



The Civic Federation

Research * Information * Action * Est. 1894

FOREST PRESERVE DISTRICT OF COOK COUNTY FY2017 EXECUTIVE BUDGET RECOMMENDATION:

Analysis and Recommendations

November 15, 2016

The Civic Federation • 10 N. Dearborn Street • Chicago, IL 60602 • civicfed.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

EXECUTIVE SUMMARY	4
CIVIC FEDERATION POSITION	6
ISSUES THE CIVIC FEDERATION SUPPORTS	6
<i>Management Efficiencies and Cost Reductions</i>	<i>6</i>
<i>Evidence-Based Changes to Fee Schedule.....</i>	<i>7</i>
<i>Moderate Property Tax Levy Increase.....</i>	<i>8</i>
CIVIC FEDERATION CONCERNS.....	8
<i>Pension Funding Gap</i>	<i>8</i>
<i>Ongoing Fiscal Challenges.....</i>	<i>9</i>
<i>Lack of Recurring Revenue Source to Fund Landscape Restoration</i>	<i>9</i>
<i>Governance Structure</i>	<i>10</i>
CIVIC FEDERATION RECOMMENDATIONS	10
<i>Improve Capital Planning Process</i>	<i>11</i>
<i>Continue Working With Cook County and General Assembly on Pension Reform and Funding Challenges ...</i>	<i>11</i>
<i>Establish Separate Governing Board.....</i>	<i>11</i>
<i>Identify New Source to Restore Landscape Restoration Fund.....</i>	<i>12</i>
<i>Promote Incorporation of Forest Preserve Land.....</i>	<i>12</i>
ACKNOWLEDGEMENTS	15
APPROPRIATIONS	16
ALL FUNDS APPROPRIATION: TWO-YEAR AND FIVE-YEAR TRENDS	16
CORPORATE FUND APPROPRIATIONS: TWO-YEAR AND FIVE-YEAR TRENDS	19
RESOURCES.....	21
CORPORATE, PENSION AND BOND & INTEREST FUNDS.....	21
<i>Corporate Fund Resources</i>	<i>22</i>
<i>Fee Schedule</i>	<i>23</i>
ZOOLOGICAL FUND AND BOTANIC FUND RESOURCES.....	24
PROPERTY TAX LEVY	25
PERSONNEL AND PERSONNEL SERVICES APPROPRIATIONS	27
PERSONNEL SERVICES APPROPRIATIONS	29
FOREST PRESERVE DISTRICT EMPLOYEE BENEFIT EXPENSES.....	30
FUND BALANCE.....	31
CHANGES TO FUND BALANCE REPORTING	31
<i>Previous Components of Fund Balance</i>	<i>31</i>
<i>GASB Statement No. 54 Components of Fund Balance</i>	<i>31</i>
FUND BALANCE POLICY	32
UNASSIGNED CORPORATE FUND BALANCE FY2011 THROUGH FY2015	33
UNASSIGNED CORPORATE FUND BALANCE AND TRANSFERS OUT FY2011 THROUGH FY2015	34
UNRESERVED CORPORATE FUND BALANCE FY2006 THROUGH FY2010	34
UNRESERVED CORPORATE FUND BALANCE AND TRANSFERS OUT FY2006 THROUGH FY2010	35
PENSION FUND	37
PLAN DESCRIPTION	37
BENEFITS.....	37
MEMBERSHIP.....	39
FUNDED RATIOS	39
UNFUNDED ACTUARIAL ACCRUED LIABILITY	41
INVESTMENT RATES OF RETURN	42

PENSION LIABILITIES AND ACTUARIALY DETERMINED EMPLOYER CONTRIBUTION AS REPORTED UNDER GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS NO. 67 AND 68	43
<i>Difference between the ADC and ARC</i>	45
OTHER POST EMPLOYMENT BENEFITS	48
SHORT-TERM LIABILITIES	50
SHORT-TERM LIABILITIES AS A PERCENTAGE OF OPERATING REVENUES	51
ACCOUNTS PAYABLE AS A PERCENTAGE OF OPERATING REVENUES	52
CURRENT RATIO	52
LONG-TERM LIABILITIES	54
LONG-TERM LIABILITIES	54
LONG-TERM DEBT PER CAPITA	55
DEBT SERVICE APPROPRIATIONS AS A PERCENTAGE OF TOTAL APPROPRIATIONS	56
BOND RATINGS	57
FOREST PRESERVE DISTRICT CAPITAL PLAN	58
APPENDIX A	63
PROPOSED FEE SCHEDULE CHANGES.....	63
APPENDIX B	66
UNRESTRICTED CORPORATE FUND BALANCE LEVEL	66
UNRESTRICTED CORPORATE FUND BALANCE LEVEL AND TRANSFERS OUT	66

EXECUTIVE SUMMARY

The Civic Federation **supports** the Forest Preserve District of Cook County's FY2017 Executive Budget Recommendation totaling \$192.4 million, which includes both operating and capital expenditures. The FY2017 budget proposes measures to reduce costs and bring in additional revenue to offset rising personnel costs and a reduction in Personal Property Replacement Tax (PPRT) revenue from the State of Illinois.

The FY2017 budget proposal increases spending by \$2.8 million, or 1.4%, from the prior year due to cost of living increases tied to collective bargaining agreements, higher debt service payments and an increase in the statutorily required pension payment. To balance out the increased expenditures, the District is proposing evidence-based fee changes to recover revenue for exclusive use of facilities, and management efficiencies that will reduce non-personnel costs by 12%. One of these cost savings initiatives is outsourcing the operation of the Forest Preserve's swimming pools. The Civic Federation has long held that the operation of swimming pools is not a core function of the Forest Preserve District and believes this is a step in the right direction. Additionally, the District will implement a moderate property tax increase of \$1.4 million.

The Forest Preserve District has maintained substantial reserve funds, which can help protect against future financial downturns. These reserve funds, however, are not a sustainable source of revenue to fund the land conservation activities at the core of the District's mission, and the District is reducing the amount it will spend on land conservation in FY2017. The District's ambitious Next Century Conservation Plan will require substantial funding levels in future years. Thus, the Federation encourages the District to identify a stable, long-term funding source for land preservation and restoration.

The Civic Federation remains concerned about the sustainability of the Forest Preserve District's pension fund, which dropped from 85.4% funded on an actuarial basis in 2006 to only 60.0% funded as of 2015.¹ Statutorily required contributions to the pension fund have been insufficient to keep up with funding needs for more than a decade. The Federation again urges the District to continue to advocate for reform of its retirement program.

The Civic Federation offers the following **key findings** on the FY2017 proposed budget:

- Total expenditures for operating and capital purposes will increase by \$2.8 million, or 1.4%, from the FY2016 adopted budget to \$192.4 million;
- Revenues for the Corporate Fund, Pension Fund and Bond and Interest Fund are projected to total \$79.4 million in FY2017, which is a decrease of 4.0%, or nearly \$3.3 million, from FY2016 adopted revenue of \$82.7 million;
- Gross property tax revenue will increase by \$1.4 million, or 1.5%, from \$90.0 million in FY2016 to \$91.4 million in FY2017;
- The District will hold the property tax levy flat for the Brookfield Zoo and Chicago Botanic Garden, at \$14.9 million and \$9.3 million respectively;

¹ The funded ratios used here are based on the actuarial value of assets, not the market value. This means that unexpected gains and losses are smoothed over a period of three to five years.

- The FY2017 proposed budget will not add any additional full-time equivalent (FTE) positions, but it will reduce part-time/seasonal FTE positions from the prior year by 26.6 FTEs, or 3.9%;
- As of FY2015, the County's pension fund had a \$129.0 million unfunded actuarial accrued liability. Over a period of ten years, the funded ratio of the pension fund fell from 85.4% in FY2006 to 60.0% funded in FY2015; and
- Over the five years between FY2011 and FY2015, long-term debt rose by 58.9% from \$116.6 million to \$185.3 million.

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

- Management efficiencies and cost reductions that will save \$1.2 million in expenditures;
- Evidence-based changes made to the fee schedule to capture additional revenue; and
- Moderate property tax levy increase.

However, the Civic Federation has **concerns** about the FY2011 proposed budget including:

- Pension funding gap;
- Ongoing fiscal challenges;
- Lack of a recurring revenue source to fund Landscape Restoration; and
- Dual governing structure with the Cook County Board of Commissioners.

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

- Improve the capital planning process by aligning the Capital Improvement Plan with the annual budget and providing additional information;
- Continue working with Cook County and the General Assembly on pension reform and legislation authorizing funding changes;
- Establish a separate governing board from Cook County;
- Identify a sustainable source of funding for the Landscape Restoration Fund; and
- Promote incorporation of Forest Preserve land.

CIVIC FEDERATION POSITION

The Civic Federation **supports** the Forest Preserve District of Cook County's FY2017 Executive Budget Recommendation totaling \$192.4 million, which includes both operating and capital expenditures. The FY2017 budget proposes measures to reduce costs and bring in additional revenue to offset rising personnel costs and a reduction in Personal Property Replacement Tax (PPRT) revenue from the State of Illinois.

The FY2017 budget proposal increases spending by \$2.8 million, or 1.4%, from the prior year due to cost of living increases tied to collective bargaining agreements, higher debt service payments and an increase in the statutorily required pension payment. To balance out the increased expenditures, the District is proposing evidence-based fee changes to recover revenue for exclusive use of facilities, and management efficiencies that will reduce non-personal costs by 12%. One of these cost savings initiatives is outsourcing the operation of the Forest Preserve's swimming pools. The Civic Federation has long held that the operation of swimming pools is not a core function of the Forest Preserve District and believes this is a step in the right direction. Additionally, the District will implement a moderate property tax increase of \$1.4 million.

The Forest Preserve District has maintained substantial reserve funds, which can help protect against future financial downturns. These reserve funds, however, are not a sustainable source of revenue to fund the land conservation activities at the core of the District's mission, and the District is reducing the amount it will spend on land conservation in FY2017. The District's ambitious Next Century Conservation Plan will require substantial funding levels in future years. Thus, the Federation encourages the District to identify a stable, long-term funding source for land preservation and restoration.

The Civic Federation remains concerned about the sustainability of the Forest Preserve District's pension fund, which dropped from 85.4% funded on an actuarial basis in 2006 to only 60.0% funded as of 2015.² Statutorily required contributions to the pension fund have been insufficient to keep up with funding needs for more than a decade. The Federation again urges the District to continue to advocate for reform of its retirement program.

Issues the Civic Federation Supports

The Civic Federation **supports** the following issues related to the Forest Preserve District of Cook County FY2017 Executive Budget Recommendation.

Management Efficiencies and Cost Reductions

The Civic Federation supports the cost-saving actions the Forest Preserve District is taking to balance the FY2017 budget. The District must offset a \$1.3 million increase in salaries tied to cost of living adjustments included in collective bargaining agreements and a \$1.3 million decrease in revenue due to a lower than expected allocation of Personal Property Replacement Tax (PPRT) from the State of Illinois. The PPRT reduction is due to an error made by the State,

² The funded ratios used here are based on the actuarial value of assets, not the market value. This means that unexpected gains and losses are smoothed over a period of three to five years.

which resulted in over-allocation of PPRT to local governments in 2014 and 2015 including the Forest Preserve District, which the State is partially recouping through lower allocations in 2017.

The District is implementing a 12% reduction in non-personnel expenses that it estimates will save \$1.2 million.³ The cost saving initiatives will include outsourcing operation of the Forest Preserves' aquatic centers and reducing costs from print advertising, promotions, training, equipment, buses, professional services, the vehicle fleet, and landlines.⁴

The Civic Federation commends the District for outsourcing the operation of its aquatic centers, which will reduce personnel costs by eliminating 20.9 seasonal and part-time positions such as life guards and pool cashiers from the Forest Preserves budget.⁵ This personnel reduction will save the District approximately \$638,000 on salary expenses.⁶ The Civic Federation has long highlighted that maintaining and operating swimming pools is not a core function of the Forest Preserve District. Public pools are more appropriately maintained by local park districts and community organizations. Outsourcing these aquatic centers to preserve scarce resources is a step in the right direction.

Evidence-Based Changes to Fee Schedule

The Forest Preserve District generates fee revenue through picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees, campground fees and land use fees. For the first time, the District conducted a comprehensive and systemic review of program and service costs. The Civic Consulting Alliance conducted a cost and revenue analysis in 2016, which found that Forest Preserve District revenues generated per capita and per acre are significantly lower than other forest preserve agencies. Findings from the analysis helped inform the District's decision to increase some fees and ensure higher cost recovery for utilization of Forest Preserve amenities.⁷ For example, the District discovered that its picnic area rental rate only recovered half of the cost, essentially subsidizing picnics by more than 50%.⁸

Based on findings from the internal cost and revenue analysis, the District is proposing a fee restructuring that includes increases in the rate charged for picnic permits, special event permits, day camp permits and camping at popular campgrounds; a 10% premium charged to non-County residents for certain fees and permits; a 25% discount for picnics and special event permits from Monday-Thursday; and systematic increases tied to inflation through 2020.⁹ The FY2017 budget proposal projects that revenue from fines, fees and permits will increase by 14.8%, or nearly \$300,000 compared to the prior year.

³ Forest Preserve District FY2017 Executive Budget Recommendation, p. 12.

⁴ Forest Preserve District FY2017 Executive Budget Recommendation, p. 12.

⁵ Forest Preserve District FY2017 Executive Budget Recommendation, p. 52.

⁶ Civic Federation calculation based on elimination of FTE positions related to aquatic centers. Forest Preserve District FY2017 Executive Budget Recommendation, p. 52.

⁷ Information provided by Forest Preserve District budget staff on November 9, 2016.

⁸ Information provided by Forest Preserve District budget staff on October 25, 2016.

⁹ Information provided by Forest Preserve District budget staff on October 25, 2016. For a summary of the major proposed changes to the fee schedule, see Appendix A.

The Civic Federation supports the District's evidence-based approach to fee restructuring in order to generate increased revenue. The Forest Preserve District has limited ability to generate tax-based revenue. As such, the Federation supports the proposed targeted and assessment-based fee increases that will recover needed revenue from those who benefit from using Forest Preserve facilities.

Moderate Property Tax Levy Increase

The District has held its base property tax levy relatively flat since FY2009. In FY2017, the District is proposing a small increase in the property tax levy, which is expected to result in an additional \$1.4 million in property tax revenue compared to FY2016.¹⁰ The increase in property tax revenue is attributable to \$630,000 from increasing the tax extension to the 0.7% limit allowed by the Property Tax Extension Limitation Law (PTELL);¹¹ \$100,000 levied on new property; and the remainder from levying outside of the tax cap for the purpose of paying off long-term debt.¹² Overall, this is a moderate increase. The Civic Federation supports the District's efforts to limit the pressure on taxpayers as a result of higher property taxes, particularly within the context of large property tax increases recently implemented by the City of Chicago and Chicago Public Schools.

Civic Federation Concerns

The Civic Federation has the following **concerns** regarding the Forest Preserve District's FY2017 Executive Budget Recommendation.

Pension Funding Gap

The Forest Preserve District is statutorily required to make an employer contribution to the pension fund that is calculated at 1.3 times employee contributions made two years prior. This multiplier-based contribution limits the amount of money the District is lawfully allowed to contribute, and the contributions have not been sufficient to meet the financial needs of the pension fund for more than a decade.

In FY2015, the year with the most recent audited data available, the District made a \$3.4 million employer contribution to the pension fund. This contribution represented only 25.7% of an amount that would be sufficient to meet the actuarial needs of the fund. The District would have needed to contribute \$9.8 million more to the pension fund that year in order to meet the actuarially determined contribution level.¹³

As of FY2015, the County's pension fund had a \$129.0 million unfunded actuarial accrued liability. Over a period of ten years, the funded ratio of the pension fund fell from 85.4% in

¹⁰ Forest Preserve District FY2017 Executive Budget Recommendation, p. 12.

¹¹ The Property Tax Extension Limitation Law (PTELL) allows governments to increase tax extensions on property to the lesser of 5.0% or the increase in the national Consumer Price Index. In FY2017, the extension limit is 0.7%.

¹² Communication with Forest Preserve District budget office on November 14, 2016.

¹³ The actuarially determined contribution (ADC) is a reporting requirement under GASB Statement No. 67. It is not a funding requirement, but provides a useful comparison to show how far short the statutory funding schedule falls.

FY2006 to 60.0% funded in FY2015.¹⁴ Without reforms to benefits and contributions, the Forest Preserve District's pension funding problem could turn into a crisis. Therefore, it is imperative that the District receive authorization from the Illinois General Assembly to increase the statutory employer contribution it makes into the pension fund and continue to explore possible reforms in concert with Cook County.

