure that the District will have adequate operating cash to fund operations in each fiscal year. According to the District, the amount of cash expected to be available for District operations can vary depending on: 1) revenue actually received versus budgeted revenue; 2) unanticipated expenditures; and 3) the level of expenditures occurring between the first and second property tax installments. The structure of

the policy implemented by the District is based on the revenue fluctuations it experienced during the past five years that were caused by these factors.<sup>32</sup>

This policy is in line with the recommendations of the Government Finance Officers Association, which recommends that governments maintain an unreserved fund balance of no less than 5% to 15% of General Fund operating revenues or 1-2 months of operating expenditures.<sup>33</sup>

The President of the Forest Preserve District may request that the Board of Commissioners waive this policy as operations require.

As of December 31, 2008, the Corporate Fund reported an unreserved fund balance of \$10.4 million.<sup>34</sup> The unreserved corporate fund balance represents 17.8% of proposed FY2010 corporate fund resources, which total \$58.3 million.

## **PENSION TRENDS**

The Civic Federation used three measures to present a multi-year evaluation of the Forest Preserve Pension Fund's fiscal health: funded ratios; the value of unfunded liabilities; and the investment rate of return. The source for this data is the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Financial Statements and Actuarial Valuation for the Year Ended December 31, 2008.

### **Funded Ratios**

The following exhibit shows funded ratios for the Forest Preserve District's pension fund from FY2004 to FY2008. This ratio shows the percentage of pension liabilities covered by assets. The lower the percentage the more difficulty a government may have meeting future obligations.

The District pension fund's funded ratio rose from 76.0% to 82.5% between FY2004 and FY2008. Over the five-year period, the funded ratio has remained relatively constant, rising to 86.9% in FY2005 before slightly falling to 85.4% in FY2005. It is important to note that the apparent increase in FY2005 was due almost entirely to changes in actuarial methods.<sup>35</sup> In FY2005 the Cook County and Forest Preserve plans' actuary changed the methods used to calculate actuarial liabilities in order to more accurately model the liabilities of the Funds. These changes resulted in a decrease \$34.4 million in unfunded liabilities for the Forest Preserve

---

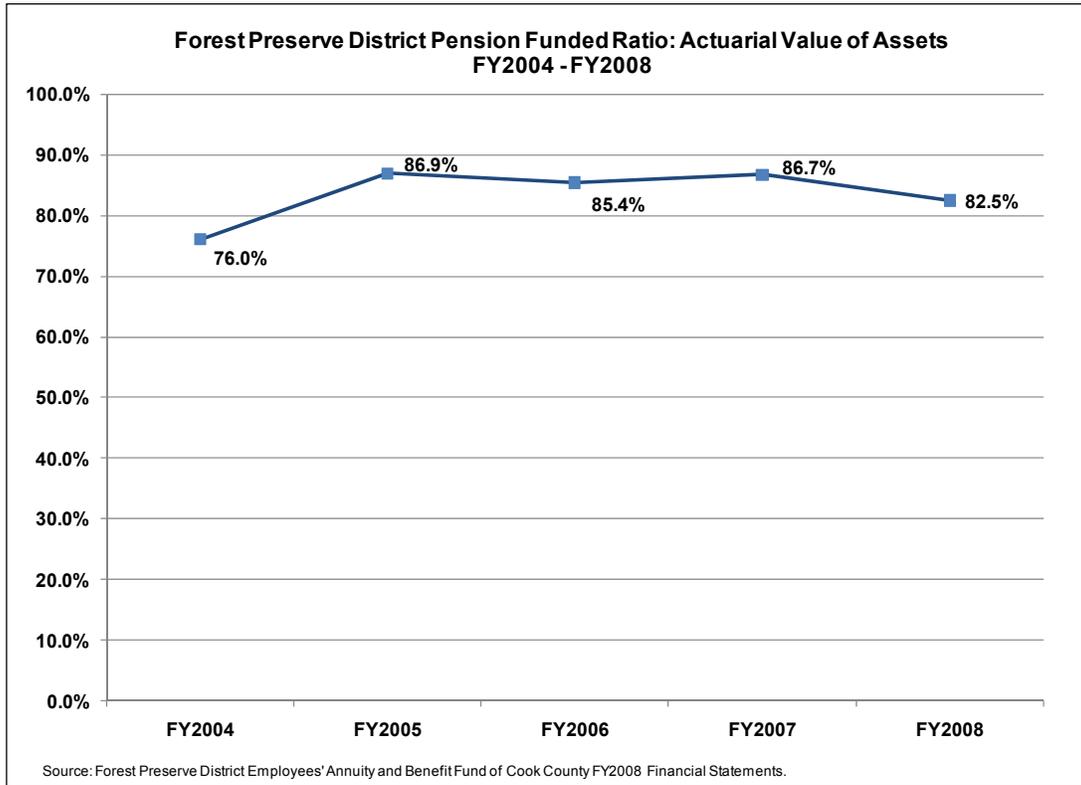
<sup>32</sup> Forest Preserve District FY2010 Executive Budget Recommendation, p. 5.

