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**CIVIC FEDERATION SUPPORTS FY2009 COOK COUNTY FOREST PRESERVE BUDGET**  
*Reaffirms Call for Separate Governing Board*

The Cook County Forest Preserve District earned the Civic Federation's **support** for its \$193.6 million FY2009 spending plan by showing property tax restraint. The District's prudent policy of maintaining adequate reserves allowed it to draw down on those reserves rather than raising taxes during a time of economic hardship for Cook County residents. The Federation will announce its position on the budget at the District's public hearing today at 2:00 p.m.

For the third consecutive year, the District has released a capital improvement plan, or CIP, and this year included contact information for members of the public wishing to comment on the plan. The Federation commends the District for releasing the CIP on the same day as the budget document. Noting that the CIP is a work in progress, the analysis includes several recommendations for ways to improve the CIP document in the future. These proposals include making the CIP process more transparent by including a description of how the plan has been formulated and disclosing more information about capital projects at the Brookfield Zoo and Chicago Botanic Garden.

In its analysis, the Federation found that the District will contain its health insurance costs to an increase of only 2.8%, despite personnel increases. This is an admirable achievement given national health insurance inflation rates of 5-10% in recent years. The District still faces fiscal pressures in the future, however, due to a retroactive bargaining agreement and its plans to add 11 full-time-equivalent positions. Before adding more staff, the District should implement and publish a performance measurement system that would assess how existing staff resources could be allocated most efficiently and perhaps negate the need for more hiring.

In the spring of 2008, the Civic Federation and Friends of the Forest Preserves issued a report advocating for the creation of a separate elected Board of Commissioners to govern the District. The report found that the current organization of the District and County Boards leads to conflicts of interest and inhibits proper oversight of the District. In its analysis of the proposed District budget, the Federation continued to champion the creation of a separate elected Board. "Despite the Civic Federation's support for this budget, there are fundamental problems that arise from the current governance structure, such as the conflict between economic development and land preservation, that will remain so long as there are double-duty commissioners," said Laurence Msall, president of the Civic Federation.

The Civic Federation calls on the Cook County Board of Commissioners to support and the Illinois General Assembly to approve Senate Bill 3046, which would create a separate Board of Forest Preserve Commissioners. "The Federation commends Senator Don Harmon for introducing this crucial legislation and urges its swift passage."

The Civic Federation's full analysis, including findings and a complete list of recommendations, can be found on our Web site, [www.civicfed.org](http://www.civicfed.org).

*The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions.*

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## **FOREST PRESERVE DISTRICT OF COOK COUNTY FY2009 PROPOSED BUDGET**

### **Analysis and Recommendations**

**Prepared By  
The Civic Federation  
October 28, 2008**

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## **EXECUTIVE SUMMARY**

The Civic Federation **supports** the FY2009 Forest Preserve District of Cook County budget of \$193.6 million. The proposed FY2009 budget, including operating and capital funds, represents an increase of \$17.1 million, or 9.7%, over the FY2008 budget.

### **Issues the Civic Federation Supports**

- District is freezing its property tax levy at \$87.6 million, the same amount as in FY2008. At a time of serious economic hardships for Cook County residents, we commend the District for holding the line on property taxes;
- The District continues to adhere to its fund balance policy of maintaining a minimum Corporate Fund 14.5% reserve balance, and is budgeting a \$9.2 million or 17.4% reserve for FY2009;
- The District released its FY2009 budget document separately from that of Cook County. Releasing the budgets at separate times is essential to allowing the Forest Preserve Commissioners, who are also Cook County Commissioners, to devote sufficient attention to the Forest Preserve Budget;
- The District released its 2009 Capital Improvement Plan (CIP) on its web site the same day that the proposed FY2009 budget was released. The CIP includes contact information for members of the public wishing to comment on the plan. This is the third consecutive year that the District has produced a CIP; and
- The District is containing health insurance costs, which will increase by only 2.8% in FY2009.

### **Issues of Concern to the Civic Federation**

- The Forest Preserve District continues to add positions without demonstrating that it has maximized the efficiency and effectiveness of its existing staff. Before adding more staff, the District should implement and publish a performance measurement system to evaluate the performance of its programs and services;
- Maintaining and operating swimming pools is not a core function of the Forest Preserve District of Cook County. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operation would be far better spent on core activities and much-needed natural area restoration and improvements;
- The Forest Preserve District released its budget less than two weeks before its one day of scheduled public testimony. The District should 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; and
- The structure of the District's governing body creates an inherent conflict of interest and inhibits proper oversight of the District. There is an urgent need to elect a separate Board of Commissioners for the Forest Preserve District.

### **Civic Federation Recommendations**

- Elect a separate Board of Commissioners for the Forest Preserve District;
- Develop and utilize performance measurements;
- Improve the Capital Improvement Plan and process;
- Transfer ownership of swimming pools;
- Eliminate Forest Preserve District police department;
- Set rent for resident District employees living on District land at market rates;
- Implement long-term financial planning process;
- Provide more complete information in budget document;
- Increase time allowed for public review of the proposed budget; and
- Post audited financial statements on District web site.

## CIVIC FEDERATION POSITION

The Civic Federation recently concluded an analysis of financial issues related to the Forest Preserve District of Cook County's proposed FY2009 \$193.6 million budget. Based upon our review of the budget, we offer the following comments. The full text of our analysis follows this summary and is also available on our website at [www.civicfed.org](http://www.civicfed.org).

The Civic Federation **supports** the Forest Preserve District of Cook County's proposed FY2009 budget of \$193.6 million. We commend the District for freezing its property tax levy at a time when citizens are facing serious economic hardships. The District has shown prudence by maintaining adequate reserves to allow it to draw on those reserves this year rather than reflexively increasing taxes. However, the Civic Federation **warns** that the District will face fiscal pressures in the future due to rising personnel costs and should implement performance measurements to assess the effectiveness of its current staff before adding more positions.

### Issues That The Civic Federation Supports

There are several elements of the FY2009 budget proposal that the Civic Federation supports.

1. The Forest Preserve District is freezing its property tax levy at \$87.6 million, the same amount as in FY2008. At a time of serious economic hardships for Cook County residents, we commend the District for holding the line on property taxes. Economic downturns are precisely the wrong time to raise taxes and impose further burdens on taxpayers. Rather, the focus for governments should be on living within their means by trimming costs.
2. The District continues to adhere to its fund balance policy of maintaining a Corporate Fund reserve balance of at least 14.5%. The FY2007 audited financial statements showed a fund balance of \$9.6 million, which exceeded the required balance by \$2.3 million. This year it will draw down \$0.6 million of excess reserves but still retain a healthy fund balance.
3. The District released its FY2009 budget document separately from that of Cook County. Many times in the past, the District has released its budget at nearly the same time as Cook County. Releasing the budgets at separate times is essential to allowing the Forest Preserve District Commissioners, who are also Cook County Commissioners, to devote sufficient attention to the Forest Preserve Budget.
4. The District released its 2009 Capital Improvement Plan (CIP) on its web site the same day that the proposed FY2009 budget was released. The CIP includes contact information for members of the public wishing to comment on the plan. This is the third consecutive year that the District has produced a CIP.
5. The District's hospitalization insurance costs will increase only 2.8%, or \$199,571 despite personnel increases. This health insurance cost containment is commendable

given that nationwide health insurance inflation rates have averaged between 5-10% in recent years.<sup>1</sup>

## Issues of Concern to the Civic Federation

1. The Forest Preserve District continues to add positions without demonstrating that it has maximized the efficiency and effectiveness of its existing staff. In FY2009 the District proposes to add an additional 11 Full-Time Equivalent Positions, bringing the total staff up to 536, from 489 in 2005. Meanwhile, the District will experience a \$2.85 million or 12.3% increase in personnel costs for FY2009 due to a retroactive collective bargaining agreement.<sup>2</sup> Before adding more staff, the District should implement and publish a performance measurement system to evaluate the performance of its programs and services. Such a system would assess how staff resources could be allocated to most efficiently achieve the District's goals.
2. The District reopened two pools in 2008 and proposes to hire additional personnel in FY2009 to staff the 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 operation would be far better spent on core activities and much-needed preserve restoration and improvements.
3. The Forest Preserve District released its budget less than two weeks before its one day of scheduled public testimony. The District should 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.
4. The structure of the District's governing body creates an inherent conflict of interest and inhibits proper oversight of the District. There is an urgent need to elect a separate Board of Commissioners for the Forest Preserve District.

## Civic Federation Recommendations

The Civic Federation has several recommendations regarding ways to improve the Cook County Forest Preserve District's financial management.

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<sup>1</sup> The Henry J. Kaiser Family Foundation. "Annual Employee Health Benefit Survey," 2004-2008 surveys, <http://www.kff.org/insurance/ehbs-archives.cfm>

<sup>2</sup>FY2009 Corporate Fund salary and wage increases attributable to the retroactive collective bargaining agreement total approximately \$2.85 million. Information provided by Forest Preserve District Chief Financial Officer Marlo Kemp, October 27, 2008. Total Corporate Fund 2008 salary and wage appropriation was \$23.1 million (see page 25).

### ***Elect A Separate Board of Commissioners for the Forest Preserve 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>3</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.

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 \$13.3 million from the District to the County in 2007.

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. Senate Bill 3046 was introduced by Illinois Senator Don Harmon in May of 2008 and is currently in the Senate Rules Committee. We encourage the Cook County Board of Commissioners to support this legislation and we urge the General Assembly to pass it.

### ***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.

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<sup>3</sup> "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).

Evaluating and reporting on program results keeps all stakeholders aware of any variance between expectations and actual achievements.<sup>4</sup> Forest Preserve District staff should work to support the development of performance measures to track the efficiency and effectiveness of management and operations. The District now includes activity data for picnic permits and law enforcement activities in its budget proposal. But true performance measurements 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.

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

We understand that the Capital Improvement Plan is a work in progress, and commend the District for making the CIP available on its web site on the same day as the budget proposal. We have 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”;

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<sup>4</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).

- 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.

### ***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 FY2009 operating cost of the pools is estimated at \$800,000, while the pool fee revenue is expected to be \$160,000.<sup>5</sup> Pool user fees only cover 20% of the Districts' operating costs, while the remaining \$640,000 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>6</sup>

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<sup>5</sup> Information provided by Forest Preserve District Chief Financial Officer Marlo Kemp, October 27, 2008.