Ongoing Fiscal Challenges

The Forest Preserve District acknowledges in the FY2017 budget that it faces financial challenges. Two large challenges in particular present themselves in FY2017. The first is a \$1.3 million reduction in the District's Personal Property Replacement Tax (PPRT) reimbursement from the State of Illinois. This is the result of a misallocation of disbursements to local governments, which the State is starting to recoup through smaller PPRT allocations to government agencies in FY2017. The second is a salary and wage increase for personnel tied to cost of living adjustments included in collective bargaining agreements. The cost of living increases are expected to cost the District \$1.3 million in FY2017.

As a non-home rule government, the Forest Preserve District has limited revenue flexibility and limited control over property tax-based revenue. The District is subject to the Property Tax Extension Limitation Law (PTELL), which limits tax extensions on existing property to rise each year by the lesser of 5.0% or the increase in the Consumer Price Index. With extraordinarily low inflation rates, this means the District has little ability to increase funding via the property tax levy without a referendum. Therefore the District relies heavily on fees charged for use of the Forest Preserves' amenities. In order to mitigate its financial challenges in FY2017, the District is forced to make expenditure reductions and find ways to generate additional revenue.

The Federation is concerned that the District will continue to face a combination of declining revenue and increasing expenditures, while dealing with long-term financial challenges such as growing pension liabilities and capital funding needs.

Lack of Recurring Revenue Source to Fund Landscape Restoration

The District's Capital Improvement Fund includes landscape restoration for the maintenance, rehabilitation and restoration of wildlife habitats and natural land areas. In recent years, the only funding source for landscape restoration purposes has been transfers of Corporate Fund reserves to the Capital Improvement Fund. This year the District will transfer \$3.9 million for landscape restoration, compared to \$6.0 million in FY2016.

Land restoration and preservation makes up a large part of the Forest Preserves' Next Century Conservation Plan.¹⁵ The Natural and Cultural Resources Master Plan, which serves as a guide to reach some of the goals of the Next Century Conservation Plan, directs that the Forest Preserves should maintain 80% of its land as natural preserved areas and 20% for recreation. It states that "the preservation of natural areas is and will continue to be the key forest preserves concept for

¹⁴ The funded ratios used here are based on the actuarial value of assets, not the market value. This means that unexpected gains and losses are smoothed over a period of three to five years.

¹⁵ Information about the Next Century Conservation Plan can be found at <http://nextcenturyconservationplan.org/>.

Cook County and surrounding areas.”¹⁶ The Next Century Conservation Plan also includes goals of expanding the forest preserves to 90,000 acres from the current 69,000, restoring 30,000 acres to high natural quality and maintaining the remaining 60,000 acres in good ecological health.¹⁷

The continued use of reserves to fund landscape restoration is not sustainable, as the District has acknowledged. While the District is conserving fund balance for future financial challenges by reducing its restoration activities, the Civic Federation is concerned that such reductions will impact the District’s ability to meet the ambitious goals set in the Next Century Conservation Plan. In order to implement those goals, the District will need a larger and more stable long-term funding source for land preservation and restoration activities.

Governance Structure

The governance structure of the Forest Preserve District is a longstanding concern of the Civic Federation. The Forest Preserve District is governed by a dual structure Board of Commissioners that also acts as the legislative body for Cook County, a local government with a \$4.4 billion operating budget. This structure results in an unavoidable conflict of interest between the County’s mission to provide public safety, healthcare, infrastructure, economic development, and a variety of other services, and the Forest Preserve District’s mission of land preservation and environmental education for residents of Cook County.

Several groups share the Civic Federation’s concern about the Forest Preserve District’s shared governance structure, including the Friends of the Forest Preserves and credit rating agencies Fitch Ratings and Moody’s Investors Service. The Civic Federation continues to believe that the dual structure is detrimental to the Forest Preserve District because commissioners’ attention and meeting availability is often consumed by the extraordinary demands of the County’s many fiscal and policy needs.

The number of meetings held by the Forest Preserve District in calendar year 2016, including Board of Commissioners meetings, committee meetings and Conservation and Policy Council meetings, totaled 74 meetings. Thirteen (13) Forest Preserve District Board of Commissioners meetings and seven (7) Next Century Conservation and Policy Council meetings were held in 2016. By comparison, Cook County held 249 total meetings in calendar year 2016, including Cook County Board of Commissioners meetings, committee and subcommittee meetings. Twenty (20) Cook County Board of Commissioners meetings were held in 2016.¹⁸ This imbalance illustrates the extensive responsibilities of the County, which could take attention away from the needs of the Forest Preserve District.

Civic Federation Recommendations

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

¹⁶ Forest Preserves of Cook County, *Natural and Cultural Resources Master Plan*, March 9, 2015, p. 6.

¹⁷ Forest Preserves of Cook County, *Natural and Cultural Resources Master Plan*, March 9, 2015, p. 14.

¹⁸ Meeting counts were retrieved from the Legistar calendar available at <https://fpdcc.legistar.com/Calendar.aspx> and <https://cook-county.legistar.com/Calendar.aspx>.

Improve Capital Planning Process

The Civic Federation commends the District for publishing an annually updated five-year Capital Improvement Plan (CIP). However, the Civic Federation has some suggestions for improvements to the CIP that could increase transparency of capital projects undertaken by the District.

The Forest Preserve District's fiscal year begins on January 1, and the annual update to the CIP is generally approved in February. Releasing the CIP after the annual budget has already been approved makes it difficult to understand how the CIP corresponds to the annual budget process. Furthermore, each year's CIP provides information about specific revenue sources for the current year only, and not the ensuing four years.

In order to clarify how the Capital Improvement Plan corresponds to the annual budget, the Civic Federation recommends that the Forest Preserve District align the timing of the Capital Improvement Plan approval to the annual budget approval so that both are released simultaneously, and provide more information about future revenue sources to pay for capital projects in future years, not just for the first year of the plan.

Additionally, the Capital Improvement Plan does not include information on projects within the Brookfield Zoo and the Chicago Botanic Garden. The District owns the land on which Zoo and the Garden are located and helps fund their operational and capital expenses through the property tax levy and long-term bond issuance. Therefore, capital projects for the Zoo and the Garden should be subjected to the same standards of disclosure as those initiated for the District, particularly those funded by taxpayer-supported bond issuances. It is important that the District evaluate the potential operating costs or savings of new facilities before investing capital dollars. The District should describe how its capital needs are determined and identify where each project fits in terms of the prioritization criteria as well as who will benefit.

Continue Working With Cook County and General Assembly on Pension Reform and Funding Challenges

The Civic Federation supported the Forest Preserve District pension reform legislation introduced in 2014 and 2015, which both stalled in the Illinois General Assembly. The District has indicated that it plans to continue working with Cook County to introduce a pension reform bill during the veto session in Springfield in late 2016. It is critical for the District to acquire the statutory authorization to increase contributions to its pension fund in order to reverse the downward trajectory of the pension fund's fiscal health.

Establish Separate Governing Board

The Civic Federation is encouraged by the creation of the Conservation and Policy Council and its direction of the Next Century Conservation Plan to guide the District's long-term vision of land restoration. While the Conservation and Policy Council serves an important advisory role to the Cook County President and the Forest Preserve District General Superintendent, it does not serve as a governing board.

The Civic Federation continues to recommend that a Board of Commissioners separately elected from the Cook County Board of Commissioners be created for the Forest Preserve District of

Cook County. We strongly believe that a board with members who have a strong interest in the forest preserves will better serve the goals and interests of the District.

Creating a separate Board would not create a new government entity and should not result in any additional costs because the new Board should be volunteer-based. 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 would allow voters to elect Commissioners on the basis of candidates' positions, credentials, experience and interest in forest preserve governance. It would also provide the necessary governance and oversight required for operating one of the largest forest preserve districts in the nation.

While several other counties surrounding Cook County have the same dual board structure, neighboring DuPage County has a separate Forest Preserve Board and County Board and could serve as a model in the creation of a separate governing board.

Identify New Source to Restore Landscape Restoration Fund

As discussed in the Federation's concern above, the District will not be able to use reserves to fund landscape restoration for the long-term because eventually the funds will be depleted. Given the District's long-term financial challenges, reserves need to be conserved. Full implementation of the Next Century Conservation Plan over 25 years through 2040 is expected to require a total investment of \$2.1 billion.¹⁹ In order to fulfill the ambitious goals set in the plan, among many priorities, the District also needs to identify a sustainable long-term funding source for land preservation and restoration.

Promote Incorporation of Forest Preserve Land

Approximately 13% of Cook County land is unincorporated. Of that land area, about 60% is located within forest preserves, as displayed by the green areas in the map below. The Civic Federation supports the incorporation of unincorporated areas in Cook County because of the inefficiencies and inequities between services provided in municipalities and unincorporated areas.

In unincorporated areas, there is often confusion over who is the responsible first responder in an emergency. The District has a police force charged with protecting the Forest Preserve land, buildings and structures, employees and visitors. Because the Forest Preserve police perform a unique dual role of law enforcement and conservation, it is in the best interest of the Forest Preserves for its land to belong to a municipality so that Forest Preserve police can focus on forest preserve matters rather than crime and emergency services. The Civic Federation recommends that the Forest Preserve District work with Cook County and municipalities to explore the incorporation of unincorporated areas in Cook County to improve safety and response times within forest preserve areas.

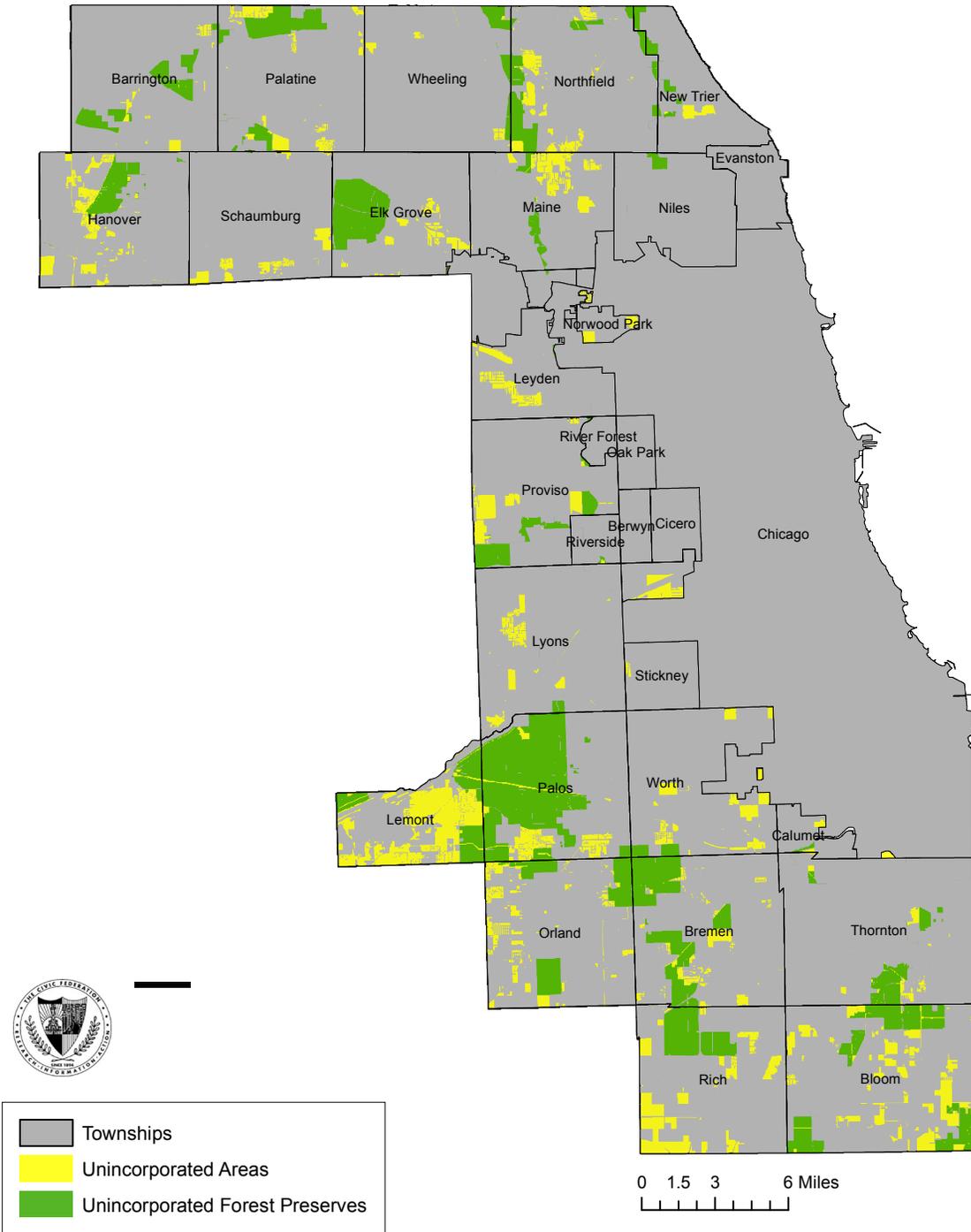
¹⁹ Civic Consulting Alliance, "Financial Analysis: Forest Preserves and the Next Century Conservation Plan," August 31, 2016.

The Federation identified several long-term and short-term recommendations to facilitate incorporation through a two-part research series.²⁰ As a long-term goal, the portions of the Cook County Forest Preserves that are currently unincorporated should be incorporated by a neighboring municipality, but should continue to be managed by the Forest Preserve District of Cook County.

The annexation process would require municipalities to obtain the consent of the District pursuant to Section 8.3 of the Cook County Forest Preserve Act in order to annex territory of a forest preserve district. Notice of the annexation must be provided in a newspaper of general circulation at least 10 days prior to the date of approval of the annexation ordinance. Once the governing body of the municipality approves the incorporation of the land by a majority vote, the annexation is considered final.

²⁰ See the Civic Federation's ["Unincorporated Cook County: A Profile of Six Townships and Preliminary Recommendations to Facilitate Incorporation,"](#) December 9, 2014, and ["Unincorporated Cook County: A Profile of Unincorporated Areas in Cook County and Recommendations to Facilitate Incorporation,"](#) September 22, 2016.

Unincorporated Areas in Cook County



ACKNOWLEDGEMENTS

The Civic Federation would like to express its appreciation to the Forest Preserve District's General Superintendent Arnold Randall, Deputy Superintendent Eileen Figel, Chief Financial Officer Stephen Hughes and Director of Budget and Management Troy Alim for providing a briefing of the proposed budget and for answering our questions.

APPROPRIATIONS

This section provides an analysis of the Forest Preserve District's proposed FY2017 appropriations compared to adopted appropriations over two- and five-year periods.²¹ Data used in this section include figures from the Annual Appropriations Ordinances for FY2013 through FY2016, which were approved by the Board of Commissioners, and recommended figures from the FY2017 Executive Budget Recommendation.

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

Appropriations for all funds from FY2013 to FY2017 are shown in the following table. The District is proposing total appropriations of \$192.4 million from all funds in the FY2017 budget. This is a 1.4%, or \$2.7 million, increase from the adopted FY2016 appropriation of \$189.7 million. Proposed non-capital appropriations total \$184.8 million, which is a \$7.0 million, or 3.9%, increase from the adopted FY2016 budget. Non-capital funds include the Corporate Fund, Self-Insurance Fund, Bond and Interest Funds, Employee Annuity and Benefit (pension) Fund, the Zoological Fund (Brookfield Zoo) and the Botanic Garden Fund (Chicago Botanic Garden).²² The proposed FY2017 capital budget of \$7.6 million is a 36.4%, or \$4.3 million, decrease from the approved FY2016 capital appropriations.

Proposed Corporate Fund appropriations for FY2017 are \$57.5 million. The Corporate Fund appropriation is net of a \$3.9 million transfer out to the Capital Improvement Fund for landscape restoration. FY2017 Corporate Fund appropriations represent an increase of 0.2%, or \$93,400, from the FY2016 adopted budget.

The Bond and Interest Funds appropriation will increase in FY2017 by 5.4%, or \$739.7 million, from the FY2016 adopted level of \$13.6 million to \$14.3 million. The Bond and Interest appropriation is net of a \$1.5 million abatement.²³

The Employee Annuity and Benefit Fund appropriation for the District's pension fund will increase by 4.8%, or approximately \$164,300, from \$3.4 million in FY2016 to \$3.6 million in FY2017. The annual property tax levy that funds the pension fund appropriation is set by state statute at 1.3 times the annual employee contribution made two years prior.²⁴ The property tax levy for the Employee Annuity and Benefit Fund will increase by 4.8%, or \$147,802, to \$3.2 million in FY2017 over the FY2016 levy of \$3.1 million.²⁵ The remaining amount of the \$3.6

²¹ Adopted expenditures are used because actual appropriations are not provided in the budget documents.

²² Bond and Interest Funds for FY2017 reflect the net of the Bond and Interest Fund tax levy (\$11,850,948), the Bond and Interest PPRT tax (\$3,997,250) and the Bond and Interest Escrow Abatement (-\$1,500,000). The Self-Insurance Fund functions as an internal service fund to account for future estimated claims and judgments. The Zoological and Botanic Garden Funds are discretely presented component units of the Forest Preserve District.