<sup>33</sup> Government Finance Officers Association, *Recommended Practice on Appropriate Level of Unreserved Fund Balance in the General Fund* (2002). The Forest Preserve District is a special purpose, not a general purpose government, but its size and the relative stability of its revenue stream make it prudent for the District to maintain adequate reserves.

<sup>34</sup> Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, p. 19.

<sup>35</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements December 31, 2005, p. 3a.

District.<sup>36</sup> Without this change, the FY2005 the Forest Preserve District ratio would have been 75.0% rather than 86.9%.

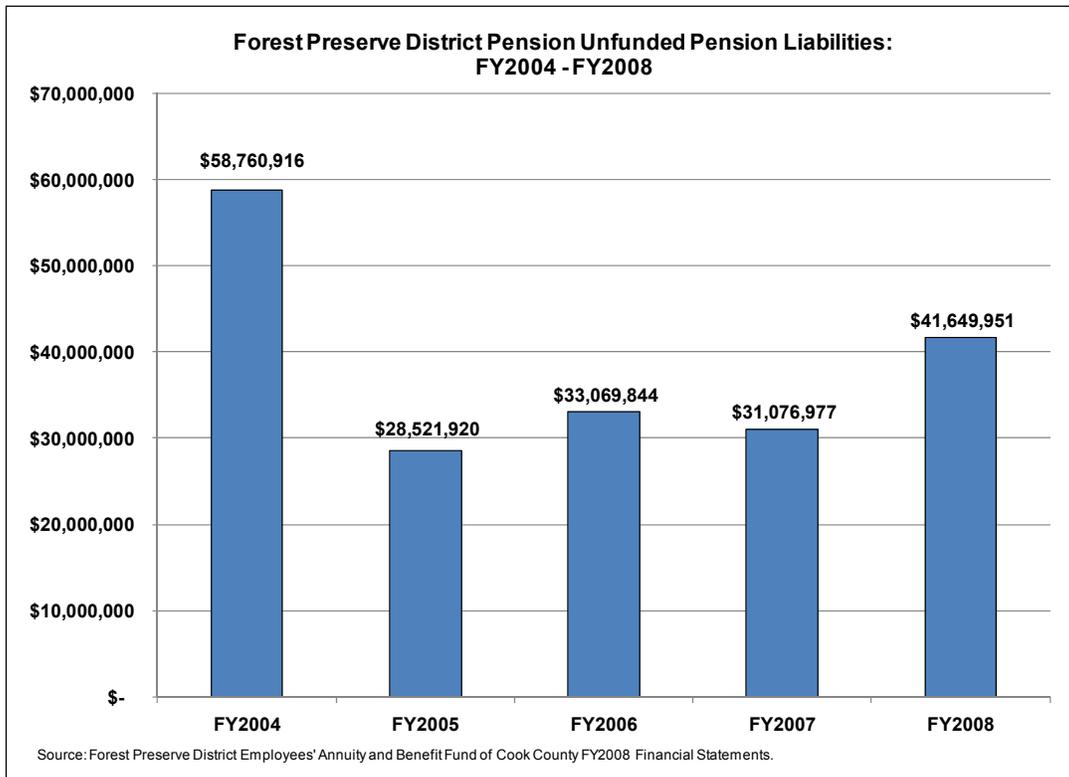