<sup>6</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.

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 is scheduled to open in 2009. 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.

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

As we have noted in previous analyses, the Forest Preserve District is unable to justify the need for its own Police Department. While the FY2009 budget includes law enforcement activity figures on citations and arrests, it still does not have any measures of efficiency or effectiveness. Given the \$8.6 million the District proposes to spend on its Police force in FY2009, 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 or local municipalities, either through a wholesale transfer of responsibility or a contractual reimbursement arrangement. 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.

### ***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. 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. Current rents are approximately \$250 per month plus utilities for a residence attached to a maintenance facility and \$500 per month plus utilities for a free-standing residence.<sup>7</sup> 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."

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<sup>7</sup> Information provided by Forest Preserve District Chief Financial Officer Marlo Kemp, October 27, 2008.

### ***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>8</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
- Activity reports on picnic permits and law enforcement activities.

However, the Civic Federation is concerned that in several respects the budget document still suffer 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:

- 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>9</sup>
- Five years of consistently-labeled revenue and expenditure trends should be provided; 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.

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<sup>8</sup> National Advisory Council on State and Local Budgeting, “Practice 9.1: Conduct Long-Range Financial Planning,” 2000, <http://www.gfoa.org/services/nacslb/>.

<sup>9</sup> Information provided by the Forest Preserve District, November 25, 2006.

### ***Increase the Time Allowed for Public Review of the Proposed Budget***

More time should be allowed for the public to review and understand the Forest Preserve District's proposed budget. At a minimum, the public should be afforded a review period of ten working days before public testimony is heard. The public can only offer fully informed commentary on a \$193.6 million budget if it is given sufficient time to understand that budget's proposals.

### ***Post Audited Financial Statements on Web Site***

The District now publishes its annual budget proposal and Capital Improvement Plan on its web site. In the interest of transparency and accessibility, the Civic Federation urges the District to also publish its audited financial statements on its web site. The Government Finance Officers' Association recommends that every government publish its budget document and financial statement on its web site.<sup>10</sup> Furthermore, we urge the District to retain prior years' documents on its web site 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.

## **ACKNOWLEDGEMENTS**

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

## **FY2009 BUDGET HIGHLIGHTS**

The Forest Preserve District proposes a \$193.6 million total appropriation for FY2009. Some of the highlights of the FY2009 District budget are summarized below.

### ***Total Appropriations: \$193.6 Million***

- Total appropriations increased by 9.7%, or \$17.1 million, from the FY2008 budgeted amount of \$176.5 million to \$193.6 million.
- Corporate Fund appropriations will increase by 5.5%, from \$49.9 million to \$52.7 million.
- Real Estate Acquisition Fund appropriations will increase by \$8.4 million, or by 97.4%.

### ***Funding for Brookfield Zoo and Chicago Botanic Garden: 47.7% 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 47.7% of the Forest Preserve District budget, or \$92.2 million.
- The Botanic Garden Fund, totaling \$28.9 million, will increase \$0.6 million, or by 2.2%.
- The Zoological Fund will increase by 6.3%, from \$59.5 million to \$63.3 million.

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<sup>10</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>

### ***Revenues: Property Tax Levy Held Flat at \$87.6 million***

- The District's property tax levy will remain the same as the prior year at \$87.6 million.
- The Corporate Fund tax levy will decrease 0.8%, or \$0.3 million, over the recommended FY2008 levy.
- Total operating funds resources will increase by 3.0% in FY2009, from \$67.0 million to \$69.0 million.

### ***Personnel: Increase of 11 FTEs***

- The number of full-time equivalent (FTE) positions will increase from 525 to 536.
- Eight FTEs will be added to Resource Management.
- Two FTEs will be added to Permit & Recreation Activities.
- One FTE will be added to General Maintenance.

## **FINANCIAL ISSUES AND TRENDS**

This section provides summaries of key expenditure and revenue issues and trends likely to impact the Forest Preserve District's financial situation in FY2009.

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

The District proposes a \$193.6 million total appropriation for FY2009. This is an increase of 9.7%, or \$17.1 million, over the FY2008 budget of \$176.5 million. Of the \$193.6 million FY2009 appropriation, \$160.8 million is designated for operations and \$32.8 million is for capital projects.<sup>11</sup>

Corporate Fund budgeted appropriations will increase by 5.5%, or \$2.8 million, from \$49.9 million in FY2008 to \$52.7 million in FY2009. This is primarily the result of increasing appropriations for the General Maintenance and Resource Management Departments reflecting retroactive wage adjustments following a collective bargaining agreement.<sup>12</sup>

The Bond and Interest Fund appropriation will decrease by \$6,506 and total \$13.3 million in FY2009.

The Employee Annuity and Benefit Fund appropriation will increase by \$385,000, or 17.5%, from \$2.2 million in FY2008 to \$2.6 million in FY2009. 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>13</sup>

Real Estate Acquisition Fund appropriations will almost double from \$8.7 million in FY2008 to \$17.1 million in FY2009. This fund is not supported by a property tax levy, but appropriates

<sup>11</sup> Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 14.

<sup>12</sup> Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, pp. 8 and 43.

<sup>13</sup> 40 ILCS 5/10-107.

from debt proceeds, contributions, grants, fund transfers, fund balance, and investment income.<sup>14</sup> The total available for appropriation in FY2009 is \$21.2 million, of which \$17.1 million will be appropriated.<sup>15</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>16</sup> The District currently owns over 68,000 acres and is authorized to acquire up to 75,000 acres.

The budgeted appropriations of the Brookfield Zoo and Botanic Garden will increase by 6.3% and 2.2%, respectively.

Forest Preserve District All Funds Appropriations: FY2008 & FY2009				
Fund	FY2008 Recommended	FY2009 Recommended	\$ Change	% Change
Corporate	\$ 49,914,878	\$ 52,670,817	\$ 2,755,939	5.5%
Construction & Development	\$ 6,041,600	\$ 6,041,600	\$ -	0.0%
Capital Improvements	\$ 8,600,000	\$ 9,725,000	\$ 1,125,000	13.1%
Bond & Interest	\$ 13,308,743	\$ 13,302,237	\$ (6,506)	0.0%
Employee Annuity & Benefit	\$ 2,198,000	\$ 2,583,000	\$ 385,000	17.5%
Real Estate Acquisition	\$ 8,650,000	\$ 17,075,000	\$ 8,425,000	97.4%
Zoological	\$ 59,515,921	\$ 63,261,594	\$ 3,745,673	6.3%
Botanic Garden	\$ 28,336,462	\$ 28,969,344	\$ 632,882	2.2%
<b>Total</b>	<b>\$ 176,565,604</b>	<b>\$ 193,628,592</b>	<b>\$ 17,062,988</b>	<b>9.7%</b>

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation p. 14

The next exhibit shows five-year appropriation trends for all Forest Preserve District funds between FY2005 and FY2009. Total appropriations during this period decreased by 2.0% or \$3.9 million. The biggest change in this five-year comparison occurred in the Capital Improvements fund because the proceeds of the District's \$50 million bond issuance were appropriated in FY2005.

<sup>14</sup> Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 123.

<sup>15</sup> Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, pp. 14 and 123.

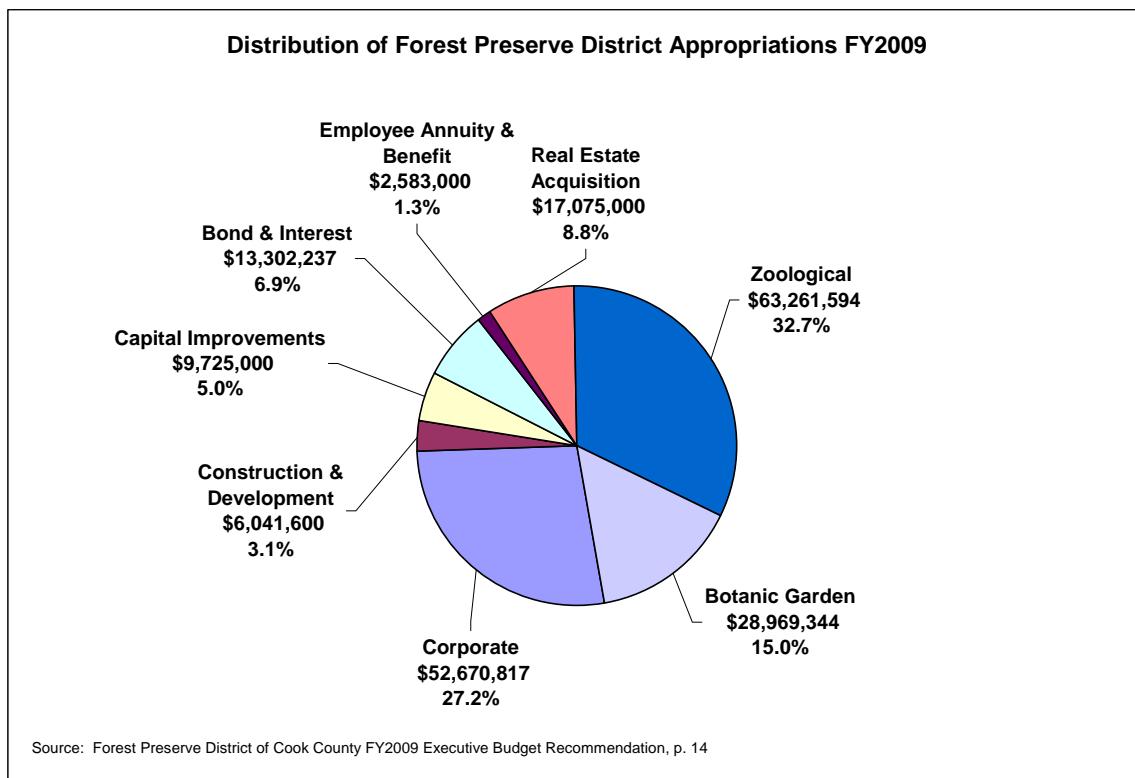
<sup>16</sup> Lenny Moore (Chief Financial Officer, Forest Preserve District), in a communication to the Civic Federation, January 18, 2005.