²³ The District factors in an abatement, or reduction, to its debt service payments within the Bond and Interest Fund. The District backs Bond and Interest payments through a property tax levy pledge of nearly \$4.0 million, but then reduces the Bond and Interest appropriation when sufficient Personal Property Replacement Tax (PPRT) revenue is received to cover debt service payments.

²⁴ 40 ILCS 5/10-107.

²⁵ Forest Preserve District FY2017 Executive Budget Recommendation, p. 152.

million in appropriations for the Employee Annuity and Benefit Fund will come from personal property replacement tax (PPRT) revenue totaling \$360,660.²⁶

The Forest Preserve District provides support for both the Brookfield Zoo and the Chicago Botanic Garden, two independent, nonprofit agencies. The Brookfield Zoo is administered and operated by the Chicago Zoological Society and the Botanic Garden by the Chicago Horticultural Society. Both are located on District land and operate as cooperative functions of the District. As such, the District provides financial support to both entities through a property tax funded subsidy. Both subsidies have remained the same since FY2008, at \$14.9 million for the Zoo and \$9.3 million for the Botanic Garden.

The proposed FY2017 appropriation for the Zoo totals \$70.0 million. This includes \$14.9 million from property tax revenues and \$55.1 million Zoo generated revenue such as admissions fees and concessions. The total appropriation represents an increase of 6.2%, or \$4.1 million, from FY2016, which is attributable to increased non-tax revenue such as memberships, merchandise, concessions, special events and in-park transportation.²⁷

Appropriations for the Botanic Garden Fund, which provides public funding for the Chicago Botanic Garden, will increase by 5.5%, or approximately \$1.9 million, from \$34.4 million in FY2016 to \$36.3 million in FY2017. The change is attributable to an increase in the amount of non-tax revenues provided by the Garden, which includes revenue from grants, investment income, membership contributions and fees.²⁸ The gross property tax levy for the Garden will remain at \$9.3 million.

There will be no appropriation to the Real Estate Acquisition Fund in FY2017. This fund accounts for the District's land acquisition program and is funded through debt proceeds, contributions, grants, fund transfers, fund balance and investment income.²⁹ The District currently owns 69,000 acres, or 11% of the Cook County land area, and is authorized to acquire up to 75,000 acres.³⁰

Between FY2016 and FY2017, appropriations for the Construction and Development Fund will decrease by 6.3%, or \$244,400 from \$3.9 million to \$3.7 million.

The Capital Improvement Fund will receive a \$3.9 million transfer from the Corporate Fund in FY2017. This amount is a \$4.1 million decrease from the FY2016 approved appropriation. The \$3.9 million will be used for ecological restoration projects.³¹

Over the five year period between FY2013 and FY2017, total appropriations for all funds will increase by 1.6%, or \$3.0 million. Non-capital funds appropriations will increase by 10.5%, or \$17.6 million. Capital funds appropriations will fall significantly by 65.7%, or \$14.5 million.

²⁶ Forest Preserve District FY2017 Executive Budget Recommendation, p. 16.

²⁷ Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 20 and FY2017 Executive Budget Recommendation, pp. 16 and 103.

²⁸ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 116.

²⁹ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 133.

³⁰ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, pp. 6 and 95.

³¹ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 11.

Over the five-year period, the Zoological and Botanic Garden Funds will increase by 11.4%, or \$7.1 million, and 18.4%, or \$5.6 million, respectively. This is primarily the result of increased funding provided through contributions from the Zoological Society and Horticultural Society.

The largest percentage increase among the non-capital funds will occur in the Employee Annuity and Benefit Fund as it grows by 21.1%, or \$627,300, between FY2013 and FY2017. The Corporate Fund appropriation will increase by 8.9%, or \$4.7 million, over the same period.

Appropriations for the Construction and Development will increase by 88.9%, or \$1.7 million, and Capital Improvement Funds will decrease by 26.2%, or \$1.4 million, between FY2013 and FY2017.

Forest Preserve District All Funds Appropriations: FY2013-FY2017 (in \$ thousands)									
Fund	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Non-Capital									
Corporate	\$ 52,841.7	\$ 57,577.1	\$ 56,097.2	\$ 57,452.0	\$ 57,545.4	\$ 93.4	0.2%	\$ 4,703.7	8.9%
Self-Insurance	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ -	0.0%	\$ -	0.0%
Bond & Interest*	\$ 14,885.5	\$ 12,623.4	\$ 14,916.4	\$ 13,608.5	\$ 14,348.2	\$ 739.7	5.4%	\$ (537.3)	-3.6%
Employee Annuity & Benefit	\$ 2,975.7	\$ 3,154.8	\$ 3,493.4	\$ 3,438.7	\$ 3,603.0	\$ 164.3	4.8%	\$ 627.3	21.1%
Zoological	\$ 62,899.1	\$ 64,206.6	\$ 67,179.1	\$ 65,948.4	\$ 70,041.8	\$ 4,093.4	6.2%	\$ 7,142.7	11.4%
Botanic Garden	\$ 30,632.1	\$ 31,590.5	\$ 33,807.8	\$ 34,361.4	\$ 36,257.3	\$ 1,895.9	5.5%	\$ 5,625.2	18.4%
Subtotal Non-Capital	\$ 167,234.2	\$ 172,152.4	\$ 178,493.9	\$ 177,809.0	\$ 184,795.7	\$ 6,986.7	3.9%	\$ 17,561.5	10.5%
Capital									
Construction & Development	\$ 1,940.0	\$ 2,913.5	\$ 2,910.0	\$ 3,910.0	\$ 3,665.6	\$ (244.4)	-6.3%	\$ 1,725.6	88.9%
Capital Improvement	\$ 5,300.0	\$ 4,000.0	\$ 6,000.0	\$ 8,000.0	\$ 3,910.0	\$ (4,090.0)	-51.1%	\$ (1,390.0)	-26.2%
Real Estate Acquisition	\$ 14,848.8	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	\$ (14,848.8)	-100.0%
Subtotal Capital	\$ 22,088.8	\$ 6,913.5	\$ 8,910.0	\$ 11,910.0	\$ 7,575.6	\$ (4,334.4)	-36.4%	\$ (14,513.2)	-65.7%
Grand Total	\$ 189,323.0	\$ 179,065.9	\$ 187,403.9	\$ 189,719.0	\$ 192,371.3	\$ 2,652.4	1.4%	\$ 3,048.3	1.6%

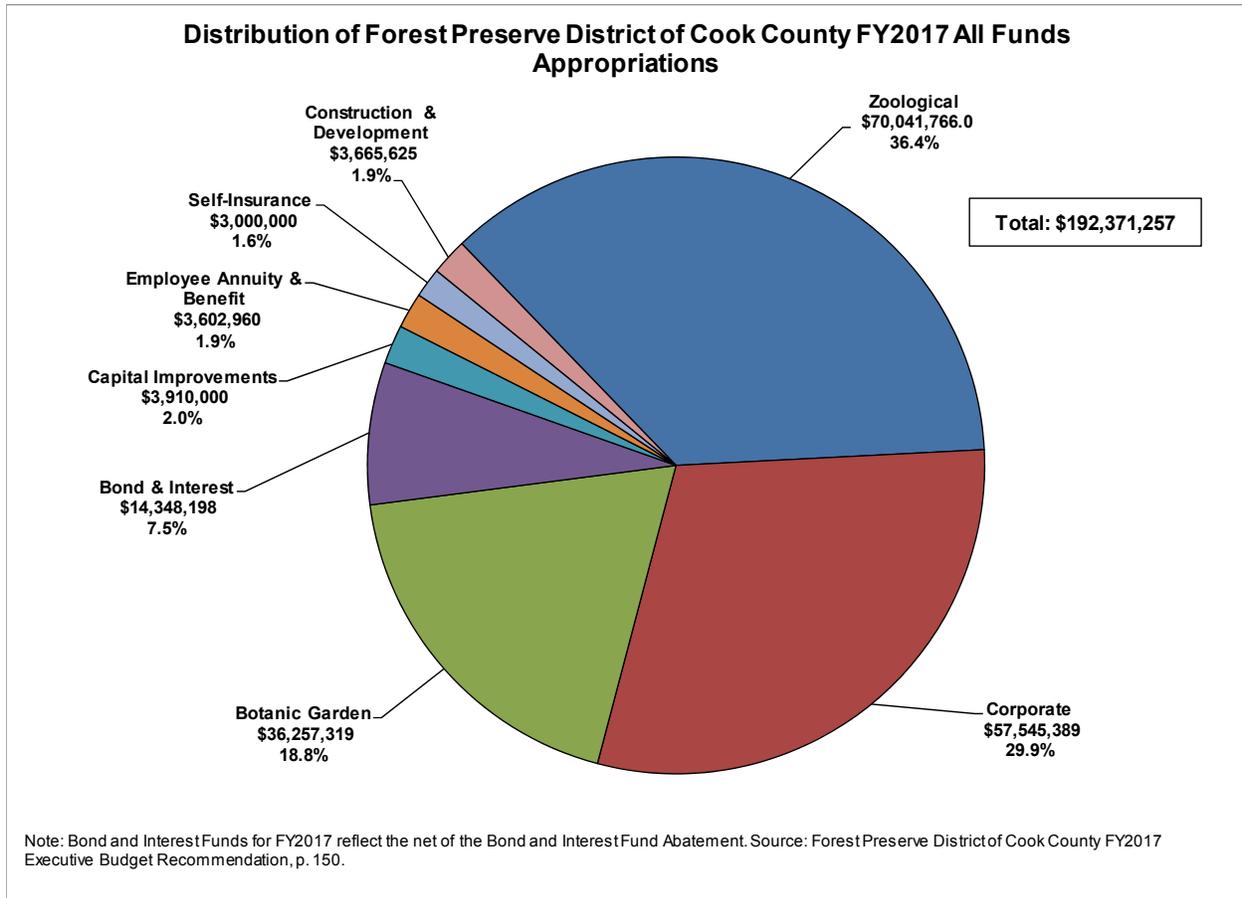
Note: Actual expenditures were not used because they were not provided in the budget documents. Totals may differ slightly from budget documents due to rounding.

* Bond and Interest Funds for FY2013-FY2017 reflect the net of the Bond and Interest Abatement Fund

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013-FY2016, Schedule 11 Comparative Summaries, and FY2017 Executive Budget Recommendation, p. 150.

The distribution of Forest Preserve District FY2017 appropriations by fund is shown in the next chart. The greatest portion of appropriations is for the Zoological Fund at 36.4%. The Botanic Garden will represent 18.8% of appropriations. The District's Corporate Fund appropriation of \$57.5 million will make up 29.9% of total appropriations. Capital funding through the

Construction and Development and Capital Improvements Funds will total approximately 4% of total appropriations.



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

The Corporate Fund accounts for the Forest Preserve District’s general operations. The FY2017 proposed Corporate Fund budget totals \$61.5 million, which includes \$57.5 million in Corporate Fund appropriations and a \$3.9 million transfer to the Capital Improvement Fund.

Between the adopted FY2016 budget and the proposed FY2017 budget, appropriations for several departments are expected to increase: Office of the General Superintendent; Finance and Administration; Resource Management; Permits, Concessions and Volunteer Resources; Landscape Maintenance; Law Enforcement; Legal Department; and Planning and Development. The increases are partially due to salary increases based on cost of living adjustments included in collective bargaining agreements. The increases are offset by decreases in Human Resources; Conservation and Experiential Programming; Facilities & Fleet Maintenance; and District Wide Programs.

In past years, the District has transferred funds out of the Corporate Fund to the Capital Improvement, Real Estate Acquisition and Landscape Restoration Funds. The amount transferred from the Corporate Fund for Landscape Restoration will decrease in FY2017 from \$6.0 million

to \$3.9 million. There will be no Corporate Fund appropriation for Real Estate Acquisition or Capital Improvement in FY2017.

The District created a new department within the Corporate Fund in FY2014: the Department of Conservation and Experiential Programming. The Department of Conservation and Experiential Programming operates six Nature Centers, three Aquatic Centers, manages the Youth Education Outreach Team and provides programs and recreational opportunities in the Forest Preserves for citizens.³² The proposed FY2017 appropriation for the Department of Conservation and Experiential Programming is \$5.3 million, an 8.5%, or \$491,600, decrease from the FY2016 approved appropriation. In FY2016 Volunteer Resources was moved from Permits, Concessions and Volunteer Resources to the Office of the General Superintendent. There is no appropriation for Resident Watchman Facilities in FY2017 because the program is no longer accounted for in the Corporate Fund. In FY2017, the District created a separate Special Revenue Fund to account for non-tax revenues from land use fees that are used to fund the Resident Watchman program.

Between FY2013 and FY2017, total Corporate Fund appropriations will increase by 16.3%, or \$8.6 million, from \$52.8 million to \$61.5 million. The largest dollar increase will occur in Conservation and Experiential Programming, due to the creation of the department in FY2014. Appropriations for District Wide Programs will grow by 119.8%, or \$4.1 million. Spending in the Office of the General Superintendent will increase by 37.7%, or \$711,200. Permits, Rentals and Concessions will decrease by 54.9%, partially due to moving Volunteer Resources out of this department and into the Office of the General Superintendent. The Department of Resource Management will decrease by 38.4%, or \$2.9 million. Finance and Administration appropriations will increase by 5.7%, or 116,600, and appropriations for Human Resources will increase by 33.0%, or \$193,300.

Category/Department	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Office of the General Superintendent	\$ 1,884.3	\$ 1,885.0	\$ 1,646.9	\$ 2,471.4	\$ 2,595.5	\$ 124.1	5.0%	\$ 711.2	37.7%
Finance and Administration	\$ 2,054.6	\$ 1,894.5	\$ 1,954.0	\$ 1,966.4	\$ 2,171.2	\$ 204.8	10.4%	\$ 116.6	5.7%
Human Resources	\$ 585.2	\$ 562.3	\$ 709.3	\$ 892.9	\$ 778.5	\$ (114.4)	-12.8%	\$ 193.3	33.0%
Resource Management	\$ 7,653.5	\$ 4,202.8	\$ 4,358.2	\$ 4,395.7	\$ 4,711.8	\$ 316.1	7.2%	\$(2,941.7)	-38.4%
Conservation and Experiential Programming*	\$ -	\$ 4,482.4	\$ 5,503.4	\$ 5,768.1	\$ 5,276.5	\$ (491.6)	-8.5%	\$ 5,276.5	N/A
Resident Watchman Facilities**	\$ 250.0	\$ 257.5	\$ 257.5	\$ 257.5	\$ -	\$ (257.5)	-100.0%	\$ (250.0)	-100.0%
Permits, Rentals and Concessions***	\$ 3,046.9	\$ 1,739.6	\$ 2,099.7	\$ 1,297.8	\$ 1,372.8	\$ 75.0	5.8%	\$(1,674.1)	-54.9%
Landscape Maintenance	\$10,504.9	\$ 9,956.5	\$ 9,874.7	\$10,127.3	\$11,015.4	\$ 888.1	8.8%	\$ 510.5	4.9%
Facilities & Fleet Maintenance	\$ 9,203.1	\$ 9,083.4	\$ 9,987.0	\$ 9,443.5	\$ 9,372.3	\$ (71.2)	-0.8%	\$ 169.2	1.8%
Law Enforcement	\$ 9,514.6	\$ 9,256.0	\$ 9,281.7	\$ 8,989.4	\$ 9,523.5	\$ 534.1	5.9%	\$ 8.9	0.1%
Legal Department	\$ 1,366.0	\$ 1,302.3	\$ 1,323.1	\$ 1,178.8	\$ 1,259.0	\$ 80.2	6.8%	\$ (107.0)	-7.8%
Planning and Development	\$ 1,813.5	\$ 1,758.1	\$ 1,934.1	\$ 1,813.7	\$ 1,962.0	\$ 148.3	8.2%	\$ 148.5	8.2%
District Wide Programs****	\$ 3,415.0	\$ 4,352.1	\$ 6,967.6	\$ 8,849.6	\$ 7,506.9	\$(1,342.7)	-15.2%	\$ 4,091.9	119.8%
Operating Transfer to Capital for Landscape Restoration	\$ 1,550.0	\$ 6,000.0	\$ 6,000.0	\$ 6,000.0	\$ 3,910.0	\$(2,090.0)	-34.8%	\$ 2,360.0	152.3%
Operating Transfer to Real Estate Acquisition	\$ -	\$ 550.0	\$ 200.0	\$ 200.0	\$ -	\$ (200.0)	-100.0%	\$ -	N/A
Operating Transfer to Capital for Capital Improvement Fund	\$ -	\$ -	\$ -	\$ 2,000.0	\$ -	\$(2,000.0)	-100.0%	\$ -	N/A
Total	\$52,841.7	\$57,282.3	\$62,097.2	\$65,652.0	\$61,455.4	\$(4,196.6)	-6.4%	\$ 8,613.7	16.3%

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

*The Conservation and Experiential Programming department was created in FY2014.