### Unfunded Liabilities

Unfunded liabilities are the dollar value of liabilities not covered by assets. Unfunded liabilities decreased dramatically in FY2005. The decrease in FY2005 was due almost entirely to changes in actuarial methods.<sup>37</sup> Since FY2005, unfunded liabilities rose from \$28.5 million to \$41.6 million in FY2008.

<sup>36</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, *Actuarial Valuation as of December 31, 2005*, pp. 13-14. The actuarial valuation does not describe exactly what methodological changes were made.

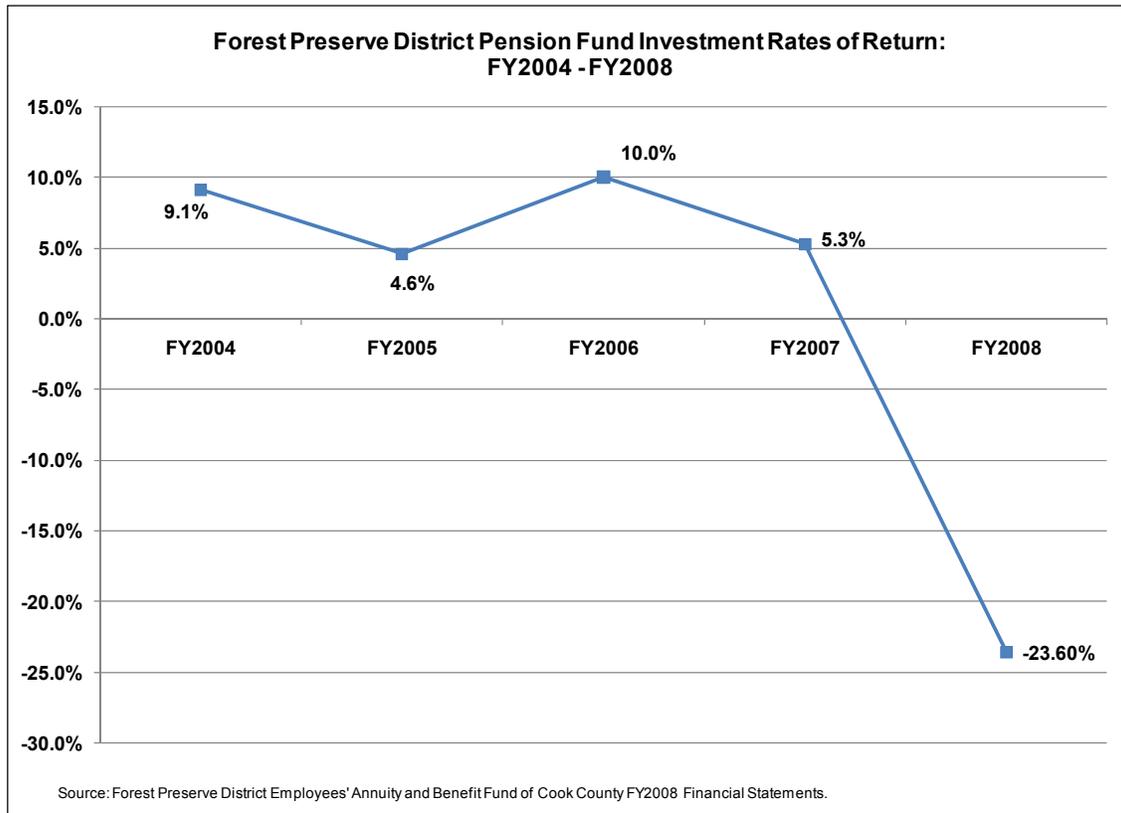
<sup>37</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements December 31, 2005, p. 3a.