Forest Preserve District All Funds Appropriations: FY2005 & FY2009				
Fund	FY2005 Recommended	FY2009 Recommended	\$ Change	% Change
Corporate	\$ 38,229,326	\$ 52,670,817	\$ 14,441,491	37.8%
Self-Insurance*	\$ 4,250,000	\$ -	\$ (4,250,000)	-100.0%
Construction & Development	\$ 4,110,458	\$ 6,041,600	\$ 1,931,142	47.0%
Capital Improvements	\$ 52,600,000	\$ 9,725,000	\$ (42,875,000)	-81.5%
Bond & Interest	\$ 10,147,481	\$ 13,302,237	\$ 3,154,756	31.1%
Employee Annuity & Benefit	\$ 2,925,000	\$ 2,583,000	\$ (342,000)	-11.7%
Real Estate Acquisition	\$ 8,026,250	\$ 17,075,000	\$ 9,048,750	112.7%
Zoological	\$ 53,218,517	\$ 63,261,594	\$ 10,043,077	18.9%
Botanic Garden	\$ 24,000,778	\$ 28,969,344	\$ 4,968,566	20.7%
<b>Total</b>	<b>\$ 197,507,810</b>	<b>\$ 193,628,592</b>	<b>\$ (3,879,218)</b>	<b>-2.0%</b>

Source: Forest Preserve District of Cook County FY2005 Executive Budget Recommendation, "Annual Appropriation Ordinance" p. v, and Forest Preserve District of Cook County FY2009 Executive Budget Recommendation p. 14

\*As of FY2005, The Forest Preserve District no longer appropriates for "Self-Insurance" in a separate fund. The FPD is still self-insured against most common general liability and tort claims. However, it now pays for these claims through the Self-Insurance Fund Balance. The change was enacted after the approval of the FY2005 budget. For amended FY2005 figures and more information on the change please see Forest Preserve District FY2006 Recommended Budget p. 6 and FY2009 p. 9

The distribution of Forest Preserve District FY2009 appropriations by fund is shown in the next exhibit. Nearly half of all appropriations will go to the Brookfield Zoo and Chicago Botanic Garden. The Zoological Fund remains the largest of the District's funds, constituting 32.7% of the Forest Preserve's total appropriation in FY2009. The District Corporate Fund appropriation of \$27.2 million will make up 27.2% of all appropriations.



## Corporate Fund Appropriations

The FY2009 proposed Corporate Fund appropriation is \$52.7 million, an increase of 5.5% or \$2.8 million over the FY2008 appropriation. Operating Transfers to Capital will decrease the most by \$2.5 million, or 37.1%. The Corporate Fund will make a \$3.0 million transfer to the Real Estate Acquisition Fund in FY2009, an increase of \$500,000, or 20.0% over FY2008. Resource Management and General Maintenance appropriations

Forest Preserve District Corporate Fund Appropriations: FY2008 & FY2009					
Category/Department	FY2008 Recommended	FY2009 Recommended	\$ Change	% Change	
General Office	\$ 1,515,153	\$ 1,749,319	\$ 234,166	15.5%	
Finance and Administration	\$ 1,699,428	\$ 2,187,720	\$ 488,292	28.7%	
Resource Management	\$ 6,536,188	\$ 7,540,643	\$ 1,004,455	15.4%	
General Maintenance	\$ 15,386,815	\$ 17,395,662	\$ 2,008,847	13.1%	
Resident Watchman Facilities	\$ -	\$ 500,000	\$ 500,000	-	
Permit & Rec. Activities Admin.	\$ 1,178,151	\$ 1,564,481	\$ 386,330	32.8%	
Law Enforcement	\$ 8,476,229	\$ 8,628,763	\$ 152,534	1.8%	
Legal Department	\$ 1,095,005	\$ 1,235,384	\$ 140,379	12.8%	
Planning and Development	\$ 1,690,850	\$ 2,160,171	\$ 469,321	27.8%	
Fixed Charges	\$ 3,037,059	\$ 2,433,676	\$ (603,383)	-19.9%	
Operating Transfer to Capital	\$ 6,800,000	\$ 4,275,000	\$ (2,525,000)	-37.1%	
Operating Transfer to Real Estate Acq.	\$ 2,500,000	\$ 3,000,000	\$ 500,000	20.0%	
<b>Total*</b>	<b>\$ 49,914,878</b>	<b>\$ 52,670,819</b>	<b>\$ 2,755,941</b>	<b>5.5%</b>	

Source: Forest Preserve District of Cook County FY2008 Executive Budget Recommendation, p. 41 and FY2009 p. 43

\*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 FY2005 and FY2009. Total appropriations during this period increased by 37.8%, or \$14.4 million. The largest increase was the Operating Transfer to Capital, which has risen by \$3.4 million or 402.9% since FY2005. Operating transfers to the Real Estate Acquisition fund are four times larger than in FY2005, having grown from \$750,000 to \$3.0 million over that period.

Forest Preserve District Corporate Fund Appropriations: FY2005 & FY2009					
Category/Department	FY2005 Recommended	FY2009 Recommended	\$ Change	% Change	
General Office	\$ 1,464,587	\$ 1,749,319	\$ 284,732	19.4%	
Finance and Administration	\$ 1,922,890	\$ 2,187,720	\$ 264,830	13.8%	
Resource Management	\$ 5,099,030	\$ 7,540,643	\$ 2,441,613	47.9%	
General Maintenance	\$ 12,991,931	\$ 17,395,662	\$ 4,403,731	33.9%	
Resident Watchman Facilities	\$ -	\$ 500,000	\$ 500,000	-	
Permit & Rec. Activities Admin.	\$ 992,371	\$ 1,564,481	\$ 572,110	57.7%	
Law Enforcement	\$ 7,038,275	\$ 8,628,763	\$ 1,590,488	22.6%	
Legal Department	\$ 1,144,865	\$ 1,235,384	\$ 90,519	7.9%	
Planning and Development	\$ 1,898,164	\$ 2,160,171	\$ 262,007	13.8%	
Fixed Charges	\$ 1,427,212	\$ 2,433,676	\$ 1,006,464	70.5%	
Operating Transfer to Capital	\$ 850,000	\$ 4,275,000	\$ 3,425,000	402.9%	
Operating Transfer to Real Estate Acq.	\$ 750,000	\$ 3,000,000	\$ 2,250,000	300.0%	
Operating Transfer to Self-Insurance Fund	\$ 4,250,000	\$ -	\$ (4,250,000)	-100.0%	
Less transfer from expired construction & development	\$ (1,600,000)	\$ -	\$ 1,600,000	-100.0%	
<b>Total</b>	<b>\$ 38,229,325</b>	<b>\$ 52,670,819</b>	<b>\$ 14,441,494</b>	<b>37.8%</b>	

Source: Forest Preserve District of Cook County FY2005 Executive Budget Recommendation, p. 13 and Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 43

## RESOURCE 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 3.0% in FY2009. That represents a \$1.9 million increase from \$67.0 million in FY2008 to \$69.0 million in FY2009.

- Corporate Fund resources will increase by 5.5% or \$2.7 million. This includes a 3.4% increase in net property tax revenues (net of the allowance for loss and cost of collection) and an 18.5% increase in non-tax revenues such as fees, fines and license agreements. Several licenses are in the process of contract renewal and the District expects an increase in the new rates.<sup>17</sup>
- The Pension Fund property tax levy will increase by 17.5 %, or \$0.3 million.
- Bond and interest or debt service fund resources will be roughly similar in FY2009 to FY2008 levels.
- The amount of resources for the Self Insurance Fund will decrease by 71.9%, falling from \$1.6 million to \$450,000. No annual premium will be budgeted in FY2009 as the Fund has an audited reserve balance of \$31.3 million. This amount exceeds the District's goal of accumulating a total fund balance of \$30 million and is deemed sufficient to meet obligations incurred in the upcoming fiscal year.<sup>18</sup>

<sup>17</sup> Information provided by Forest Preserve District Chief Financial Officer Marlo Kemp, October 27, 2008.

<sup>18</sup> Forest Preserve District Executive FY2009 Budget Recommendation, p. 9.

<b>Forest Preserve District Total Budgeted Resources (Operating Funds): FY2008 &amp; FY2009</b>					
	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>	
<b>Corporate Fund</b>					
Property Tax Levy (Net)	\$ 38,959,968	\$ 40,285,478	\$ 1,325,510	3.4%	
PPRT	\$ 6,550,410	\$ 6,525,333	\$ (25,077)	-0.4%	
Non-Tax Revenues	\$ 4,404,500	\$ 5,220,215	\$ 815,715	18.5%	
Fund Balance Contribution	\$ -	\$ 639,791	\$ 639,791	....	
<b>Corporate Fund Total</b>	<b>\$ 49,914,878</b>	<b>\$ 52,670,817</b>	<b>\$ 2,755,939</b>	<b>5.5%</b>	
<b>Pension Fund</b>					
Property Tax Levy	\$ 1,977,980	\$ 2,324,442	\$ 346,462	17.5%	
PPRT	\$ 220,020	\$ 258,558	\$ 38,538	17.5%	
<b>Pension Fund Total</b>	<b>\$ 2,198,000</b>	<b>\$ 2,583,000</b>	<b>\$ 385,000</b>	<b>17.5%</b>	
<b>Bond &amp; Interest Fund</b>					
Property Tax Levy	\$ 13,308,743	\$ 13,302,237	\$ (6,506)	0.0%	
<b>Bond &amp; Interest Fund Total</b>	<b>\$ 13,308,743</b>	<b>\$ 13,302,237</b>	<b>\$ (6,506)</b>	<b>0.0%</b>	
<b>Self Insurance Fund</b>					
Premium (Corporate Transfer In)	\$ 1,000,000	\$ -	\$ (1,000,000)	-100.0%	
Interest	\$ 600,000	\$ -	\$ (600,000)	-100.0%	
Other	\$ -	\$ 450,000	\$ 450,000	....	
<b>Self Insurance Fund Total</b>	<b>\$ 1,600,000</b>	<b>\$ 450,000</b>	<b>\$ (1,150,000)</b>	<b>-71.9%</b>	
<b>Total</b>	<b>\$ 67,021,621</b>	<b>\$ 69,006,054</b>	<b>\$ 1,984,433</b>	<b>3.0%</b>	

Source: Forest Preserve District Executive Budget Recommendation, FY2008 and FY2009

In the five-year period between FY2005 and FY2009, operating funds resources increased by approximately \$17.7 million, or 34.5 %.