**In FY2017, the District created a separate Special Revenue Fund to account for non-tax revenues from land use fees that are used to fund the Resident Watchman program.

***This department formerly included Volunteer Resources. In FY2016, Volunteer Resources was moved to the Office of the General Superintendent.

**** District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service, Office Equipment and Furniture and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Forest Preserve District of Cook County FY2013 Executive Budget Recommendation, p. 105. Previously, Professional Contractual Services, Other Expenses and some employee benefits were included under Fixed Charges. As of the FY2012 budget, Fixed Charges has been replaced with District Wide Programs.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013-FY2016, Corporate Fund Budgeted Expenditures, and FY2017 Executive Budget Recommendation, p. 20.

³² Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 7.

RESOURCES

The following Forest Preserve District resource and revenue exhibits show two- and five-year trends in the District's operating funds, as well as the Zoological and Botanic Funds. Data used in this section include prior year figures from the Annual Appropriations Ordinances for FY2013 through FY2016, which are approved by the Board of Commissioners, and recommended figures from the FY2017 Executive Budget Recommendation.

The District also maintains a Self-Insurance Fund, which functions as an internal service fund to account for future estimated claims and judgments. The Self-Insurance Fund is actuarially funded on a biannual basis.³³ In FY2017 the budgeted premium for the Self-Insurance Fund will stay flat from the FY2013-FY2016 appropriations of \$3.0 million.³⁴

Corporate, Pension and Bond & Interest Funds

The Forest Preserve District total resources for the Corporate Fund, Pension Fund and Bond and Interest Fund are projected to be \$79.4 million in FY2017. This is a decrease of 4.0%, or nearly \$3.3 million, below FY2016 adopted resources of \$82.7 million. However, over the five-year period beginning in FY2013, these resources will increase by 12.3% or \$8.7 million.

- Corporate Fund resources will decrease by 6.4%, or \$4.2 million, from \$65.7 million in FY2016 to \$61.5 million in FY2017.³⁵ This is due to a \$4.3 million decline in fund balance contribution and a \$986,000 decline in personal property replacement tax (PPRT) revenue as well as the reduction of land use fees, which are now accounted for in the new Resident Watchmen Fund;
- The Pension Fund resources will increase by 4.8% to \$3.6 million in FY2017 from \$3.4 million in FY2016. PPRT revenues distributed to the Pension Fund will also increase by 4.8%, from \$344,000 in FY2016 to \$361,000 in FY2017. These increases are due to the statutory funding schedule of the pension fund; and
- The Bond and Interest Fund (debt service fund) resources will increase by approximately \$740,000, or 5.4%, over the two-year period. In FY2017 debt service payments are increasing and as a result the Bond and Interest abatement is decreasing. PPRT revenues will remain flat at nearly \$4.0 million within this Fund.

³³ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 133.

³⁴ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 16.

³⁵ The Corporate Property Tax Levy will increase by \$730,392 in FY2017, of which \$100,000 is from new construction and \$630,000 is from increasing the levy to the 0.7% limit set by the Property Tax Extension Limitation Law.

Forest Preserve District Total Budgeted Resources for Corporate, Pension and Bond & Interest Funds: FY2013-FY2017 (in \$ thousands)									
Corporate Fund	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 45,307	\$ 46,432	\$ 46,937	\$ 47,609	\$ 48,318	\$ 708	1.5%	\$ 3,011	6.6%
PPRT	\$ 834	\$ 2,992	\$ 3,052	\$ 3,090	\$ 2,104	\$ (986)	-31.9%	\$ 1,270	152.3%
Non-Tax Revenues	\$ 4,755	\$ 4,107	\$ 4,308	\$ 6,352	\$ 6,624	\$ 271	4.3%	\$ 1,869	39.3%
Fund Balance Contribution	\$ 1,945	\$ 8,503	\$ 7,400	\$ 8,200	\$ 3,910	\$ (4,290)	-52.3%	\$ 1,965	101.0%
TIF Surplus	\$ -	\$ 300	\$ 400	\$ 400	\$ 500	\$ 100	25.0%	\$ 500	-
Corporate Fund Total	\$ 52,842	\$ 62,334	\$ 62,097	\$ 65,652	\$ 61,455	\$ (4,197)	-6.4%	\$ 8,614	16.3%
Pension Fund									
Property Tax Levy	\$ 2,678	\$ 2,839	\$ 3,144	\$ 3,094	\$ 3,242	\$ 148	4.8%	\$ 564	21.1%
PPRT	\$ 298	\$ 316	\$ 350	\$ 344	\$ 361	\$ 16	4.8%	\$ 63	21.1%
Pension Fund Total	\$ 2,976	\$ 3,155	\$ 3,493	\$ 3,439	\$ 3,603	\$ 164	4.8%	\$ 627	21.1%
Bond & Interest Fund									
Property Tax Levy	\$ 10,889	\$ 8,627	\$ 10,918	\$ 9,611	\$ 10,351	\$ 740	7.7%	\$ (538)	-4.9%
PPRT	\$ 3,996	\$ 3,996	\$ 3,998	\$ 3,997	\$ 3,997	\$ -	0.0%	\$ 1	0.0%
Bond & Interest Fund Total	\$ 14,886	\$ 12,623	\$ 14,916	\$ 13,608	\$ 14,348	\$ 740	5.4%	\$ (537)	-3.6%
Total	\$ 70,703	\$ 78,112	\$ 80,507	\$ 82,699	\$ 79,407	\$ (3,293)	-4.0%	\$ 8,704	12.3%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013-FY2016, Attachment A; Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, Attachment A, p. 16.

Corporate Fund Resources

The next exhibit presents adopted Corporate Fund resources for FY2013 through FY2016 and proposed resources for FY2017. Total Corporate Fund resources will be \$61.5 million in FY2017, a decrease of 6.0%, or nearly \$3.9 million, from FY2016 adopted resources of approximately \$65.4 million. The overall decrease in resources from FY2016 is due in part to the misallocation of PPRT disbursements by the State of Illinois in 2014 and 2015 that the local governments will begin to repay beginning January 1, 2017.³⁶ There is also a reduction in the use of prior year fund balance.

Non-tax Corporate Fund revenues will increase from adopted FY2016 amounts by approximately \$529,000, or 8.7%, to \$6.6 million in FY2017. License agreements will see the largest dollar and percentage increase between FY2016 and FY2017, rising by \$304,000, or 16.0%. Projected revenues for fines, fees and permits will increase by \$298,000, or 14.8%, continuing a significant growth trend from FY2013 when significant fee increases were implemented.³⁷ The remaining increase in non-tax Corporate Fund revenues is due to the expansion of concessions at certain locations within the District.³⁸

In FY2017 the District will receive \$240,000 in revenues generated from license fees that are allocated toward youth education, land acquisition and restoration (YELAR). This is an 18.1%, or approximately \$53,000, decrease from FY2016. The District began reporting these revenues separately from other license agreements in FY2013. Previously, this revenue was included in License Agreements. Golf course revenue will also decline by approximately \$60,000, or 7.9% below FY2016 adopted revenues of \$760,000.

The District proposes to appropriate \$3.9 million of fund balance as available resources in FY2017. This represents 6.4% of total Corporate Fund resources, a smaller portion than was

³⁶ Civic Federation Blog, "Local Governments Must Repay \$168 Million to the State," June 23, 2016. <http://civicfed.org/civic-federation/blog/local-governments-must-repay-168-million-state>

³⁷ See the Civic Federation's analysis of the FY2013 proposed budget available on the Federation's website for details on the changes.

³⁸ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 12.

used in FY2016 (12.5%). In FY2013 the \$1.9 million fund balance contribution represented 3.7% of total Corporate Fund resources. It is important to note that the fund balance contribution for FY2014 was restated in the FY2015 budget to provide a more accurate comparison between the two fiscal years to account for corporate transfers to other funds and the Land Acquisition Fund.³⁹

In FY2017 all of the fund balance contribution will be transferred to the Capital Improvement Fund. The District is also proposing to use approximately \$500,000 in tax increment financing (TIF) surplus, which is declared by the City of Chicago and distributed by Cook County.

Forest Preserve District Resources Corporate Fund: FY2013-FY2017									
(in \$ thousands)									
Resources	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 45,307	\$ 46,432	\$ 46,937	\$ 47,609	\$ 48,318	\$ 708	1.5%	\$ 3,011	6.6%
PPRT	\$ 834	\$ 2,992	\$ 3,052	\$ 3,090	\$ 2,104	\$ (986)	-31.9%	\$ 1,270	152.3%
Subtotal Tax Revenues	\$ 46,141	\$ 49,424	\$ 49,989	\$ 50,700	\$ 50,422	\$ (278)	-0.5%	\$ 4,280	9.3%
Fines, Fees & Permits*	\$ 1,915	\$ 2,019	\$ 2,027	\$ 2,016	\$ 2,314	\$ 298	14.8%	\$ 399	20.8%
License Agreements	\$ 1,166	\$ 570	\$ 690	\$ 1,900	\$ 2,204	\$ 304	16.0%	\$ 1,038	89.1%
Golf Courses	\$ 990	\$ 990	\$ 990	\$ 760	\$ 700	\$ (60)	-7.9%	\$ (290)	-29.3%
Campgrounds**	\$ -	\$ -	\$ -	\$ 425	\$ 425	\$ -	-	\$ 425	-
Concessions	\$ 200	\$ 220	\$ 190	\$ 350	\$ 390	\$ 40	11.4%	\$ 190	95.0%
Investment Earnings	\$ 150	\$ 100	\$ 75	\$ 50	\$ 50	\$ -	-	\$ (100)	-66.7%
Intergovernmental Sources	\$ -	\$ 250	\$ 150	\$ 201	\$ 201	\$ -	-	\$ 201	-
Miscellaneous Income	\$ 100	\$ 100	\$ -	\$ 100	\$ 100	\$ -	-	\$ -	0.0%
YELAR***	\$ 234	\$ 109	\$ 186	\$ 293	\$ 240	\$ (53)	-18.1%	\$ 6	2.4%
Subtotal Non-Tax Revenue	\$ 4,755	\$ 4,357	\$ 4,308	\$ 6,095	\$ 6,624	\$ 529	8.7%	\$ 1,869	39.3%
Total Appropriated Revenues	\$ 50,896	\$ 53,781	\$ 54,297	\$ 56,794	\$ 57,045	\$ 251	0.4%	\$ 6,149	12.1%
Fund Balance Contribution	\$ 1,945	\$ 8,503	\$ 7,400	\$ 8,200	\$ 3,910	\$ (4,290)	-52.3%	\$ 1,965	101.0%
TIF Surplus	\$ -	\$ 300	\$ 400	\$ 400	\$ 500	\$ 100	25.0%	\$ 500	-
Total Resources	\$ 52,842	\$ 62,584	\$ 62,097	\$ 65,394	\$ 61,455	\$ (3,939)	-6.0%	\$ 8,614	16.3%

*Fines, Fees & Permits include picnic permit and special use fees, equestrian licenses, winter sport fees, pool fees, land use fees and fines from FY2013 to FY2016. In FY2017 a new special revenue fund was established that will better track the land use fees generated and therefore are not included in FY2017 proposed budget figures.

**Campgrounds is a new program that began operations in May 2015.

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

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013, p. 34; FY2014 p. 20; FY2015, p. 21; FY2016 p. 23; FY2017 Executive Budget Recommendation, p. 19; and Communication with Forest Preserve District budget office on November 14, 2014 and November 9, 2016.

Fee Schedule

The chart below shows Corporate Fund revenues generated from fees, permits and fines compared to revenues generated from the property tax levy and Personal Property Replacement Tax (PPRT). Total revenue sources will increase over the five-year period, rising from nearly \$50.9 million in FY2013 to approximately \$57.0 million in FY2017. The District's FY2017 proposed budget includes minor rate or fee increases for non-residents and a minor restructuring of the rates for in-district residents and non-profit groups. Revenues generated from fees, permits and fines – which include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees, campground fees and land use fees – will increase from 5.7% of total Corporate Fund revenues in FY2013 to 6.4% in FY2017. Tax revenues will decrease from 90.7% of total revenues in FY2013 to 88.4% in FY2017. Other Revenues – which include revenues earned from license agreements, concessions, investment earnings,

³⁹ Communication with Forest Preserve District budget staff, October 14, 2014.

miscellaneous income, intergovernmental sources and YELAR – will increase from 3.6% in FY2013 to 5.2% in FY2017.

Forest Preserve District Corporate Fund Revenues: FY2013-FY2017 (in \$ thousands)									
Revenues	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Fees and Permits*	\$ 2,585	\$ 2,673	\$ 2,701	\$ 3,328	\$ 3,255	\$ (73)	-2.2%	\$ 670	25.9%
Fines	\$ 320	\$ 336	\$ 316	\$ 332	\$ 385	\$ 53	16.0%	\$ 65	20.3%
Subtotal Fees and Fines	\$ 2,905	\$ 3,009	\$ 3,017	\$ 3,659	\$ 3,640	\$ (20)	-0.5%	\$ 735	25.3%
Percent of Total	5.7%	5.6%	5.6%	6.4%	6.4%				
Tax Revenues	\$ 46,141	\$ 49,424	\$ 49,989	\$ 50,700	\$ 50,422	\$ (278)	-0.5%	\$ 4,280	9.3%
Percent of Total	90.7%	91.9%	92.1%	88.9%	88.4%				
Other Revenues**	\$ 1,850	\$ 1,349	\$ 1,291	\$ 2,693	\$ 2,984	\$ 291	10.8%	\$ 1,134	61.3%
Percent of Total	3.6%	2.5%	2.4%	4.7%	5.2%				
Total Revenues	\$ 50,896	\$ 53,781	\$ 54,297	\$ 57,052	\$ 57,045	\$ (7)	0.0%	\$ 6,149	12.1%

*Fees and Permits include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees, campground and land use fees from FY2013 through FY2016. Beginning in FY2017 a special revenue fund was established to better track land use fees and therefore not included in FY2017 proposed figures.

**Other Revenues include revenues earned from license agreements, concessions, investment earnings, miscellaneous income, intergovernmental sources and YELAR.

Note: Revenues do not include fund balance contributions and tax increment financing (TIF) surplus.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013, p. 23; FY2014, p. 20; FY2015, p. 21; FY2016, p. 23; and Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 19.

The Forest Preserve District is proposing a number of changes to its current fee schedule. For details on those proposed fee changes, see Appendix A.

Zoological Fund and Botanic Fund Resources

The Forest Preserve District provides financial support for the Zoo and Garden. However, they are administered and operated by the Chicago Zoological Society and Chicago Horticultural Society, respectively. As such, they create and implement their own budgets, which are presented in the Forest Preserve District's budget document.

Between FY2016 and FY2017 Zoological Fund resources will increase by 6.2%, or \$4.1 million, due to projected increases in non-tax revenues generated from programs offered by the Zoo. Similarly, the Botanic Fund resources will increase by 5.5%, or \$1.9 million, from FY2016 adopted figures, due to projected increases in non-tax revenues generated by the Garden.

Between FY2013 and FY2017, total Zoological Fund and Botanic Fund resources will grow by 13.8% or \$12.9 million. The net property tax levy will remain flat at \$14.3 million for the

Zoological Fund and \$9.1 million for the Botanic Fund over the five-year period. During the same time, PPRT revenue for the Zoological and Botanic Funds will each decrease by 31.9%.

Forest Preserve District Total Budgeted Resources Zoological and Botanic Funds: FY2013-FY2017									
(in \$ thousands)									
	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Zoological Fund									
Gross Property Tax Levy	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	\$ -	-	\$ -	-
Reserves for Deferred Collections and Refunds	\$ (547)	\$ (547)	\$ (547)	\$ (547)	\$ (547)	\$ -	-	\$ -	-
Net Property Tax Levy	\$ 14,338	\$ -	-	\$ -	-				
PPRT	\$ 749	\$ 749	\$ 749	\$ 749	\$ 510	\$ (239)	-31.9%	\$ (239)	-31.9%
Program Income	\$ 47,711	\$ 49,001	\$ 51,789	\$ 50,861	\$ 55,193	\$ 4,333	8.5%	\$ 7,482	15.7%
Deferred Collections	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	-	\$ -	-
Zoological Fund Total	\$ 62,899	\$ 64,189	\$ 66,976	\$ 66,048	\$ 70,142	\$ 4,093	6.2%	\$ 7,243	11.5%
Botanic Fund									
Gross Property Tax Levy	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	\$ -	-	\$ -	-
Reserves for Deferred Collections and Refunds	\$ (280)	\$ (280)	\$ (280)	\$ (280)	\$ (280)	\$ -	-	\$ -	-
Net Property Tax Levy	\$ 9,068	\$ -	-	\$ -	-				
PPRT	\$ 356	\$ 356	\$ 356	\$ 356	\$ 242	\$ (114)	-31.9%	\$ (114)	-31.9%
Provided by Garden	\$ 21,209	\$ 22,156	\$ 24,309	\$ 24,938	\$ 26,947	\$ 2,009	8.1%	\$ 5,739	27.1%
Botanic Fund Total	\$ 30,632	\$ 31,579	\$ 33,732	\$ 34,361	\$ 36,257	\$ 1,896	5.5%	\$ 5,625	18.4%
Total	\$ 93,531	\$ 95,768	\$ 100,709	\$ 100,410	\$ 106,399	\$ 5,989	6.0%	\$ 12,868	13.8%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013, pp. 143 and 162; FY2014, pp. 110 and 127; FY2016, pp. 103 and 115; and Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, pp. 103 and 116.