### 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. It should be noted that the volatility in the rates of return reflects fluctuations in the market value of the investments within the fund. Under the Generally Accepted Accounting Principles (GAAP), the fair value of an investment is the amount at which the asset could be bought or sold. The value of an investment may increase or decline depending upon market conditions.

Between FY2004 and FY2008, Forest Preserve District pension fund investment rates of return fell from 9.1% to -23.60%. There was a steep decline between FY2003 and FY2005. In FY2006, investment returns rose to 10.0% before falling to 5.3% the next year. The dramatic decrease in the rate of return in FY2008 resulted primarily from the decrease in the overall performance of the financial markets from the prior year.



## SHORT-TERM LIABILITIES

Short-term liabilities are financial obligations 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 did not issue direct short-term debt in FY2008 but did report the following short-term liabilities in the report of net assets in its annual Comprehensive Annual Financial Report (CAFR) over the past five years:

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

In FY2008, the District's short-term liabilities decreased slightly from FY2007 by 6.5 million, or 7.1%. However since FY2004, short-term liabilities overall have increased by \$22.3 million or 35.7%. The following chart shows short-term liabilities by category and the percent change between FY2004 and FY2008.

Cook County Forest Preserve District Short-Term Liabilities FY2004-FY2008 (in \$ thousands)							
Type	FY2004	FY2005	FY2006	FY2007	FY2008	5-year Change	5-year % Change
Accounts Payable	\$ 3,458.2	\$ 3,348.8	\$ 4,248.7	\$ 6,512.7	\$ 8,450.2	\$ 4,992.0	144.4%
Accrued Payroll	\$ 1,840.9	\$ 1,132.7	\$ 1,142.7	\$ 1,530.9	\$ 1,681.7	\$ (159.2)	-8.6%
Claims Payable*	\$ 2,149.1	\$ 600.0	\$ 1,012.5	\$ 4,513.0	\$ 1,405.0	\$ (744.1)	-34.6%
Intergovernmental Payable	\$ 51.1	\$ 1,183.3	\$ 325.1	\$ 103.3	\$ 64.3	\$ 13.2	25.8%
Unearned Revenue	\$ 53,924.5	\$ 66,910.1	\$ 73,205.2	\$ 77,313.6	\$ 71,912.1	\$ 17,987.6	33.4%
Other liabilities	\$ 1,009.4	\$ 1,454.4	\$ 1,353.9	\$ 1,272.0	\$ 1,234.5	\$ 225.1	22.3%
Deposits	\$ 40.7	\$ 47.0	\$ 49.0	\$ 61.5	\$ 49.8	\$ 9.1	22.4%
<b>Total</b>	<b>\$ 62,473.9</b>	<b>\$ 74,676.3</b>	<b>\$ 81,337.1</b>	<b>\$ 91,307.0</b>	<b>\$ 84,797.6</b>	<b>\$ 22,323.7</b>	<b>35.7%</b>

Source: Chicago Park District CAFR FY2004-FY2008.

\*FY2008 listed as "Tort Settlement Payable"