- Corporate Fund resources have increased by 37.7%, rising from \$38.2 million to \$52.7 million. The single largest increase in Corporate Fund resources has been for Personal Property Replacement Tax (PPRT) revenues, a corporate income tax. Budgeted PPRT revenues rose by 83.4% during the 5-year period analyzed; this was due to the economic boom of the period.
- The Bond and Interest Fund property tax levy increased from \$10.1 million in FY2005 to \$13.3 million in FY2009.
- The Pension Fund property tax levy has fallen due in large part to dramatic personnel cuts 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>19</sup>

<sup>19</sup> 40 ILCS 5/10-107.

Forest Preserve District Total Budgeted Resources (Operating Funds): FY2005 & FY2009					
	FY2005	FY2009	\$ Change	% Change	
<b>Corporate Fund</b>					
Property Tax Levy (Net)	\$ 29,900,250	\$ 40,285,478	\$ 10,385,228	34.7%	
PPRT	\$ 3,557,267	\$ 6,525,333	\$ 2,968,066	83.4%	
Non-Tax Revenues	\$ 4,780,000	\$ 5,220,215	\$ 440,215	9.2%	
Fund Balance Contribution	\$ -	\$ 639,791	\$ 639,791	....	
<b>Corporate Fund Total</b>	<b>\$ 38,237,517</b>	<b>\$ 52,670,817</b>	<b>\$ 14,433,300</b>	<b>37.7%</b>	
<b>Pension Fund</b>					
Property Tax Levy	\$ 2,632,208	\$ 2,324,442	\$ (307,766)	-11.7%	
PPRT	\$ 292,793	\$ 258,558	\$ (34,235)	-11.7%	
<b>Pension Fund Total</b>	<b>\$ 2,925,001</b>	<b>\$ 2,583,000</b>	<b>\$ (342,001)</b>	<b>-11.7%</b>	
<b>Bond &amp; Interest Fund</b>					
Property Tax Levy	\$ 10,147,481	\$ 13,302,237	\$ 3,154,756	31.1%	
<b>Bond &amp; Interest Fund Total</b>	<b>\$ 10,147,481</b>	<b>\$ 13,302,237</b>	<b>\$ 3,154,756</b>	<b>31.1%</b>	
<b>Self Insurance Fund</b>					
Other	\$ -	\$ 450,000	\$ 450,000	....	
<b>Self Insurance Fund Total</b>	<b>\$ -</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>....</b>	
<b>Total</b>	<b>\$ 51,309,999</b>	<b>\$ 69,006,054</b>	<b>\$ 17,696,055</b>	<b>34.5%</b>	

Source: Forest Preserve District Executive Budget Recommendation, FY2005 and FY2009

## Corporate Fund Resources

The next exhibit compares Corporate Fund revenues and resources in FY2008 and FY2009. Corporate Fund resources will increase by 5.5% over the previous year. This will be a \$2.7 million increase from \$49.9 million to \$52.6 million.

The net Corporate Fund property tax levy will increase by 3.4%, or \$1.3 million. Personal Property Replacement Tax revenues are expected to decrease by 0.4% as the economy enters into a downturn. Total tax revenues are projected to increase by 2.9%, while non-tax revenues are expected to rise substantially by 18.5%. Much of the increase is due to the \$1.2 million increase in license agreement revenues budgeted in the new fiscal year.

Fines, fees, and permits are expected to increase slightly by 3.9% in FY2009. Golf fees, however, are expected to decrease slightly by 3.0% over FY2008. 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%.<sup>20</sup>

The District will transfer \$0.6 million from its corporate fund balance in FY2009. As of December 31, 2007, the unreserved Corporate fund balance was \$9.8 million, while the target amount per the fund balance policy is \$7.6 million.<sup>21</sup>

<sup>20</sup> Standard & Poor's, Research: Cook County Forest Preserve District, Illinois, October 13, 2004.

<sup>21</sup> Forest Preserve District FY2009 Executive Budget Recommendation, pp. 7, 20.

Forest Preserve District Budgeted Resources (Corporate Fund): FY2008 & FY2009					
Resources	FY2008	FY2009	\$ Change	% Change	
Property Tax Levy (Net)	\$ 38,959,968	\$ 40,285,478	\$ 1,325,510	3.4%	
PPRT	\$ 6,550,410	\$ 6,525,333	\$ (25,077)	-0.4%	
<b>Subtotal Tax Revenues</b>	<b>\$ 45,510,378</b>	<b>\$ 46,810,811</b>	<b>\$ 1,300,433</b>	<b>2.9%</b>	
Fines, Fees & Permits	\$ 1,420,000	\$ 1,475,000	\$ 55,000	3.9%	
License Agreements	\$ 500,000	\$ 1,700,000	\$ 1,200,000	240.0%	
Golf Privatization Fees	\$ 1,309,500	\$ 1,270,215	\$ (39,285)	-3.0%	
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%	
Investment Earnings	\$ 750,000	\$ 500,000	\$ (250,000)	-33.3%	
Miscellaneous Income	\$ 275,000	\$ 125,000	\$ (150,000)	-54.5%	
<b>Subtotal Non-Tax Revenue</b>	<b>\$ 4,404,500</b>	<b>\$ 5,220,215</b>	<b>\$ 815,715</b>	<b>18.5%</b>	
Fund Balance Contribution	\$ -	\$ 639,791	\$ 639,791	....	
<b>Total</b>	<b>\$ 49,914,878</b>	<b>\$ 52,670,817</b>	<b>\$ 2,755,939</b>	<b>5.5%</b>	

Source: FY2008 Forest Preserve District Budget, p. 40 and FY2009 Forest Preserve District Budget, p. 42.

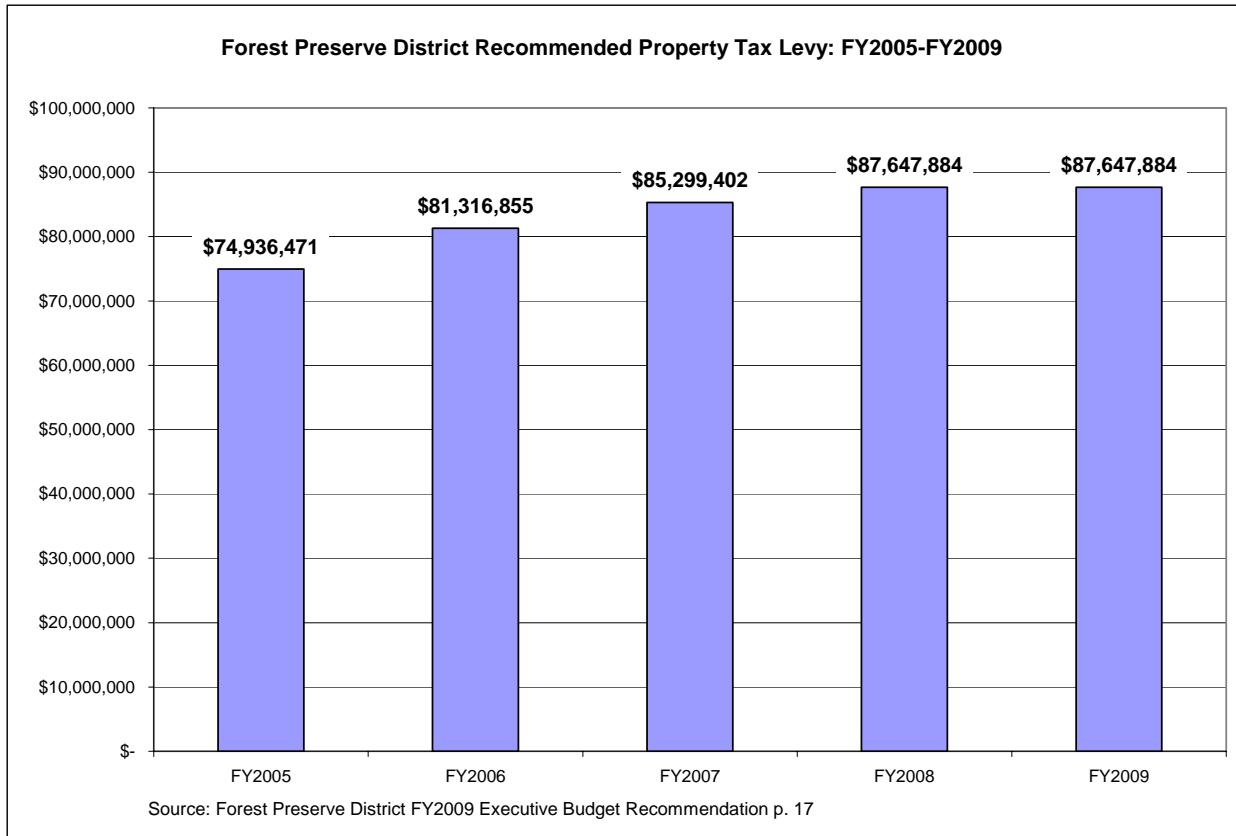
Between FY2005 and FY2009 Corporate Fund resources grew by 37.7% or \$14.4 million. The net property tax levy grew by \$10.3 million, or 34.7% during this five-year period. Golf privatization revenues increased by \$0.2 million, or 28.3% over this period. Fines and fees have grown by 17.1%, or \$0.2 million. Miscellaneous income saw a substantial percentage increase, rising by 56.3%.