Property Tax Levy

The section shows the distribution of gross property tax revenues by fund from FY2013 to FY2017.

The Forest Preserve District proposes to increase the revenue from its gross property tax levy by \$1.4 million, or 1.5%, from \$90.0 million in FY2016 to \$91.4 million in FY2017. The increase is attributable to \$630,000 from increasing the levy to the Property Tax Extension Limitation Law (also known as the tax cap) limit of 0.7% in FY2017; \$100,000 levied on new property; and \$670,000 levied outside of the tax cap for the purpose of paying off long-term debt.⁴⁰

Over the two-year period, the share of the property tax levy distributed to the Corporate Fund will increase by \$730,000, or 1.5%, from \$49.1 million in FY2016 to \$49.8 million in FY2017.⁴¹ The Bond and Interest Fund will also increase by \$740,000, or 7.7%, over the two-year period. The \$10.4 million in property tax revenues allocated to the Bond and Interest Fund in FY2017 includes one abatement. According to the District, a property tax levy pledge of nearly \$4.0 million for bonds backed by Personal Property Replacement Tax (PPRT) revenues will be abated when sufficient PPRT revenue is received to cover debt service.⁴² The District factors in an abatement, or reduction, to its debt service payments within the Bond and Interest Fund. A property tax levy pledge of nearly \$4.0 million for bonds backed by Personal Property Replacement Tax (PPRT) revenues will be abated when sufficient PPRT revenue is received to cover debt service. The Pension Fund will see a \$148,000, or 4.8% increase in pension contributions due to statutorily required payments to the pension fund.⁴³

⁴⁰ Communication with Forest Preserve District budget office on November 14, 2016.

⁴¹ The gross property tax levy does not subtract allowances for uncollectible taxes and tax refunds.

⁴² Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 133.

⁴³ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 12.

Over the five-year period, the share of the gross property tax levy distributed to the Corporate Fund has increased by approximately \$3.1 million, or 6.6%, from \$46.7 million in FY2013 to \$49.8 million in FY2017. Construction and Development will see a \$1.8 million, or 87.5% increase over the five-year period, rising from \$2.0 million in FY2013 to \$3.8 million in FY2017. The gross property tax levy distributed to the Bond and Interest Fund will decrease by \$538,000 or 4.9%, over the five-year period. While the Pension fund will increase by 21.1%, or \$564,000 over the five-year period. Levies for the Brookfield Zoo and the Chicago Botanic Garden will be held flat over the five-year period.

Forest Preserve District Gross Property Tax Levy Recommendations by Fund: FY2013-FY2017									
(in \$ thousands)									
Fund	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Corporate	\$ 46,709	\$ 47,810	\$ 48,388	\$ 49,082	\$ 49,812	\$ 730	1.5%	\$ 3,104	6.6%
Zoological and Botanic	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ -	0.0%	\$ -	0.0%
Bond & Interest*	\$ 10,889	\$ 8,627	\$ 10,918	\$ 9,611	\$ 10,351	\$ 740	7.7%	\$ (538)	-4.9%
Construction & Development	\$ 2,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 3,750	\$ (250)	-6.3%	\$ 1,750	87.5%
Pension	\$ 2,678	\$ 2,839	\$ 3,144	\$ 3,094	\$ 3,242	\$ 148	4.8%	\$ 564	21.1%
Total	\$ 86,509	\$ 86,509	\$ 89,683	\$ 90,021	\$ 91,388	\$ 1,368	1.5%	\$ 4,880	5.6%

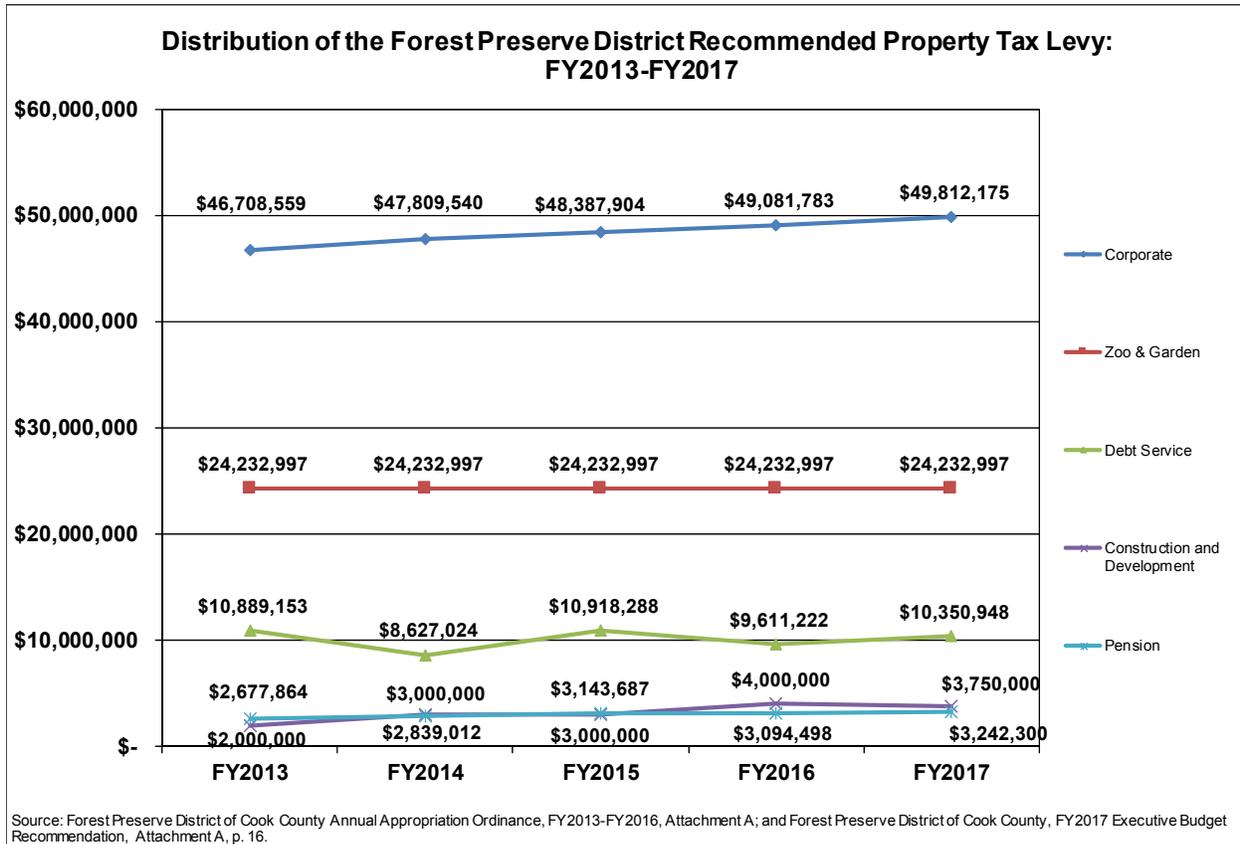
Note: Totals may differ from budget books due to rounding.

*In FY2014 the portion of the property tax levy allocated to the Bond & Interest fund includes a PPRT Bond and Interest Abatement of \$4.0 million and Bond and Interest Escrow Abatement of \$3.3 million. The FY2013, FY2015, FY2016 and FY2017 portion of the property tax levy allocated to the Bond & Interest fund includes Bond and Interest Escrow Abatement of \$5.0 million, \$1.2 million, \$1.6 million and \$1.5 million, respectively.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012-FY2016, Attachment A; and Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, Attachment A, p. 16.

The chart below shows the District's distribution of property tax revenues over the five-year period beginning in FY2013. The share of the levy dedicated to the Corporate Fund has fluctuated only slightly over the five-year period ranging from a low of 54.0%, or \$46.7 million of the total levy in FY2013 and 55.3%, or \$49.8 million of the total levy in FY2017. Property tax revenues for Debt Service averaged 11.3% over the five-year period. Totaling 12.6%, or \$10.9 million of the total levy in FY2013 and 11.3%, or \$10.4 million of the total levy in FY2017. The portion of the levy fluctuates annually depending on the dollar amount abated each year. The share of the levy dedicated to pension payments will increase slightly over the five-year period, from 3.1%, or \$2.7 million of the total levy in FY2013 to 3.5%, or \$3.2 million of the total levy in FY2017. As previously noted, levies for the Brookfield Zoo and the Chicago Botanic Garden will be held flat over the five-year period. However, the share of the levy dedicated to the Zoo

and Garden Funds will decline from 28.0%, of the total levy in FY2013 to 26.5% of the total levy in FY2017.



PERSONNEL AND PERSONNEL SERVICES APPROPRIATIONS

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

The FY2017 proposed budget will not add any additional full-time FTEs, but it will reduce part-time/seasonal FTE positions by 26.6 FTEs for a total of 647.5 FTEs. This is a 3.9% decrease from FY2016 appropriated FTEs. The part-time/seasonal positions will decrease primarily due to a reduction in the number of seasonal laborers, life guards and cashiers within the Department of Conservation and Experiential Programming as a result of the District outsourcing the operations of the aquatic centers.⁴⁴

⁴⁴ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, pp. 12 and 52.

The chart below shows the net change in FTE positions between the FY2016 adopted budget and proposed FY2017 budget by department, including the net change in full-time and part-time/seasonal positions.

Forest Preserve District Corporate Fund				
Full-Time Equivalent Positions Summary: FY2016 & FY2017				
Department	FY2016 Adopted	FY2017 Proposed	# Change	% Change
Landscape Maintenance	146.0	145.0	(1.0)	-0.7%
Part-Time/Seasonal	42.8	42.8	0.0	0.0%
Law Enforcement	127.0	126.0	(1.0)	-0.8%
Part-Time/Seasonal	0.0	0.0	0.0	-
Resource Management	60.0	60.0	0.0	0.0%
Part-Time/Seasonal	4.1	4.4	0.3	7.3%
Conservation & Experiential Programming	50.0	50.0	0.0	0.0%
Part-Time/Seasonal	64.2	42.6	(21.6)	-33.6%
Facilities & Fleet Maintenance	59.0	60.0	1.0	1.7%
Part-Time/Seasonal	3.5	3.0	(0.5)	-14.3%
Permits, Rentals & Concessions	11.0	11.0	0.0	0.0%
Part-Time/Seasonal	12.0	12.0	0.0	0.0%
Finance & Administration	20.0	21.0	1.0	5.0%
Part-Time/Seasonal	1.0	1.5	0.5	50.0%
Planning & Development	19.0	19.0	0.0	0.0%
Part-Time/Seasonal	1.2	1.5	0.3	25.0%
Office of the General Superintendent	25.0	25.0	0.0	0.0%
Part-Time/Seasonal	2.5	2.5	0.0	0.0%
Legal	11.0	11.0	0.0	0.0%
Part-Time/Seasonal	0.0	0.0	0.0	-
Human Resources	7.0	7.0	0.0	0.0%
Part-Time/Seasonal	7.8	2.2	(5.6)	-71.8%
Sub-Total Full-Time FTEs	535.0	535.0	0.0	0.0%
Sub-Total Part-Time/Seasonal FTEs	139.1	112.5	(26.6)	-19.1%
Total	674.1	647.5	(26.6)	-3.9%

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

Source: Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 18.

Over the five-year period from FY2013 to FY2017, the District's staff will grow by 57.7 FTEs, which is a 9.8% increase in the District's workforce. In FY2016 the Volunteer Resources program was transferred from Permits, Concessions and Volunteer Resources department to the

Office of the General Superintendent. Much of the growth over the five-year period is primarily due to the District's investment in recreation, educational programs and restoration work.

Forest Preserve District Corporate Fund Total Full-Time Equivalent Positions Summary: FY2013-FY2017									
Department	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year # Change	Two-Year % Change	Five-Year # Change	Five-Year % Change
Landscape Maintenance	170.5	170.5	186.8	188.8	187.8	(1.0)	-0.5%	17.3	10.1%
Law Enforcement	122.0	126.0	128.0	127.0	126.0	(1.0)	-0.8%	4.0	3.3%
Resource Management	107.6	58.3	64.1	64.1	64.4	0.3	0.5%	(43.2)	-40.1%
Conservation & Experiential Programming	0.0	84.9	113.0	114.2	92.6	(21.6)	-18.9%	92.6	-
Facilities & Fleet Management*	58.5	62.0	62.5	62.5	63.0	0.5	0.8%	4.5	7.7%
Permits & Concessions**	53.5	26.6	34.2	23.0	23.0	0.0	0.0%	(30.5)	-57.0%
Finance & Administration	20.0	20.0	21.0	21.0	22.5	1.5	7.1%	2.5	12.5%
Planning & Development	19.9	20.2	21.2	20.2	20.5	0.3	1.5%	0.6	3.0%
Office of the General Superintendent	17.8	17.8	15.0	27.5	27.5	0.0	0.0%	9.7	54.5%
Legal	13.5	13.5	13.0	11.0	11.0	0.0	0.0%	(2.5)	-18.5%
Human Resources	6.5	6.5	11.5	14.8	9.2	(5.6)	-37.8%	2.7	41.5%
Total	589.8	606.3	670.3	674.1	647.5	(26.6)	-3.9%	57.7	9.8%

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

*New department in FY2014.

**Volunteer Resources transferred to the Office of the General Superintendent in FY2016.

Source: Forest Preserve District of Cook County Appropriation Ordinance, FY2011, p. 41; FY2012, p. 13; FY2013, p. 14; FY2014, p. 19; and Forest Preserve District of Cook County FY2017 Executive Budget Recommendations, p. 18.

Personnel Services Appropriations

The following exhibit presents Corporate Fund appropriations for salaries and wages from FY2013 through proposed FY2017. The FY2017 budget recommends nearly \$37.5 million be appropriated for Corporate Fund salaries and wages, a 4.5% increase from the FY2016 adopted budget. The increase in FY2017 is primarily due to a \$1.3 million increase related to cost of living adjustments tied to collective bargaining agreements.⁴⁵ The largest year-to-year increase occurred between FY2014 and FY2015 when appropriated salaries and wages grew by \$2.4 million, or 7.1%, to \$35.8 million from \$33.4 million. The increase between FY2014 and FY2015 is primarily due to an increase of 64.0 FTE positions in the Conservation and Experiential Programming Department. Salaries will increase by \$4.7 million, or 14.3%, over the five-year period, due primarily to these two trends.

Forest Preserve District Corporate Fund Salaries and Wages: FY2013-FY2017			
	Total	Two-Year \$ Change	Two-Year % Change
FY2013 Adopted	\$ 32,800,925	-	-
FY2014 Adopted	\$ 33,402,956	\$ 602,031	1.8%
FY2015 Adopted	\$ 35,780,363	\$ 2,377,407	7.1%
FY2016 Adopted	\$ 35,869,244	\$ 88,881	0.2%
FY2017 Proposed	\$ 37,485,814	\$ 1,616,570	4.5%
Five-Year Change		\$ 4,684,889	14.3%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2014-FY2016; and FY2017 President's Executive Budget Recommendations, p. 18.

The following chart shows Corporate Fund personnel services appropriations as a percentage of total Corporate Fund appropriations. In FY2017 recommended Corporate Fund personnel services appropriations will represent approximately 71.3% of total recommended Corporate Fund expenditures. Personnel services appropriations include salaries, health and life insurance,

⁴⁵ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 11.

dental and vision plans and personnel service adjustments.⁴⁶ They do not include the District's costs for employee pensions because those are accounted for in the Employee Annuity and Benefit Fund.

During the five-year period from FY2013 through FY2017, personnel services appropriations will increase by nearly \$3.8 million, or 9.4%, while Corporate Fund total appropriations will increase by \$8.6 million, or 16.3%. The increase in personnel services is primarily due to increased wages for both union and non-union employees.