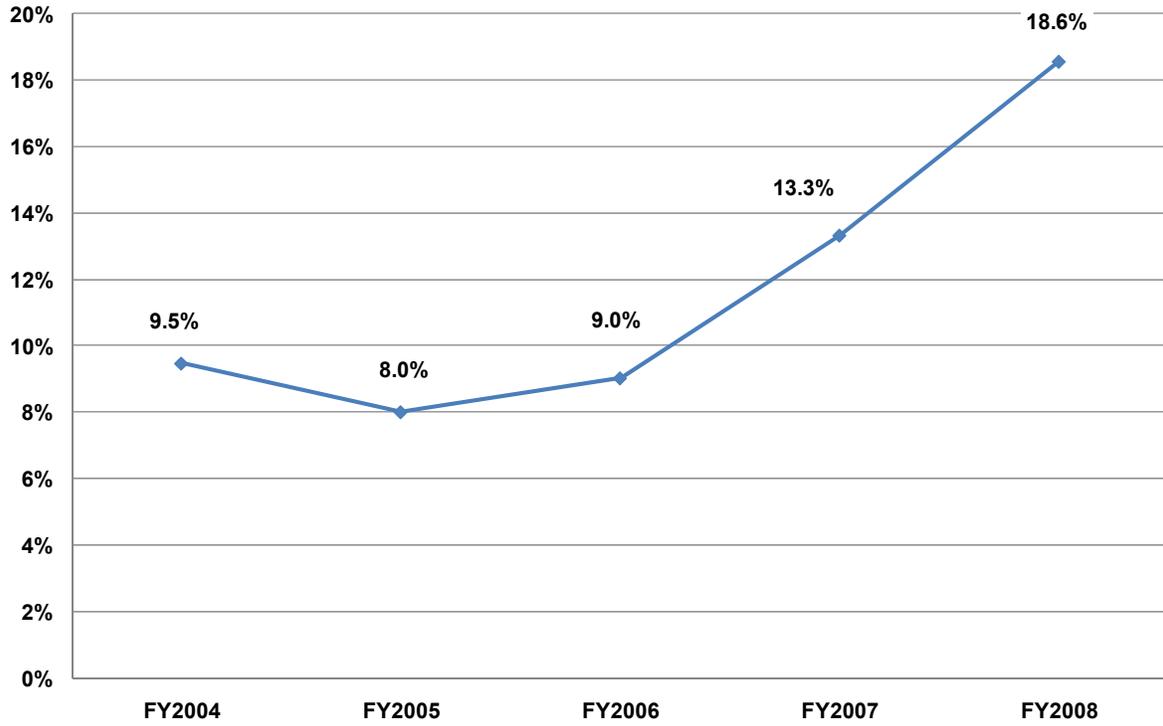
Increasing current liabilities in a government's operating funds at the end of the year as a percentage of net operating revenues may be a warning sign of a government's future financial difficulties.<sup>38</sup> This indicator, developed by the International City/County Management Association (ICMA), is a measure of budgetary solvency or a government's ability to generate enough revenue over the course of a fiscal year to meet its expenditures and avoid deficit spending. The Forest Preserve District has reported a 35.7% increase in total short-term liabilities between FY2004 and FY2008, while revenues have only increased by 25.7% in the same period. Total short-term liabilities continuing to outpace operational revenues is a negative trend that warrants attention as the FPD will find it more difficult each year to avoid deficit spending if this imbalance increases.

### Accounts Payable

Over time, rising amounts of accounts payable may indicate a government's difficulty in controlling expenses or keeping up with spending pressures. The Forest Preserve District's ratio of accounts payable increased in FY2008 to \$8.4 million, up from only \$6.5 million in FY2007 or 29.7%. Over the past five years, the District's accounts payable initially decreased when compared to total operating revenue, but due to the continued increase in unpaid bills from FY2006 to FY2008, this liability now far outpaces revenue. The following graph shows the District's ratio of accounts payable to operating revenue between FY2004 and FY2008.

<sup>38</sup> Operating funds are those funds used to account for general operations – the General Fund, Special Revenue Funds and the Debt Service Fund. See Karl Nollenberger, Sanford Groves and Maureen G. Valente. *Evaluating Financial Condition: A Handbook for Local Government* (International City/County Management Association, 2003), p. 77 and p. 169.

**FPD Accounts Payable & Expenses as Percent of Operating Revenues:  
FY2004-FY2008**



Source: Forest Preserve District of Cook County CAFR FY2004-FY2008.

Passing large portions of unpaid bills from one year to the next is a negative trend and cause for concern about the fiscal stability of the Forest Preserve District.