Forest Preserve District Budgeted Resources (Corporate Fund): FY2005 & FY2009					
Resources	FY2005	FY2009	\$ Change	% Change	
Property Tax Levy (Net)	\$ 29,900,250	\$ 40,285,478	\$ 10,385,228	34.7%	
PPRT	\$ 3,557,267	\$ 6,525,333	\$ 2,968,066	83.4%	
<b>Subtotal Tax Revenues</b>	<b>\$ 33,457,517</b>	<b>\$ 46,810,811</b>	<b>\$ 13,353,294</b>	<b>39.9%</b>	
Fines, Fees & Permits	\$ 1,260,000	\$ 1,475,000	\$ 215,000	17.1%	
Golf Privatization Fees	\$ 990,000	\$ 1,270,215	\$ 280,215	28.3%	
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%	
Interest Income	\$ -	\$ 500,000	\$ 500,000	...	
Miscellaneous Income	\$ 80,000	\$ 125,000	\$ 45,000	56.3%	
Corporate Service Fee (C & D Services)	\$ 2,300,000	\$ -			
License Agreements	\$ -	\$ 1,700,000	\$ 1,700,000	....	
<b>Subtotal Non-Tax Revenue</b>	<b>\$ 4,780,000</b>	<b>\$ 5,220,215</b>	<b>\$ 440,215</b>	<b>9.2%</b>	
Fund Balance Contribution	\$ -	\$ 639,791	\$ 639,791	....	
<b>Total</b>	<b>\$ 38,237,517</b>	<b>\$ 52,670,817</b>	<b>\$ 14,433,300</b>	<b>37.7%</b>	

Source: FY2005 Forest Preserve Budget, p. 12, and FY2009 Forest Preserve Budget, p. 42.

## Property Tax Levy

The Forest Preserve District proposes to freeze its total property tax levy at \$87.6 million, the same amount as the previous tax year. Property taxes levied for FY2009 will not begin to be collected until the autumn of 2010. Since FY2005, the levy will have risen by \$12.7 million, or 17.0%.



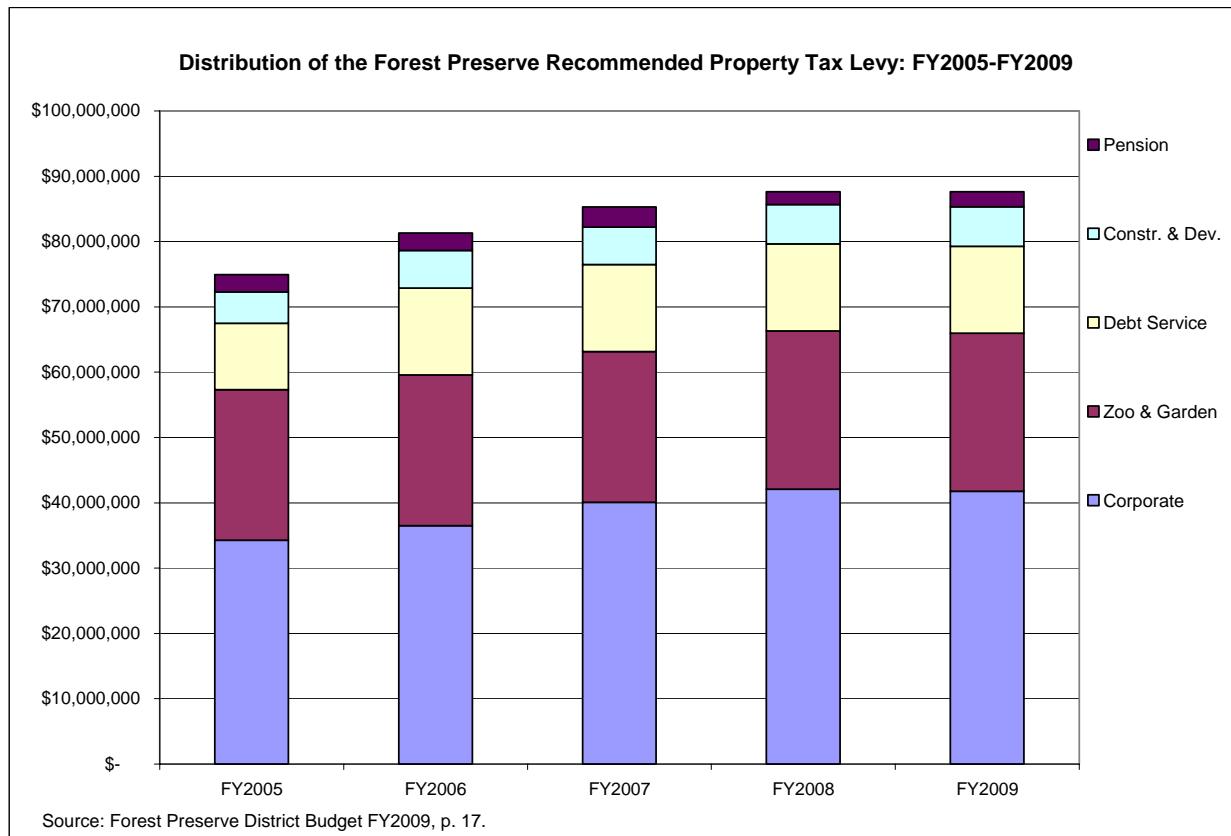
The next exhibit shows the distribution of property tax revenues by fund in FY2008 and FY2009. Corporate Fund property tax revenues will decrease slightly by 0.8%, or \$0.3 million. The amount of property tax dollars earmarked for debt service payments through the Bond and Interest Fund will fall slightly, by \$6,506. The levies for the Brookfield Zoo and the Chicago Botanic Garden will be held flat from FY2009. There Construction and Development Fund levy of \$6.0 million will also be held flat. The Pension Fund levy will increase by 17.5%, rising by about \$0.3 million.

<b>Forest Preserve District Gross Property Tax Levy by Fund: FY2008 &amp; FY2009</b>				
<b>Fund</b>	<b>FY2008 Recommended</b>	<b>FY2009 Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
Corporate	\$ 42,086,564	\$ 41,746,608	\$ (339,956)	-0.8%
Zoological	\$ 14,884,927	\$ 14,884,927	\$ -	0.0%
Bond & Interest	\$ 13,308,743	\$ 13,302,237	\$ (6,506)	0.0%
Botanic Garden	\$ 9,348,070	\$ 9,348,070	\$ -	0.0%
Construction & Development	\$ 6,041,600	\$ 6,041,600	\$ -	0.0%
Pension	\$ 1,977,980	\$ 2,324,442	\$ 346,462	17.5%
<b>Total</b>	<b>\$ 87,647,884</b>	<b>\$ 87,647,884</b>	<b>\$ -</b>	<b>0.0%</b>

Source: Forest Preserve District Budget FY2009, 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 has remained between 45% and 48% of the total. Property taxes earmarked for Debt Service will increase from 13.5% of the total in

FY2005 to 15.2% in FY2009. The share of the levy dedicated to the Brookfield Zoo and Chicago Botanic Garden will fall from 30.8% in FY2005 to 27.6% in FY2009.



### **Unreserved Corporate Fund Balance**

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>22</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>23</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, 2007, the Corporate Fund reported an unreserved fund balance of \$9.8 million.<sup>24</sup>

## **PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS**

In the FY2009 budget, the Forest Preserve District will add 11 full-time equivalent (FTE) positions for a total of 536 FTEs.<sup>25</sup> 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>26</sup>

Law Enforcement will add three new law enforcement officer positions, but department headcount will remain flat. Resource Management will add eight FTE positions to expand volunteer resources and public education programs. The General Office, Legal, Finance & Administration and Planning & Development Departments will not add any new positions. The Permit & Recreation Activities Department will add two FTE positions.

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<sup>22</sup> Forest Preserve District Executive FY2009 Budget Recommendation, p. 5.

<sup>23</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>24</sup> Forest Preserve District Executive FY2009 Budget Recommendation, p. 20.

<sup>25</sup> Forest Preserve District Executive FY2009 Budget Recommendation, p. V, p. 8

<sup>26</sup> Forest Preserve District Executive FY2009 Budget Recommendation, p. 16.

Forest Preserve District Positions Summary: FY2008 & FY2009			
Department	FY2008	FY2009	Change
	Appropriation	Recommendation	
General Maintenance	210.0	211.0	1.0
Law Enforcement	121.0	121.0	0.0
Resource Management	94.5	102.5	8.0
General Office	14.0	14.0	0.0
Legal	12.0	12.0	0.0
Finance & Administration	20.0	20.0	0.0
Planning & Development	21.0	21.0	0.0
Permit & Recreation Activites	32.1	34.5	2.4
<b>Total</b>	<b>524.6</b>	<b>536.0</b>	<b>11.4</b>

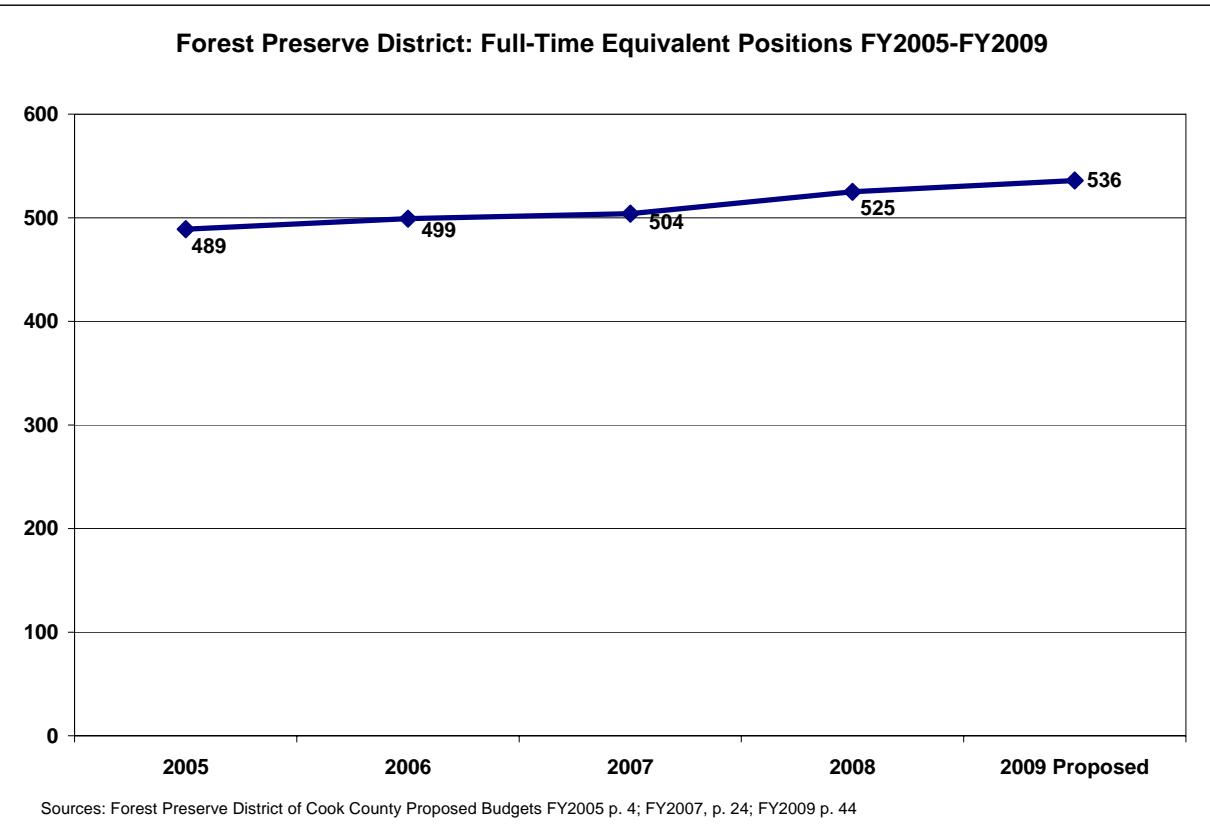
Source: Forest Preserve District of Cook County FY2009 Proposed Budget, p. 44