Forest Preserve District Corporate Fund Personnel Services Appropriations: FY2013-FY2017 (in \$ thousands)									
	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Personnel Services	\$ 40,047	\$ 38,780	\$ 40,324	\$ 42,255	\$ 43,815	\$ 1,561	3.7%	\$ 3,768	9.4%
Program Expenses	\$ 12,795	\$ 18,502	\$ 21,773	\$ 23,397	\$ 17,640	\$ (5,757)	-24.6%	\$ 4,845	37.9%
Total Corporate Fund Appropriations	\$ 52,842	\$ 57,282	\$ 62,097	\$ 65,652	\$ 61,455	\$ (4,197)	-6.4%	\$ 8,614	16.3%
Personnel as % of Total	75.8%	67.7%	64.9%	64.4%	71.3%		6.9%		-4.5%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2013, p. 35; FY2014, p. 21; FY2015, p. 22; FY2016, p. 24; and Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 20.

Forest Preserve District Employee Benefit Expenses

The following chart shows benefit expenses for FY2013 through FY2016 and FY2017 proposed.

Between FY2016 and FY2017 benefit expenses are projected to remain flat. Over the five-year period beginning in FY2013, total employee benefit expenses will increase by approximately \$3.5 million, or 76.5%, from \$4.6 million in FY2013 to approximately \$8.2 million in FY2017. During this five-year period, health insurance, life insurance and dental insurance will increase by 78.1%, 93.0% and 35.7%, respectively. During the same period, vision care expenses will decline by approximately \$341,000, or 0.8%.

Forest Preserve District Benefit Expenses*: FY2013-FY2017									
	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Adopted	FY2017 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Health Insurance	\$ 4,420,388	\$ 6,427,829	\$ 6,674,607	\$ 7,872,000	\$ 7,872,000	\$ -	0.0%	\$ 3,451,612	78.1%
Life Insurance	\$ 53,078	\$ 72,533	\$ 56,989	\$ 102,421	\$ 102,421	\$ -	0.0%	\$ 49,343	93.0%
Dental Care Plan	\$ 119,742	\$ 179,967	\$ 186,930	\$ 162,441	\$ 162,441	\$ -	0.0%	\$ 42,699	35.7%
Vision Plan	\$ 41,581	\$ 59,543	\$ 56,664	\$ 41,240	\$ 41,240	\$ -	0.0%	\$ (341)	-0.8%
Total Benefits	\$ 4,634,789	\$ 6,739,872	\$ 6,975,190	\$ 8,178,102	\$ 8,178,102	\$ -	0.0%	\$ 3,543,313	76.5%

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

Source: Forest Preserve District of Cook County Executive Budget Recommendations, Corporate Fund detail pages, FY2015-FY2017.

⁴⁶ Personnel Service Adjustments is a term the District uses to budget estimated reserve amounts for anticipated salary and wage increases which may occur during the course of the fiscal year.

FUND BALANCE

Fund balance is a term commonly used to describe the net assets of a governmental fund and serves as a measure of financial resources.⁴⁷ It is an important financial indicator for local governments. Fund balance is the difference between the assets and liabilities in a governmental fund. A governmental fund differs from other funds typically included in non-governmental financial reporting in that it includes only a subset of assets and liabilities. Fund balance is more a measure of liquidity than of net worth and can be thought of as the savings account of the local government.⁴⁸

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

Changes to Fund Balance Reporting

Beginning in FY2011, the District's audited financial statements include a modification in fund balance reporting, as recommended by the Governmental Accounting Standards Board (GASB). GASB Statement No. 54 shifted the focus of fund balance reporting from the availability of fund resources for budgeting purposes to the "extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent."⁴⁹

Previous Components of Fund Balance

Previously, the categories for fund balance focused on whether resources were available for appropriation by governments. The *unreserved* fund balance thus referred to resources that did not have any external legal restrictions or constraints. The unreserved fund balance was able to be further categorized as designated and undesignated. A *designation* was a limitation placed on the use of the fund balance by the government itself for planning purposes or to earmark funds.⁵⁰

GASB Statement No. 54 Components of Fund Balance

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

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

⁴⁷ Government Finance Officers Association, *Appropriate Level of Unrestricted Fund Balance in the General Fund* (Adopted October 2009).

⁴⁸ Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁴⁹ Stephen J. Gauthier. "Fund Balance: New and Improved," *Government Finance Review*, April 2009 and GASB Statement No. 54, paragraph 5.

⁵⁰ Stephen J. Gauthier. "Fund Balance: New and Improved," *Government Finance Review*, April 2009.

- *Committed fund balance* – net fund resources with self-imposed limitations set at the highest level of decision-making which remain binding unless removed by the same action used to create the limitation.
- *Assigned fund balance* – the portion of fund balance reflecting the government’s intended use of resources, with the intent established by government committees or officials in addition to the governing board. Appropriated fund balance, or the portion of existing fund balance used to fill the gap between appropriations and estimated revenues for the following year, would be categorized as assigned fund balance.
- *Unassigned fund balance* – in the General or Corporate Fund, the remaining surplus of net resources after funds have been identified in the four categories above.⁵¹

Historically, the focus of the Civic Federation fund balance analysis had been on the unreserved general fund balance. Given the components of fund balance established by GASB Statement No. 54, the Civic Federation focuses on a government’s unrestricted fund balance, which includes the *committed*, *assigned* and *unassigned* fund balance levels. The only difference between the two terms (unreserved and unrestricted) is that a portion of what used to be categorized as unreserved fund balance is now reported as restricted fund balance; otherwise, the two terms are synonymous.⁵²

In the interest of government transparency, the Civic Federation recommends that all local governments, if possible, provide ten years of fiscal data in the updated GASB Statement No. 54 format in the statistical sections of their audited financial statements. Without this restated data, accurate trend analyses cannot be conducted.

Fund Balance Policy

The Government Finance Officers Association (GFOA) recommends “at a minimum, those general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”⁵³ Two months of operating expenditures is approximately 17%.

The Forest Preserve District has a fund balance policy that specifies the level of Corporate Fund fund balance to be budgeted annually.⁵⁴ It is meant to ensure that the District will have adequate operating cash in case of 1) revenue fluctuations; 2) emergency expenditures; and 3) temporary

⁵¹ Stephen J. Gauthier. “Fund Balance: New and Improved,” Government Finance Review, April 2009.

⁵² Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁵³ Government Finance Officers Association, “Appropriate Level of Unrestricted Fund Balance in the General Fund” (Adopted September 2015).

⁵⁴ The fund balance policy can be found on p. 17 of the Forest Preserve District of Cook County FY2017 Executive Budget Recommendation.

periods of negative cash flow.⁵⁵ The fund balance policy requires the District to annually budget a minimum unreserved⁵⁶ fund balance totaling the sum of:

- 5.5% of Corporate Fund gross revenues to account for revenue fluctuations;
- 1.0% of Corporate Fund expenditures to account for unexpected expenditures; and
- 8.0% of Corporate Fund expenditures to account for insufficient operating cash.⁵⁷

This policy was introduced in FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund balance. The structure of the policy implemented by the District is based on the revenue fluctuations it experienced prior to 2005. Added together, the fund balance maintained through this policy is 14.5% of revenues/expenditures, which is slightly below the 17% GFOA recommendation, but falls within its past guidelines. Previously, the GFOA had recommended a general fund balance of 5.0% to 15.0% of general fund expenditures. In practice, the District has maintained a high level of fund balance well beyond the District's own policy or the GFOA standard.

Unassigned Corporate Fund Balance FY2011 through FY2015

Most governments' fund balance policies are based on *unrestricted* fund balance as described above. Our analysis of Corporate Fund fund balance levels would normally include the three components of unrestricted fund balance: committed, assigned and unassigned. However, in this section we focus only on the *unassigned* fund balance component because that is the District's own fund balance policy. An analysis of the District's *unrestricted* fund balance is provided in Appendix B.

The following table presents the District's unassigned Corporate Fund⁵⁸ fund balance as a ratio of actual operating expenditures for FY2011 through FY2015, which is the most recent audited data available. Throughout these five years, the District's level of fund balance has greatly exceeded the District's own fund balance policy and the GFOA standards. The fund balance ratio grew from 57.3% in FY2011 to 87.5% in FY2012, then gradually declined, ending FY2015 at

⁵⁵ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 17.

⁵⁶ The Forest Preserve considers unassigned and unreserved to be interchangeable terms representing fund balance that has not been committed or reserved for a specific purpose. Communication between the Forest Preserve District and the Civic Federation, November 16, 2015.

⁵⁷ Forest Preserve District of Cook County FY2017 Executive Budget Recommendation, p. 17.

⁵⁸ The Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds.

61.9%. The ratio of 61.9% equals about 7 ½ months-worth of reserves, which is much higher than the GFOA standard and the District’s own fund balance policy.

Forest Preserve District of Cook County Corporate Fund Balance Ratio: FY2011 - FY2015			
	Unassigned Corporate Fund Balance	Operating Expenditures	Ratio
FY2011	\$ 23,874,253	\$ 41,646,735	57.3%
FY2012	\$ 39,918,256	\$ 45,597,442	87.5%
FY2013	\$ 37,286,352	\$ 50,557,997	73.7%
FY2014	\$ 37,543,100	\$ 49,596,157	75.7%
FY2015	\$ 34,359,189	\$ 55,464,143	61.9%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 6; FY2012, pp. 24 and 29; FY2013, pp. 27 and 29; FY2014, pp. 27 and 29; and FY2015, pp. 24 and 27.

Unassigned Corporate Fund Balance and Transfers Out FY2011 through FY2015

Unlike many other governments, the District transfers out some of its Corporate Fund resources to other funds. The majority of the transfers out have been to the Real Estate Acquisition Fund, Capital Improvement Fund and Self-Insurance Fund. With the high level of transfers out, calculating a ratio that only considers operating expenditures does not provide a full picture of the Corporate Fund’s utilization. Therefore, the Civic Federation has calculated an alternative fund balance ratio that includes both operating expenditures and transfers out. The ratio was calculated by dividing the fund balance by the sum of operating expenditures and transfers out.

Compared to the unassigned fund balance ratio shown above, the ratio of Corporate Fund unassigned fund balance to operating expenditures plus transfers out changes slightly, but still remains very high. Between the five-year period from FY2011 to FY2015, the ratio fluctuated with a low of 46.0% in FY2011 and a high of 80.2% in FY2012, eventually declining to 55.7% in FY2015.

Forest Preserve District of Cook County Corporate Fund Balance Ratio & Transfers Out: FY2011 - FY2015			
	Unassigned Corporate Fund Balance	Operating Expenditures + Transfers Out	Alternative Ratio
FY2011	\$ 23,874,253	\$ 51,867,110	46.0%
FY2012	\$ 39,918,256	\$ 49,803,780	80.2%
FY2013	\$ 37,286,352	\$ 52,491,834	71.0%
FY2014	\$ 37,543,100	\$ 56,146,157	66.9%
FY2015	\$ 34,359,189	\$ 61,664,143	55.7%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 9; FY2012, pp. 24 and 29; FY2013 pp. 24 and 29; FY2014, pp. 24, 27 and 29; and FY2015, pp. 24, 27 and 29.

Unreserved Corporate Fund Balance FY2006 through FY2010

As mentioned previously, prior to the reporting changes detailed in GASB Statement No. 54, the fund balance categories focused on whether resources were available for appropriation by

governments. They were designated as either *reserved* or *unreserved*. *Unreserved* fund balance referred to resources with no external legal restrictions or constraints.

The table below presents the unreserved Corporate Fund balance from FY2006 through FY2010 based on fund balance reporting prior to the implementation of GASB Statement No. 54. Between FY2006 and FY2010, the Forest Preserve District's unreserved Corporate Fund balance grew from a low of 4.8% to a high of 96.1% of Corporate Fund operating expenditures. This is a large fund balance significantly exceeding the GFOA recommended minimum balance.

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

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

Unreserved Corporate Fund Balance and Transfers Out FY2006 through FY2010

Again, the District is different from many other governments in that much of its Corporate Fund resources are transferred out to other funds. Therefore, the Civic Federation has calculated an alternative fund balance ratio that includes transfers out to reflect the fund balance ratio after accounting for transfers. The following table shows the alternative ratio for the District's reporting of unreserved Corporate Fund balance from FY2006 through FY2010.

As indicated in the previous table, the District's fund balance continued to grow significantly between FY2006 and FY2010. Transfers out in FY2006 totaled \$37.2 million due to large transfer from the Corporate Fund to the Self-Insurance Fund. The increases in unreserved Corporate Fund balance since FY2006 can be partially attributed to continued decreases in the amount transferred to the Self-Insurance Fund based on claim experience.⁵⁹ Transfers out to the Self-Insurance Fund decreased each year between FY2006 and FY2009, equaling \$12.6 million

⁵⁹ Phone communication between the Civic Federation and Marlo Kemp, Chief Financial Officer, December 16, 2010.

in FY2006, \$6.9 million in FY2007, \$1.0 million in FY2008, no transfers in FY2009, and \$3.0 million in FY2010.⁶⁰

Forest Preserve District of Cook County			
Corporate Fund Balance Ratio + Transfers Out: FY2006-FY2010			
	Unreserved Corporate Fund Balance	Operating Expenditures + Transfers Out	Alternative Ratio
FY2006	\$ 1,304,552	\$ 64,481,512	2.0%
FY2007	\$ 9,891,750	\$ 41,512,640	23.8%
FY2008	\$ 19,774,805	\$ 44,168,166	44.8%
FY2009	\$ 26,299,152	\$ 43,906,265	59.9%
FY2010	\$ 35,349,895	\$ 49,109,419	72.0%

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

⁶⁰ Forest Preserve District of Cook County Comprehensive Annual Financial Reports, FY2006-FY2010.

PENSION FUND

The Civic Federation analyzed four indicators in its evaluation of the fiscal health of the Forest Preserve District's pension fund: funded ratios, unfunded actuarial accrued liabilities, investment rate of return and annual required employer contributions. This section presents multi-year data for those indicators up to FY2015, the most recent year for which audited data are available, and describes Forest Preserve District pension benefits. There is also a discussion of the Fund's liabilities as reported according to accounting standards required by Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67 and 68). Unless otherwise stated, the numbers used in this chapter are statutorily required numbers used for funding purposes.

Plan Description

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan for full-time employees of the Forest Preserve District of Cook County. It was created in 1931 by Illinois State statute to provide retirement, death and disability benefits for employees and their dependents.⁶¹ Plan benefits and contribution amounts can only be amended through state legislation.⁶²

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

Benefits

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

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

The following table compares Tier 1 benefits to Tier 2 benefits enacted in Public Act 96-0889. The major changes are the increase in full retirement age from 60 to 67 and early retirement age from 50 to 62; the reduction of final average salary from the highest four-year average to the

⁶¹ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2015, p. 8.

⁶² The Forest Preserve District pension article is 40 ILCS 5/10, but the fund is also governed by other parts of the pension code, such as 40 ILCS 5/1-160 which defines the changes to benefits for new employees enacted in Public Act 96-0889.

highest eight-year average; the \$106,800 cap on final average salary; and the reduction of the automatic annual annuity increase from 3% (compounded) to the lesser of 3% or one half of the increase in Consumer Price Index not compounded.

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

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

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

Sources: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Actuarial Valuation as of December 31, 2014; 40 ILCS 5/9; Comprehensive Annual Financial Report for the Year Ending December 31, 2015; and Public Act 96-0889.

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

Cook County introduced a package of pension reforms including changes to Forest Preserve District employees' retiree benefits and an increase to employee and employer contributions to the fund, House Bill 1154, in the final days of the spring 2014 legislative session. The bill passed the Senate, but was not brought to a vote before the House adjourned.

The County reintroduced the reform package, including changes to current employees' retiree benefits and an increase to employee and employer contributions to the fund, Senate Bill 843, House Amendment 1, in the final days of the spring 2015 legislative session. The bill passed the House Personnel and Pensions Committee, but was not brought to a vote in the full House before adjournment. Board President Preckwinkle said in the FY2017 Cook County budget recommendations that the County will continue to pursue passage of the reforms and Superintendent Randall has said the District supports the reform package. However, the County

is not contributing extra funding to the Forest Preserve District pension fund as it is with its own fund.

Membership

In FY2015 the fund had 563 active employees and 534 beneficiaries for a ratio of 1.05 active members for every beneficiary. This ratio increased from 0.77 in FY2006 as the number of active members increased faster than the number of beneficiaries. An upward trend in this ratio reduces financial stress on the fund as there are more employees contributing to the fund to support current beneficiaries.

Forest Preserve District Pension Fund Membership: FY2006-FY2015			
Fiscal Year	Active Employees	Beneficiaries	Ratio of Active to Beneficiary
FY2006	394	509	0.77
FY2007	418	503	0.83
FY2008	442	506	0.87
FY2009	461	509	0.91
FY2010	448	514	0.87
FY2011	408	520	0.78
FY2012	460	518	0.89
FY2013	531	534	0.99
FY2014	522	538	0.97
FY2015	563	534	1.05
Ten-Year Change	169	25	0.28
Ten-Year % Change	42.9%	4.9%	36.2%

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2006-FY2015.

Funded Ratios

This report uses two measurements of pension plan funded ratio: the actuarial value of assets measurement and the market value of assets measurement. These ratios show the percentage of pension liabilities covered by assets. The lower the percentage, the more difficulty a government may have in meeting future obligations. The best situation for any pension fund is to be fully funded, with 100% of accrued liabilities covered by assets because it means that the plan is doing a good job of maintaining intergenerational equity with current taxpayers appropriately paying for the cost of current public employees' benefits. There is no official industry standard or best practice for an acceptable funded ratio other than 100%.⁶³

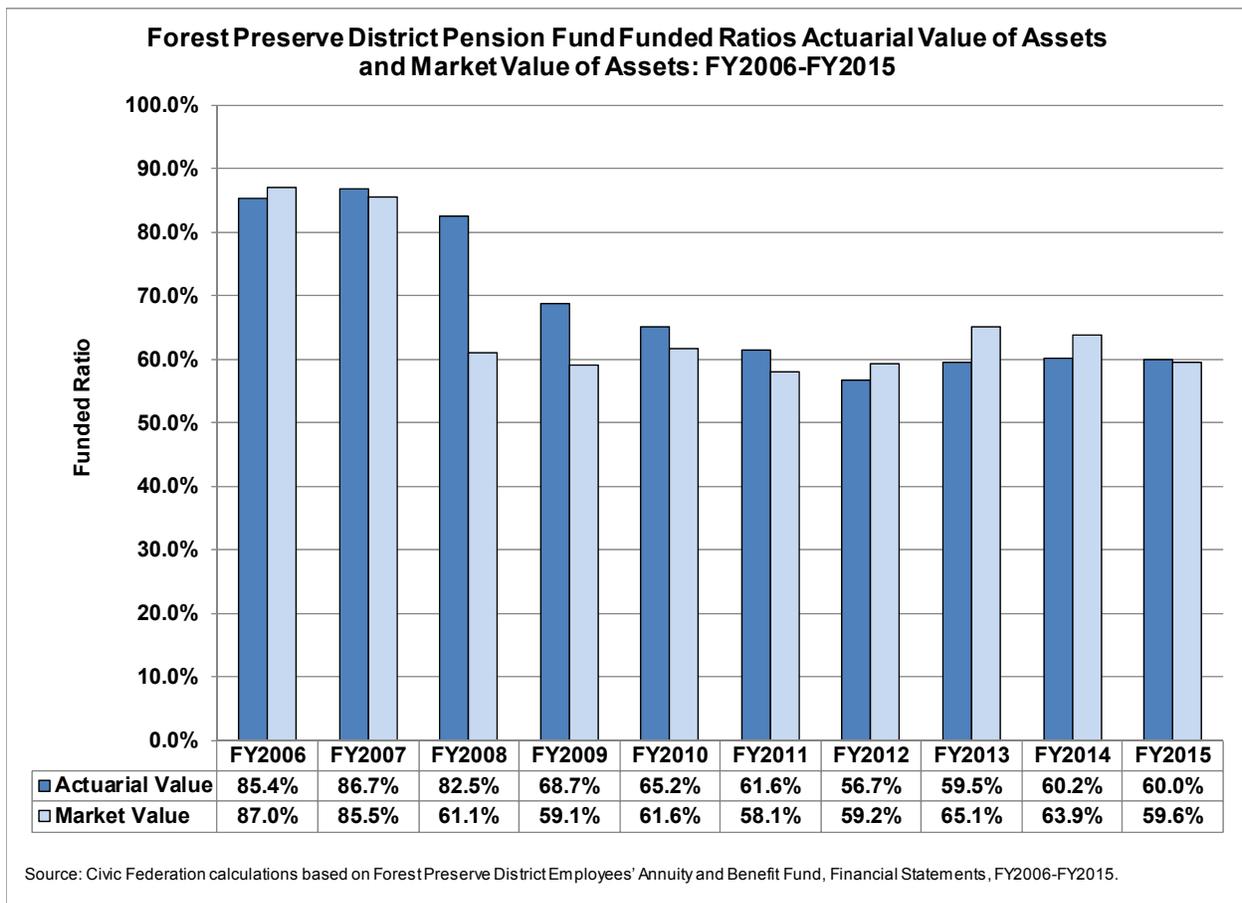
The actuarial value of assets measurement presents the ratio of assets to liabilities and accounts for assets by recognizing unexpected gains and losses over a period of three to five years.⁶⁴ The market value of assets measurement presents the ratio of assets to liabilities by recognizing investments only at current market value. Market value funded ratios are more volatile than

⁶³ American Academy of Actuaries, "Issue Brief: The 80% Pension Funding Standard Myth," July 2012. http://actuary.org/files/80%25_Funding_IB_FINAL071912.pdf

⁶⁴ For more detail on the actuarial value of assets, see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

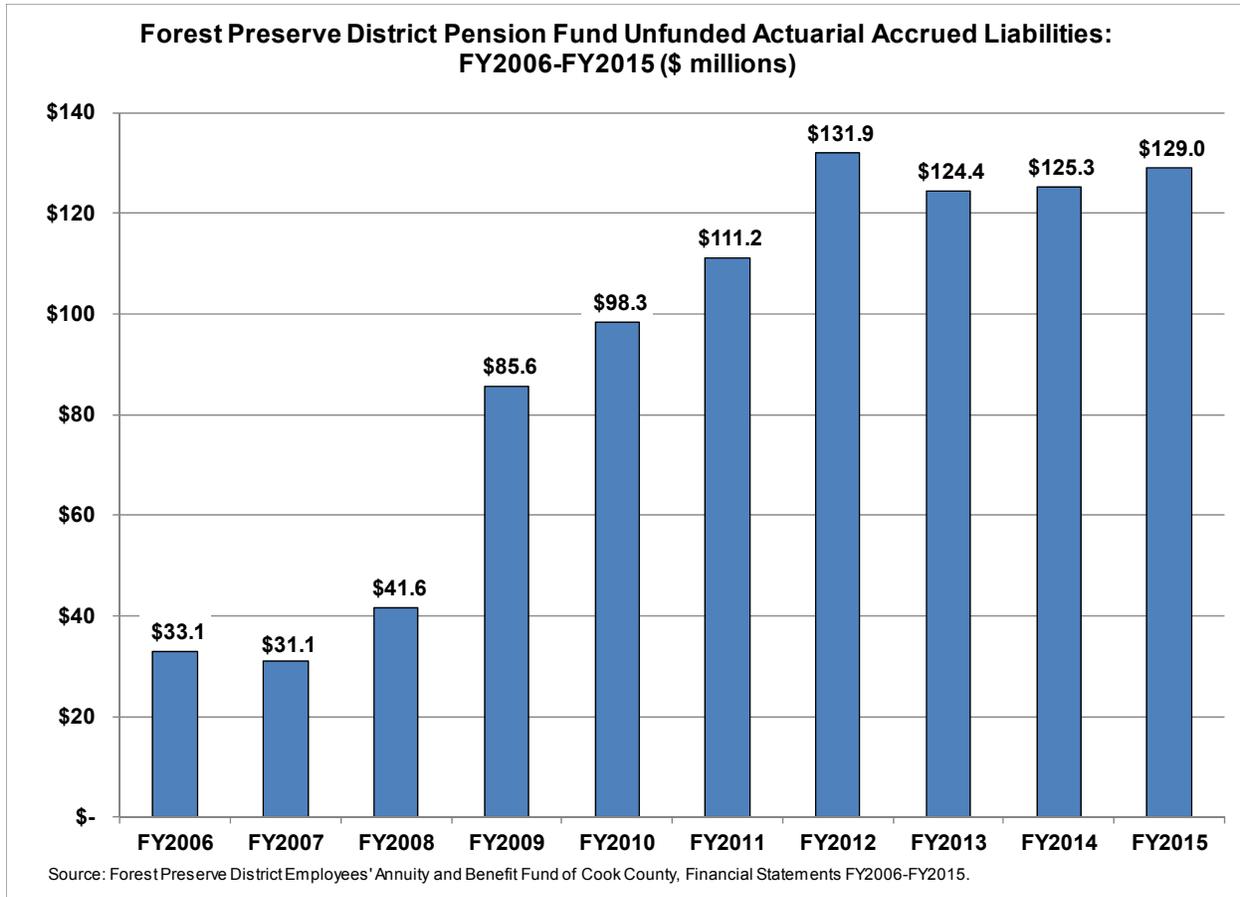
actuarial funded ratios due to the smoothing effect of actuarial value. However, market value funded ratios represent how much money is actually available at the time of measurement to cover actuarial accrued liabilities.

The following exhibit shows the actuarial and market value funded ratios for the Forest Preserve District pension fund over the last ten years. The actuarial value funded ratio declined from 85.4% in FY2006 to 56.7% in FY2012, rose to 59.5% in FY2013 and has remained relatively flat since then with a 60.0% ratio in FY2015. The market value funded ratio fell from 87.0% in FY2006 to 58.1% in FY2011 and then fluctuated over the following four years, reaching 59.6% in FY2015.



Unfunded Actuarial Accrued Liability

Unfunded actuarial accrued liability (UAAL) is the dollar value of accrued liabilities not covered by the actuarial value of assets. The unfunded liability for the Forest Preserve District pension fund totaled \$129.0 million in FY2015, up from \$33.1 million in FY2006.



The next exhibit adds together the contributing factors that have increased or decreased the unfunded liability since FY2006. The largest contributor to the \$97.3 million growth in unfunded liabilities between the beginning of FY2006 and the end of FY2015 was the shortfall in employer contributions as compared to the annual normal cost plus interest on the UAAL, which added nearly \$64.4 million to the UAAL over nine years. The second largest contributor was investment returns failing to meet the 7.5% expected rate of return.⁶⁵ This added \$28.8 million to

⁶⁵ The UAAL reflects investment gains and losses smoothed over a five-year period, so it does not match the annual investment results shown later in this report. For more information on asset smoothing see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

the UAAL, followed by the change in actuarial assumptions in FY2009, which added \$24.7 million.⁶⁶

Reasons for Change in Unfunded Actuarial Accrued Liability: FY2006-FY2015							
	Employer Contribution Lower/(Higher) than ARC	Investment Return Lower/(Higher) Than Assumed	Salary Increase (Lower)/Higher Than Assumed	Retiree Health Insurance Premium Lower/(Higher) Than Assumed	Change in Actuarial Assumptions or Methods	Other	Total Net UAAL Change
FY2006	\$ 2,485,073	\$ 1,773,170	\$ (150,731)	\$ -	\$ -	\$ 440,412	\$ 4,547,924
FY2007	\$ 3,014,714	\$ (2,343,691)	\$ 2,200,509	\$ (2,415,401)	\$ -	\$ (2,448,998)	\$ (1,992,867)
FY2008	\$ 3,928,697	\$ 13,247,300	\$ 1,179,009	\$ -	\$ -	\$ (7,782,032)	\$ 10,572,974
FY2009	\$ 4,512,235	\$ 14,363,849	\$ (1,015,614)	\$ -	\$ 24,746,310	\$ 1,386,895	\$ 43,993,675
FY2010	\$ 7,483,382	\$ 9,729,368	\$ (3,394,112)	\$ -	\$ -	\$ (1,140,818)	\$ 12,677,820
FY2011	\$ 7,734,557	\$ 11,541,394	\$ (3,690,231)	\$ -	\$ -	\$ (2,704,346)	\$ 12,881,374
FY2012	\$ 5,369,563	\$ 5,369,563	\$ 1,939,324	\$ -	\$ -	\$ 4,744,938	\$ 17,423,388
FY2013	\$ 10,855,083	\$ (17,264,428)	\$ (2,208,899)	\$ -	\$ -	\$ 1,098,881	\$ (7,519,363)
FY2014	\$ 9,597,999	\$ (6,069,280)	\$ (2,333,548)	\$ -	\$ -	\$ (243,006)	\$ 952,165
FY2015	\$ 9,379,058	\$ (1,528,781)	\$ (2,503,098)	\$ -	\$ -	\$ (1,628,929)	\$ 3,718,250
Ten-Year Total	\$ 64,360,361	\$ 28,818,464	\$ (9,977,391)	\$ (2,415,401)	\$ 24,746,310	\$ (8,277,003)	\$ 97,255,340

Source: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Combined Actuarial Valuations FY2006-FY2015.

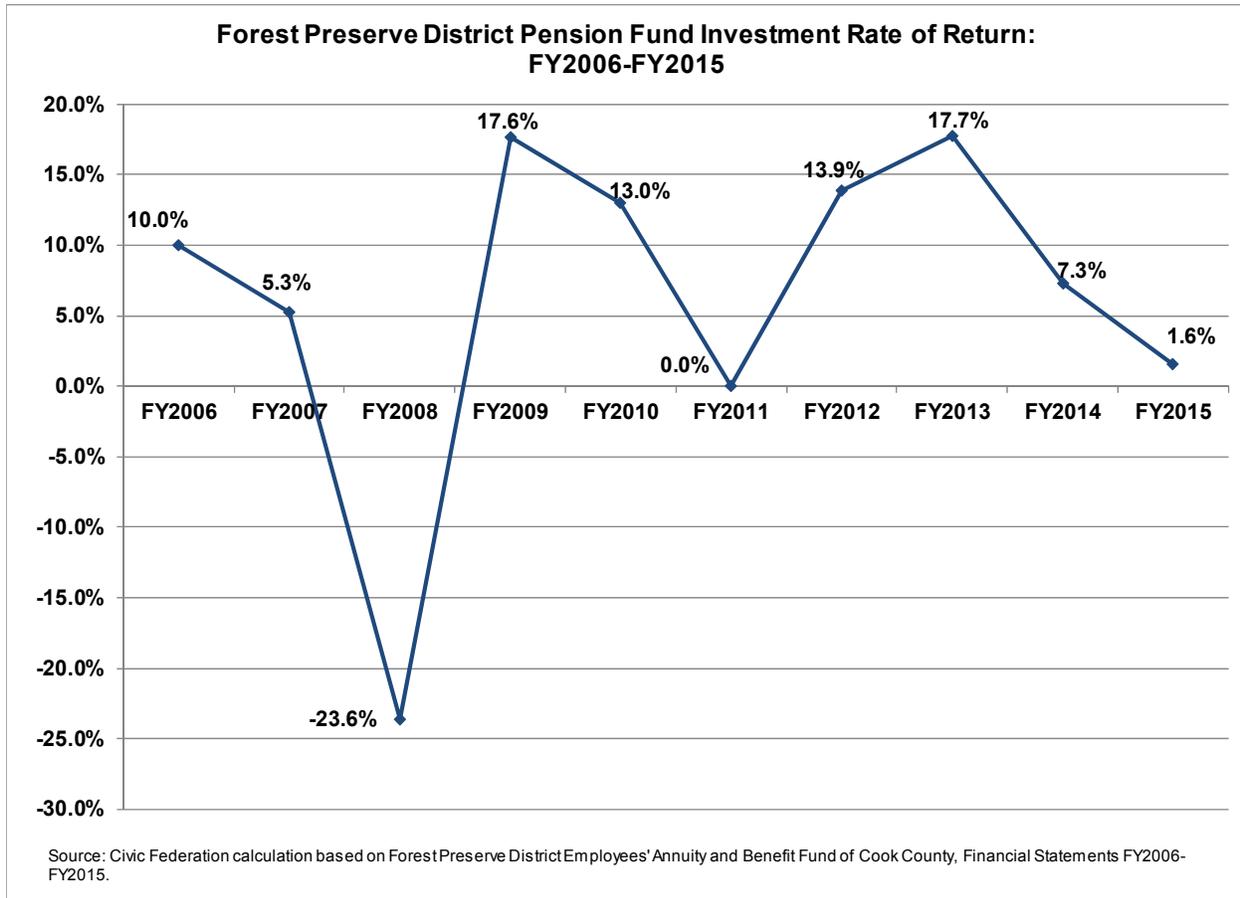
Investment Rates of Return

Investment income typically provides a significant portion of the funding for pension funds. Thus, declines over a period of time can have a negative impact on pension assets. Between FY2006 and FY2015 the pension fund's average annual rate of return was 6.3%, compared to an assumed rate of return of 7.5%.⁶⁷ Returns ranged from highs of 17.6% in FY2009 and 17.7% in

⁶⁶ See section entitled "Reconciliation of Change in Unfunded Liability" in the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County annual actuarial valuations.

⁶⁷ The Civic Federation calculates investment rate of return using the following formula: Current Year Rate of Return = Current Year Gross Investment Income/ (0.5*(Previous Year Market Value of Assets + Current Year Market Value of Assets - Current Year Gross Investment Income)). This is not necessarily the formula used by the pension fund's actuary and investment managers, thus investment rates of return reported here may differ from those reported in a fund's actuarial statements. However, it is a standard actuarial formula. Gross investment income includes income from securities lending activities, net of borrower rebates. It does not subtract out related investment and securities lending fees, which are treated as expenses.