The District will add 47 FTE positions over FY2005. Resource Management will see the largest change over the five-year period with an increase of 17.5 positions. General Maintenance will increase by twelve, Permit & Recreational Activities will increase by 13.5, Law Enforcement will increase by nine and the Legal Department will increase by two positions. General Office positions will remain flat with respect to FY2005 and the Departments of Finance & Administration and Planning & Development will decrease by four and three, respectively.

Forest Preserve District Positions Summary: FY2005 & FY2009			
Department	FY2005	FY2009	Change
	Appropriation	Recommendation	
General Maintenance	199.0	211.0	12.0
Law Enforcement	112.0	121.0	9.0
Resource Management	85.0	102.5	17.5
General Office	14.0	14.0	0.0
Legal	10.0	12.0	2.0
Finance & Administration	24.0	20.0	-4.0
Planning & Development	24.0	21.0	-3.0
Permit & Recreation Activites	21.0	34.5	13.5
<b>Total</b>	<b>489.0</b>	<b>536.0</b>	<b>47.0</b>

Source: Forest Preserve District of Cook County FY2009 Proposed Budget, p. 44 and FY2005, p. 14

Over the five-year period from FY2005 to FY2009, the number of Forest Preserve District FTE positions has increased from 489 to 535 or by 9.6%.



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

The following exhibit presents appropriations for salaries and wages from FY2005 through and FY2009. Salaries will increase \$4.5 million, or 20.5% over the five-year period and \$3.5 million, or 15.4% between FY2008 and FY2009.

FY	Forest Preserve District Corporate Fund Salaries and Wages		
	Total	\$ Change	% Change
2005	\$ 22,112,485	\$ -	-
2006	\$ 22,338,049	\$ 225,564	1.0%
2007	\$ 22,459,505	\$ 121,456	0.5%
2008	\$ 23,103,977	\$ 644,472	2.9%
2009	\$ 26,653,111	\$ 3,549,134	15.4%
Five-year Change		\$ 4,540,626	20.5%

Source: Forest Preserve District Proposed Budgets FY2005-2009, FY2009 p. 44

Corporate Fund salaries and wages appropriations will decrease as a percentage of corporate fund appropriations between FY2005 and FY2009, from 57.8% to 50.6%.

Forest Preserve District Corporate Fund Salaries and Wages Appropriations				
FY	Personnel Services Appropriations	Total Appropriations	% of Total	
2005	\$ 22,112,485	\$ 38,229,325	57.8%	
2009	\$ 26,653,111	\$ 52,670,817	50.6%	
% Change		20.5%	37.8%	

Source: Forest Preserve Budgets FY2005 and FY2009

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

Between FY2008 and FY2009, expenses for employee benefits will increase by \$206,800 or 2.7%. The largest percentage increase will be for the life insurance plan, which will grow by 4.4% or \$9,409. Hospitalization Insurance expenses will increase by only \$199,571, or 2.8%.

Forest Preserve District Benefit Expenses*: FY2008 & FY2009				
	FY2008	FY2009	\$ Change	% Change
Hospitalization Insur.	\$ 7,178,179	\$ 7,377,750	\$ 199,571	2.8%
Dental Insur.	\$ 86,081	\$ 81,361	\$ (4,720)	-5.5%
Life Insur.	\$ 215,615	\$ 225,024	\$ 9,409	4.4%
Vision Plan	\$ 72,722	\$ 75,262	\$ 2,540	3.5%
<b>Total Benefits</b>	<b>\$ 7,552,597</b>	<b>\$ 7,759,397</b>	<b>\$ 206,800</b>	<b>2.7%</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 Budget Corporate Fund detail pages

### SEPARATION OF THE FOREST PRESERVE DISTRICT FROM COOK COUNTY

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>27</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 \$13.3 million from the District to the County in 2007.

<sup>27</sup> "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).

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. Senate Bill 3046 was introduced by Illinois Senator Don Harmon in May of 2008 and is currently in the Senate Rules Committee.

## **DEBT TRENDS**

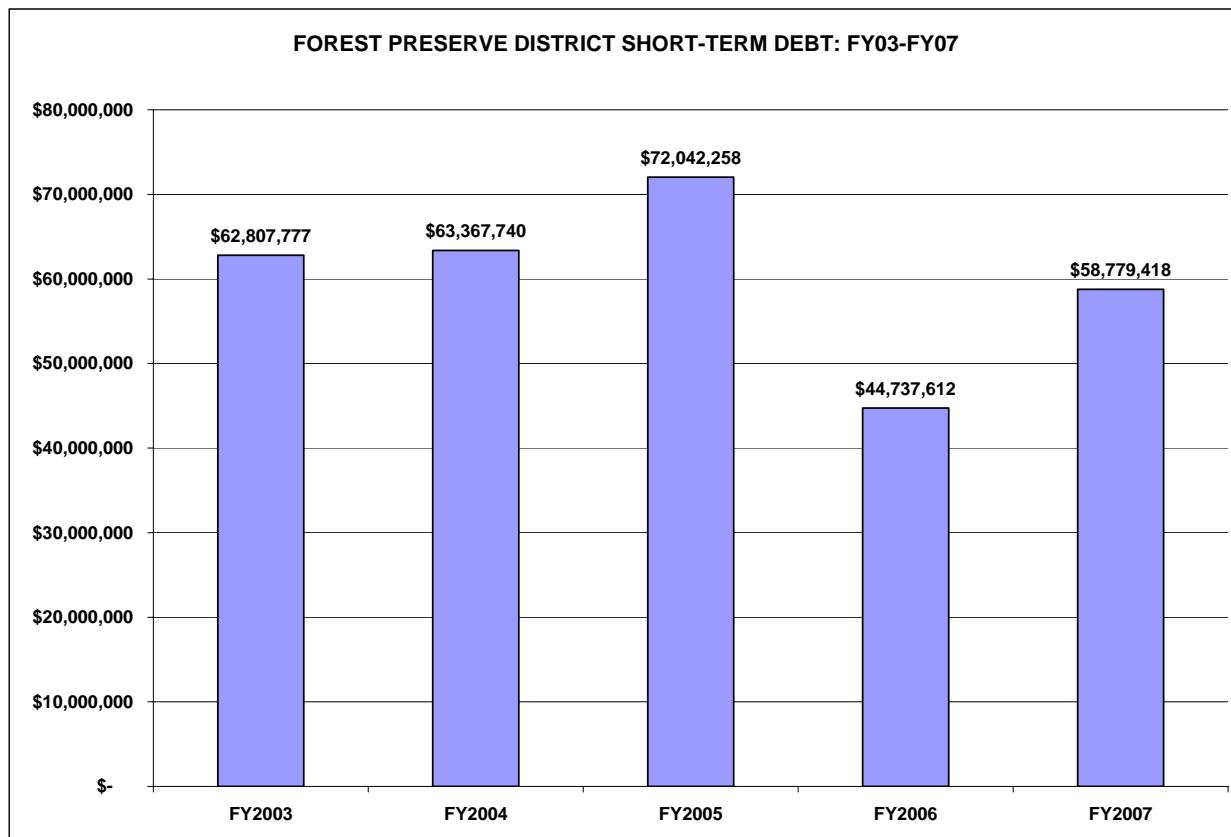
The Civic Federation has employed two measures of debt for purposes of this analysis: short-term debt trends and long-term debt per capita. The data are drawn from the District's audited financial reports. The last year for which data are available is FY2007.

### **Short-Term Debt Trends**

Short-term debt is a financial obligation that must be satisfied within one year. An increasing trend in short-term debt may be a warning sign of future financial difficulties. It is a measure of budgetary solvency, that is, a government's ability to generate enough revenue over the course of a normal budgetary period to meet its expenditures and prevent deficits.

Short-term debt in the General and Special Revenue Funds includes obligations such as accounts payable, contracts payable, deposits, interest payable, interest due to other funds, and liabilities from restricted assets. In sum, it includes all liabilities except accrued salaries and wages, accrued payroll, compensated absences and long-term debt.

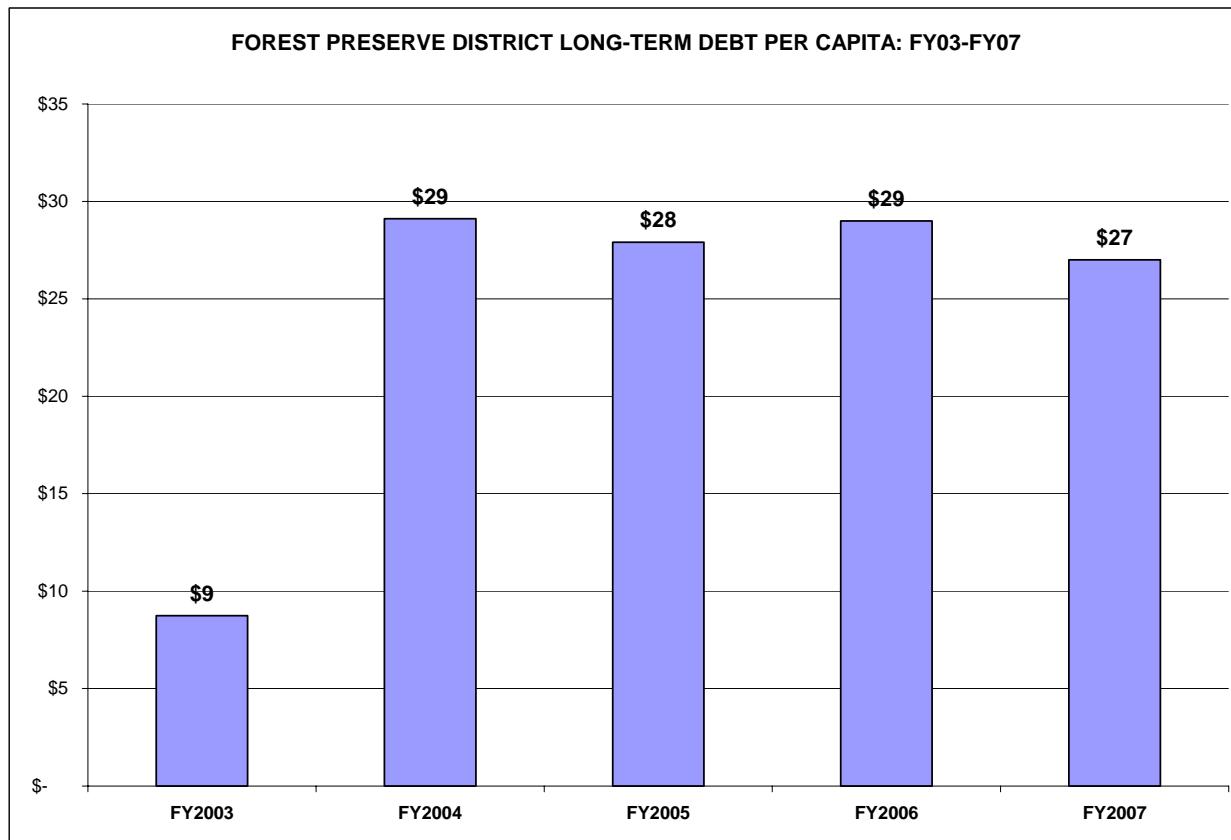
Between FY2003 and FY2007, Forest Preserve District short-term debt decreased by 6.4%, falling from \$62.8 million to \$58.8 million. Between FY2003 and FY2005, there was a 14.7% increase in total short term debt as it rose to approximately \$72.0 million. Short term debt then dropped steeply in FY2006, to \$44.8 million, before increasing again in FY2007 by 31.4%. The 5-year downward trend of short-term debt is positive.



### **Long-Term Debt Per Capita**

Long-term debt per capita is a measure of a government's ability to maintain its current financial policies. This long-term debt analysis takes the total long-term debt liabilities reported in Note #7 of the District's audited financial statements and divides them by population. The Forest Preserve District's long-term debt includes general obligation bonds payable, capital leases payable, compensated absences, claims and judgments payable, and worker's compensation. Increases in this indicator bear watching as a potential sign of growing financial risk.

The District's long-term debt burden increased by 209.0% between FY2003 and FY2008, rising from \$9 to \$27 per capita. The large increase is due to the District's issuance of \$100 million in general obligation bonds in 2004 for capital improvements. In FY2007, long term debt per capita declined slightly, from \$29 to \$27.



## PENSION TRENDS

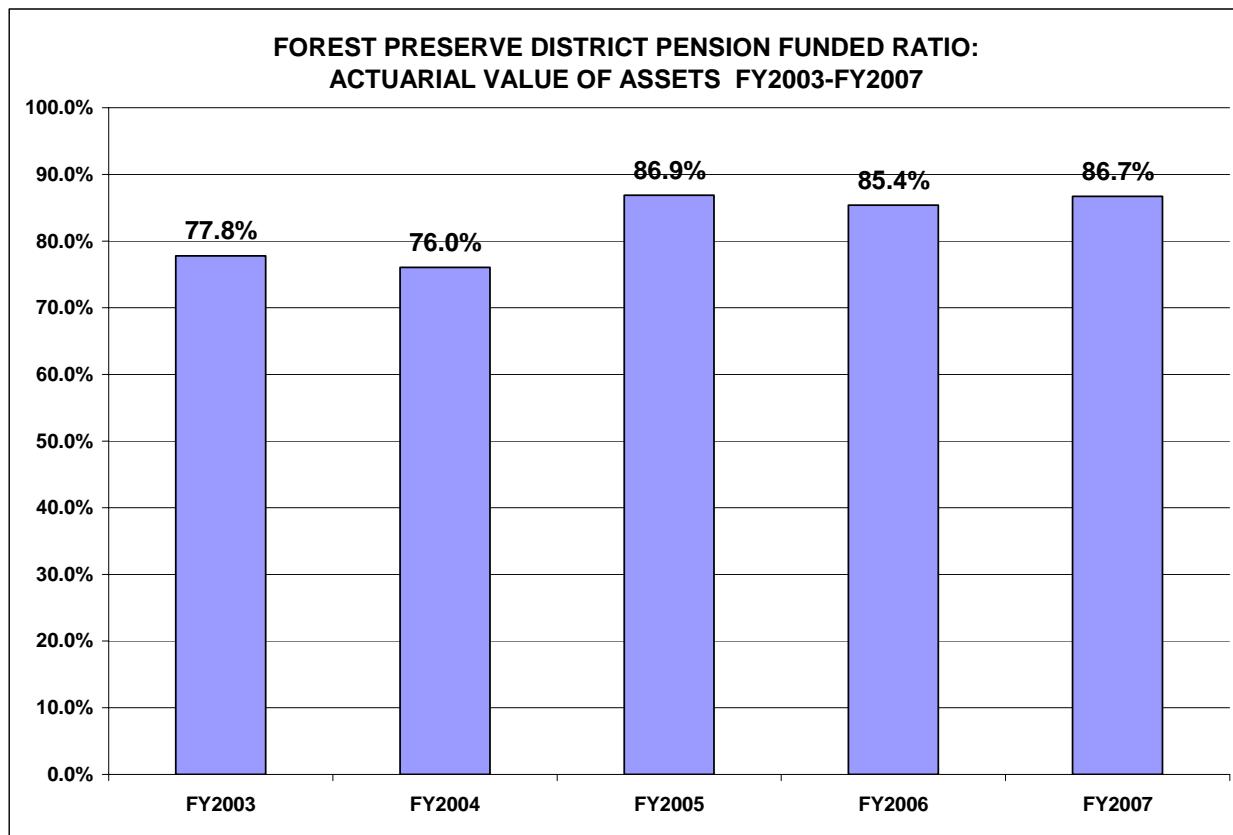
The Civic Federation used three measures to present a multi-year evaluation of the Forest Preserve Pension Fund's fiscal health: funded ratios; the value of unfunded liabilities; and the investment rate of return. The source for this data is the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Financial Statements and Actuarial Valuation for the Year Ended December 31, 2007.

### Funded Ratios

The following exhibit shows funded ratios for the Forest Preserve District's pension fund from FY2003 to FY2007. 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 77.8% to 86.7% between FY2003 and FY2007. Over the 5-year period, the funded ratio has fluctuated, falling to 76.0% in FY2004 before rising in FY2005 to 86.9%, falling slightly in FY2006 to 85.4% and finally rising to 86.7% in FY2007. It is important to note that the apparent increase in FY2005 was due almost

entirely to changes in actuarial methods.<sup>28</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 District.<sup>29</sup> Without this change, the FY2005 the Forest Preserve District ratio would have been 75.0% rather than 86.9%.



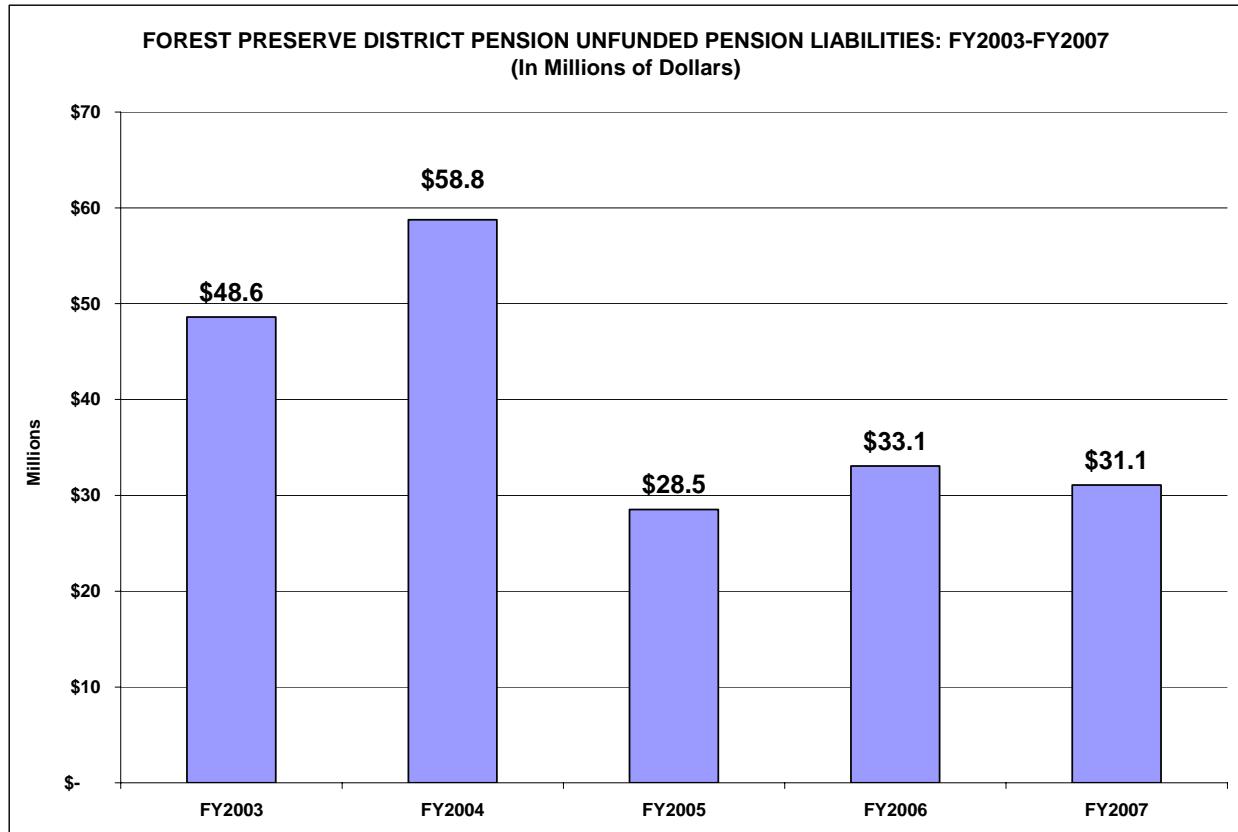
## Unfunded Liabilities

Unfunded liabilities are the dollar value of liabilities not covered by assets. Unfunded liabilities rose between FY2003 and FY2004 before falling significantly in FY2005. The decrease in FY2005 was due almost entirely to changes in actuarial methods.<sup>30</sup> Since FY2005, unfunded liabilities rose slightly to \$33.1 million in FY2006 before falling to \$31.1 million the following year.

<sup>28</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements December 31, 2005, p. 3a.

<sup>29</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.

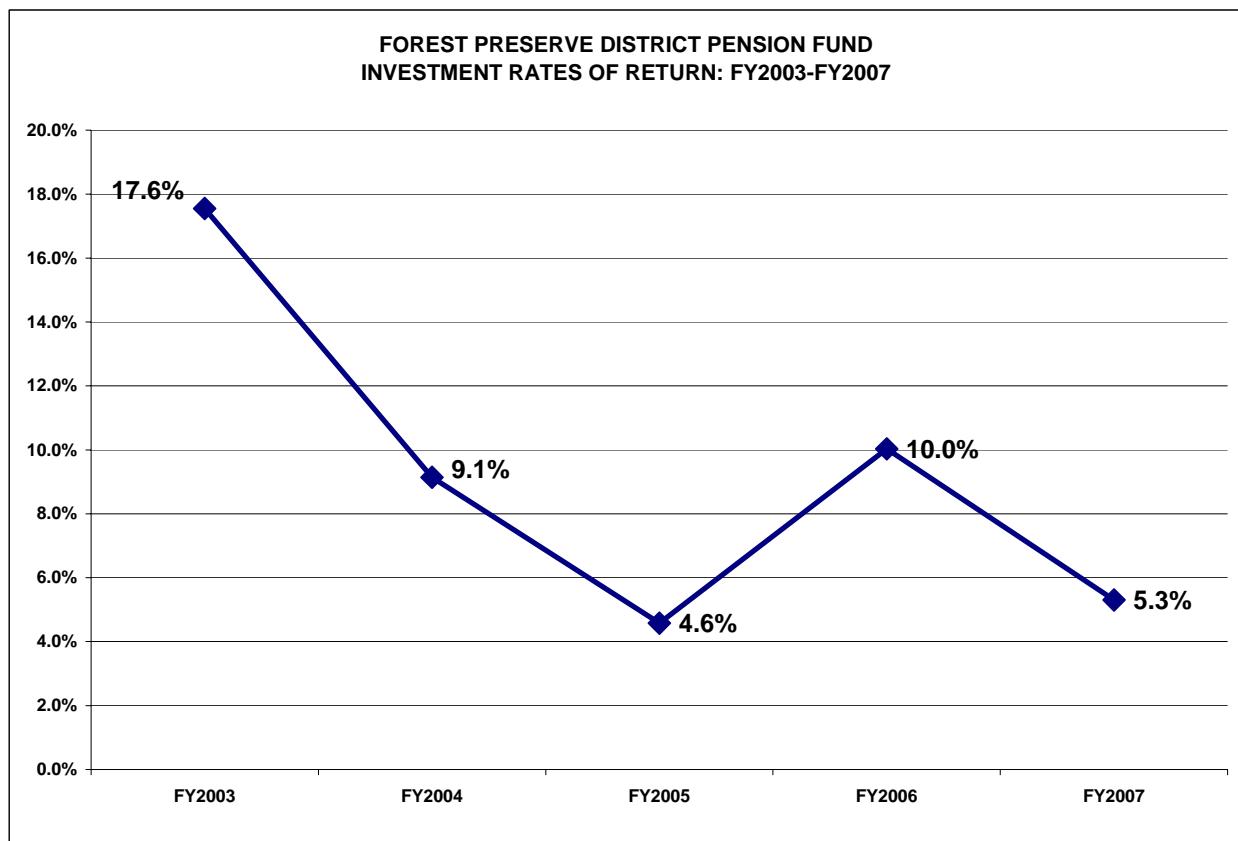
<sup>30</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements December 31, 2005, p. 3a.



### 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 FY2003 and FY2007, Forest Preserve District pension fund investment rates of return fell from 17.6% to 5.3%. 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.



## CAPITAL IMPROVEMENT PLAN

The Forest Preserve District has prepared a Capital Improvement Plan for the third year in a row and made it available to the public on its web site.

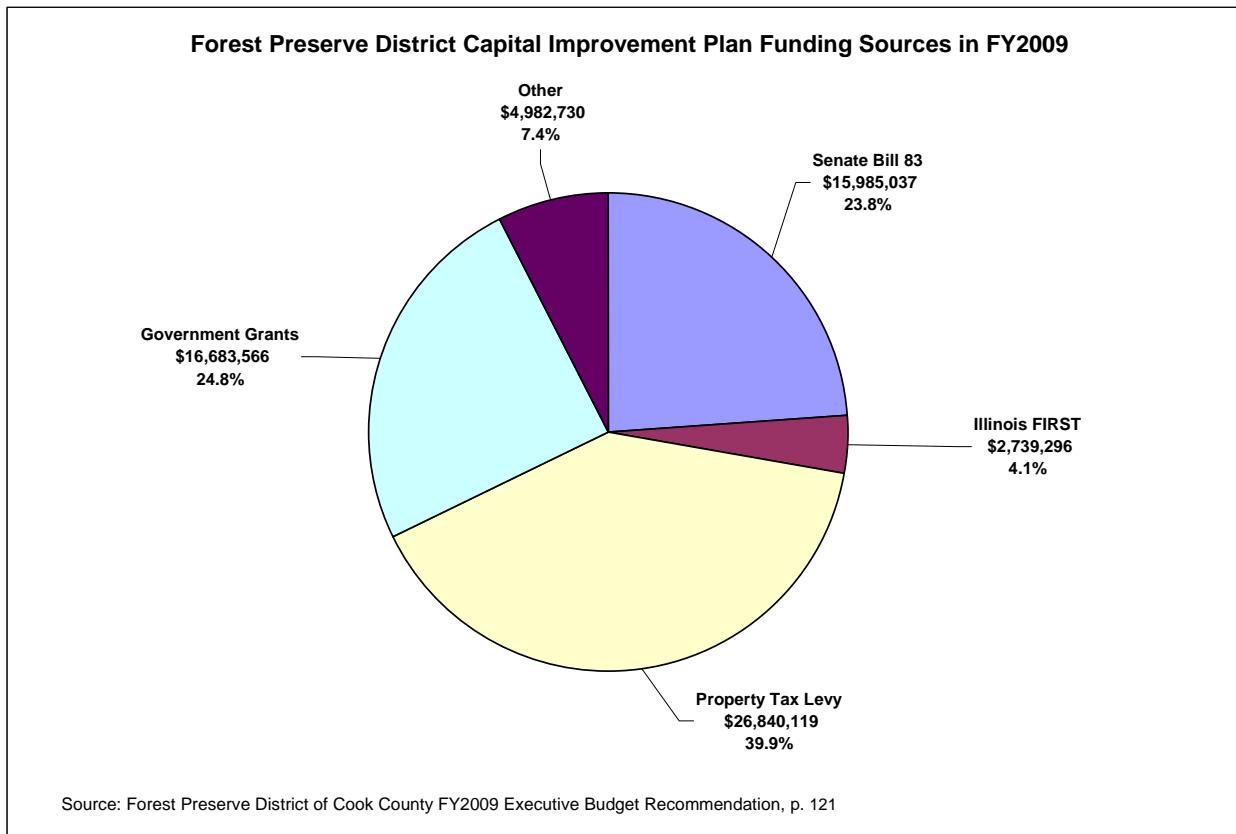
The Capital Improvement Plan summary presented in the budget book identifies \$267.2 million in capital projects for FY2009-FY2013, of which \$67.2 million is funded and \$200.0 million, or 74.8%, is awaiting a funding source.<sup>31</sup> The largest project category is Aquatic and Terrestrial Habitat Restoration, for which \$106.6 million is needed but only \$7.4 million in funding has been obtained. The second largest category of expenditures is Nature Centers & Resource Management Facilities, for which \$61.7 million is needed and \$17.5 million has been obtained.

The property tax levy is the largest source of funding for the FY2009-FY2013 capital plan, providing \$26.8 million, or 39.9% of the total. Various state and federal grants provide 24.8% of total capital improvement plan funding. Senate Bill 83, which permitted the Forest Preserve District to issue \$100 million in bonds for capital improvements (\$25 million each for the Zoo and Garden, and \$50 million for the District) in 2004, accounts for 23.8% of the Capital

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<sup>31</sup> *Forest Preserve District of Cook County FY2008 Executive Budget Recommendation*, p. 121.

Improvement Plan funding for the District (the Zoo and Garden projects are not included). Grants from the State's Illinois FIRST program total \$2.7 million, or 4.1%.



## CONCLUSION

The Civic Federation **supports** the Forest Preserve District of Cook County's proposed FY2009 budget of \$193.6 million. We commend the District for freezing its property tax levy at a time when citizens are facing serious economic hardships. The District has shown prudence by maintaining adequate reserves to allow it to draw on those reserves this year rather than reflexively increasing taxes. However, the Civic Federation **warns** that the District will face fiscal pressures in the future due to rising personnel costs and should implement performance measurements to assess the effectiveness of its current staff before adding more positions.