FY2013 to a low of -23.6% in FY2008. Returns in FY2015 were well below assumptions at 1.6%.



Pension Liabilities and Actuarially Determined Employer Contribution as Reported Under Governmental Accounting Standards Board Statements No. 67 and 68

In 2012 the Governmental Accounting Standards Board (GASB) issued new accounting and financial reporting standards for public pension plans and for governments, Statements No. 67 and 68. According to GASB, the new standards were intended to “improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations.”⁶⁸ Among other disclosures, pension funds and governments are now required to report total pension liability, fiduciary net position, net pension liability, pension expense and actuarially determined contribution (ADC), which are calculated on a different basis from previous GASB 25 and 27 pension disclosure requirements. Both pension funds and governments must also disclose additional information about pensions in the notes to the financial statements and in required supplementary information sections. It is important to note that GASB intended to separate pension reporting from pension funding. Thus, the numbers reported according to GASB 67 and 68 standards are not used to determine how

⁶⁸ Governmental Accounting Standards Board, Pension Standards for State and Local Governments. Available at: <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176163528472>.

much a government must contribute to its pensions. They are a reporting, NOT a funding requirement. The Forest Preserve District of Cook County and other governments will continue to use traditional public pension accounting methods to determine funding requirements. However, as the GASB 67 and 68 numbers can provide important new ways to understand a fund's sustainability, the Federation will address them here.

The Forest Preserve District Pension Fund began reporting according to GASB 67 in its FY2014 CAFR and actuarial valuations. The District itself began reporting according to GASB 68 in its FY2015 financial statements.

The total pension liability, fiduciary net position, net pension liability and ADC⁶⁹ are all calculated on a different basis both from what used to be required by GASB and from the traditional public pension actuarial basis.

Total Pension Liability – This number is similar in concept to the actuarial accrued liability (AAL) discussed above, but is NOT the same. The actuarial cost method and discount rate (among other things) are different. All plans are required to use:

- Entry age normal actuarial cost method and level percent of payroll. The Cook County Pension Fund also uses the entry age normal method for statutory reporting and funding purposes.
- A single blended discount rate, instead of basing the discount rate only on projected investment earnings. The discount rate is used to calculate the present value of the future obligations of a pension fund. The discount rate has an inverse relationship to actuarial liabilities, such that a lower discount rate will result in higher liabilities.
 - If a government is projected to have enough assets to cover its projected benefit payments to current and inactive employees, it can use the expected return on investments as its discount rate.
 - If a government is projected to reach a crossover point beyond which projected assets are insufficient to cover projected benefit payments, then a blended discount rate must be used. Benefit payments projected to be made from that point forward are discounted using a high-quality municipal bond interest rate. The blended rate is a single equivalent rate that reflects the investment rate of return and the high-quality municipal bond interest rate.
 - The Forest Preserve District Pension Fund is projected to run out of funding in 2040, so its GASB 67 and 68 reporting is discounted at a blend of the full 7.5% assumed rate of return and a lower municipal bond rate of 3.2%. The reported blended rate was 4.23%.⁷⁰

Fiduciary Net Position – This number is essentially the market value of assets in the pension plan as of the end of the fiscal year, not the assets as calculated on an actuarially smoothed basis under previous reporting requirements. The Forest Preserve District Pension Fund still uses smoothed actuarial value of assets to determine statutory employer contribution requirements.

⁶⁹ Other differences and newly reported numbers are not central to the discussion here.

⁷⁰ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, CAFR For the Fiscal Years Ended December 31, 2015 and 2014, p. 32.

Net Pension Liability – This number is similar in concept to the unfunded actuarial accrued liability, but again is NOT the same. It is the difference between the Total Pension Liability and the Fiduciary Net Position of the fund. Governments are required to report the Net Pension Liability in their Statements of Net Position in their financial statements, according to GASB 68.

Actuarially Determined Contribution (ADC) – Another change from previous standards is that funds are no longer required to report an Annual Required Contribution (ARC) based on standards promulgated by GASB. Instead, the funds will calculate an Actuarially Determined Contribution or ADC that reflects their own funding plan, unless that funding scheme does not follow actuarial standards of practice. Then the fund must report an ADC that is calculated according to actuarial standards of practice. It is again important to emphasize that the ADC is a reporting and not a funding requirement. See the discussion below for a summary of how the basis for calculating the Forest Preserve District Pension Fund ADC relates to the ARC.

Difference between the ADC and ARC

Depending on the employer’s funding plan, a pension fund’s ADC may be very similar to the previously reported ARC. The chart below summarizes the main assumptions behind the Forest Preserve District Pension Fund calculations of ADC and ARC. There is no difference between the main assumptions of the ADC and ARC. The ADC uses the actuarially calculated UAAL number instead of the GASB 67 net pension liability number, which also makes it similar to the ARC. Additionally, the ADC need not follow the GASB 67 and 68 requirement of using the market value of assets. The Forest Preserve District Pension Fund uses a five-year smoothed valuation of assets.

Calculation of the Actuarially Determined Contribution (ADC) vs the Annual Required Contribution (ARC)		
	ADC (FY2014 and After)	ARC (FY2013 and Earlier)
Amortization Period	30-year open	30-year open
Amortization Method	Level Dollar	Level Dollar
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Value of Assets	5-year smoothed	5-year smoothed
Investment Rate of Return	7.50%	7.50%

Source: Forest Preserve District of Cook County Pension Fund FY2015 and FY2013 Actuarial Valuations.

Because the ADC and ARC are calculated on a similar basis, the Civic Federation will continue to analyze the trend of the difference between the reported ADC/ARC and the statutorily required employer contribution the County must make under state law in order to demonstrate how far from sufficient the statutory payment is. The Forest Preserve District is required to make an annual employer contribution equivalent to 1.30 times the total employee contribution made two years earlier. The District levies a property tax for this purpose and the pension amount appears as a separate line on tax bills.

Before examining the ADC and actual employer contributions to the Forest Preserve District pension fund, it is important to note some differences in how the District reports other post-employment benefits (OPEB) liabilities. GASB Statement No. 43 required the retirement systems of large governments—those with over \$100.0 million in annual revenue—to begin reporting any OPEB liability information separately for the fiscal year beginning after December 15, 2005. It also required that for those governments that fund retiree healthcare on a pay-as-you-go basis rather than through a designated trust fund, OPEB liabilities be valued using a discount rate assumption that reflects the rate of return earned on the actual assets used to pay the benefits. If OPEB is not prefunded in a designated trust, that discount rate is expected to reflect the interest rate earned on the plan sponsor’s assets—often a long-term money market rate of roughly 4.5%.

In order to comply with these accounting standards, the District pension fund produces three separate actuarial valuations:

- A valuation of pension liabilities reflecting a new GASB-determined blended discount rate introduced with GASB 67, which amounts to 4.23% in FY2015;
- Another valuation of OPEB liabilities using a 4.5% discount rate; and
- A “combined” valuation using a 7.5% discount rate for both pension and OPEB liabilities.

The Forest Preserve District pension fund considers the “combined” valuation to be the best reflection of its assets and liabilities because the pension and OPEB benefits are paid from the same asset pool.⁷¹ However, the separate pension and OPEB valuations calculated for GASB purposes are the ones used to compute the net pension liability and OPEB obligations of the Forest Preserve District government that appear on the government’s balance sheet.

The table below shows only the “combined” valuation comparison of the ARC to the actual Forest Preserve District contribution over the last ten years. The employer contribution fell short of equaling 100% of the ARC in all of the years FY2006 through FY2015. In FY2006 the \$2.7 million employer contribution represented 50.6% of the ARC, meaning that \$2.7 million more would need to have been contributed to meet the ARC that year. Employer contributions have generally trended downward in the past ten years due to personnel reductions before increasing in FY2011 due to an increase in compensation two years earlier attributed to an extra pay period and retroactive payments made to employees.⁷² The contribution decreased in FY2012 and FY2013 before increasing slightly in FY2014 and FY2015. In FY2015 the \$3.4 million employer contribution represented only 25.7% of the ADC for the “combined” valuation of pension and OPEB, for a shortfall of \$9.8 million that year. The cumulative ten-year difference between ARC and actual employer contribution for “combined” pension and OPEB is a \$70.8 million shortfall.

Expressing ADC/ARC as a percent of payroll provides a sense of scale and affordability. In FY2006 the ARC was 28.0% of payroll while the actual employer contribution was 14.2% of

⁷¹ Information provided by Daniel Degnan, Executive Director, Cook County Employees’ and Officers’ Annuity and Benefit Fund of Cook County, February 14, 2011.

⁷² Communication with the Forest Preserve District of Cook County, November 9, 2012.

payroll. In FY2015 the “combined” pension and OPEB ARC was 41.2% of payroll, while the actual employer contribution was 10.6% of payroll.

Forest Preserve District Pension Fund Schedule of Employer Contributions--COMBINED Pension and OPEB Valuation FY2006-FY2015							
Fiscal Year	Employer Actuarially Determined Contribution* (1)	Actual Employer Contribution (2)	Shortfall (1-2)	% of ADC* contributed	Payroll	ADC* as % of payroll	Actual Employer Contribution as % of payroll
2006	\$ 5,375,366	\$ 2,720,013	\$ 2,655,353	50.6%	\$ 19,172,756	28.0%	14.2%
2007	\$ 5,927,422	\$ 3,287,040	\$ 2,640,382	55.5%	\$ 21,078,316	28.1%	15.6%
2008	\$ 6,094,316	\$ 2,023,448	\$ 4,070,868	33.2%	\$ 23,474,621	26.0%	8.6%
2009	\$ 7,273,214	\$ 2,543,694	\$ 4,729,520	35.0%	\$ 24,967,115	29.1%	10.2%
2010	\$ 10,653,889	\$ 2,660,034	\$ 7,993,855	25.0%	\$ 24,397,376	43.7%	10.9%
2011	\$ 11,606,636	\$ 3,255,609	\$ 8,351,027	28.0%	\$ 22,678,566	51.2%	14.4%
2012	\$ 12,429,935	\$ 3,108,976	\$ 9,320,959	25.0%	\$ 26,252,071	47.3%	11.8%
2013	\$ 14,045,708	\$ 2,863,145	\$ 11,182,563	20.4%	\$ 29,485,857	47.6%	9.7%
2014	\$ 13,072,570	\$ 3,060,165	\$ 10,012,405	23.4%	\$ 29,811,912	43.9%	10.3%
2015	\$ 13,191,203	\$ 3,388,573	\$ 9,802,630	25.7%	\$ 32,007,657	41.2%	10.6%

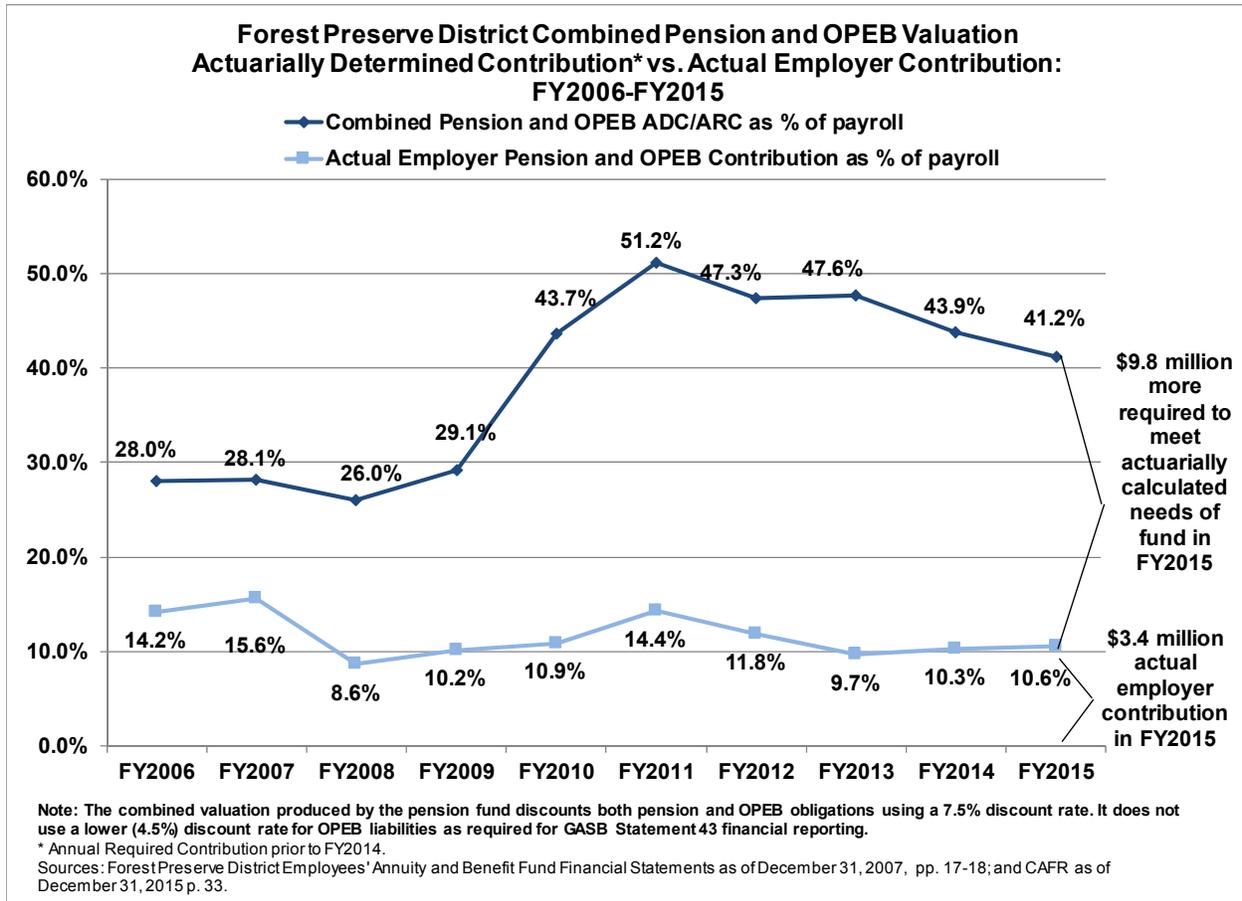
Note: This combined valuation produced by the pension fund discounts both pension and OPEB obligations using a 7.5% discount rate. It does not use a lower (4.5%) discount rate for OPEB liabilities as required for GASB Statement 43 financial reporting.

* Before 2014, this was the Annual Required Contribution or ARC.

Source: Forest Preserve Employees' Annuity and Benefit Fund Financial Statements as of December 31, 2007, pp. 17-18; Financial Statements as of December 31, 2013, pp. 22-23; CAFR as of December 31, 2015, p. 33.

The graph below illustrates the growing gap between the “combined” pension and OPEB ADC/ARC as a percent of payroll and the actual employer contribution as a percent of payroll. The spread between the two amounts has grown from 13.8% of payroll, or \$2.7 million, in FY2006 to 30.6% of payroll in FY2015. In other words, to fund the pension and retiree health care plans at a level that would both cover normal cost and amortize the unfunded liability over

30 years the Forest Preserve District would have needed to contribute an additional 30.6% of payroll, or \$9.8 million, in FY2015.



The District has consistently levied and contributed its statutorily required amount of 1.30 times the employee contribution made two years prior. However, that amount has been less than the ARC for each of the last ten years. The pension fund actuary estimates that in order to contribute an amount sufficient to meet the ARC in FY2016, the District would need to levy property taxes equal to a tax multiple of 5.78 rather than 1.30.⁷³

Other Post Employment Benefits

State statute permits the Forest Preserve District pension fund to pay all or a portion of the health insurance premium for retirees who choose to participate in one of the District's employee health insurance plans.⁷⁴ The pension fund currently subsidizes roughly 52% of retiree premiums (including dependent coverage) and 67% of surviving spouse premiums (including dependent

⁷³ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2015, p. 8.

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

coverage). The remaining premium amount is paid by the participant.⁷⁵ The subsidy is funded on a pay-as-you-go basis; an irrevocable trust or a 401(h) trust has not been established to pre-fund the retiree health insurance subsidy.

In FY2015 there were 278 retiree and surviving spouse participants whose health plan costs were subsidized by the pension fund. This is an decrease from 282 participants in FY2009.

Forest Preserve District Pension Fund Retiree Health Plan Participants: FY2009-FY2015							
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Retiree and Surviving Spouse Participants	282	275	279	281	291	287	278

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2008, p. 17; FY2010, p. 18; and FY2015, p. 21.

The Forest Preserve District government does not directly contribute to the retirees' premium costs. However, as the employer sponsor of the pension plan, the District is required to report other post employment benefit (OPEB) liabilities in its financial statements. The OPEB plan does not have a separate contribution rate or asset pool associated with it. The employer contribution for OPEB reported in the District's financial statements is assumed to equal the cost of the premium subsidy for that period.⁷⁶

The actuarial accrued liability for District retiree healthcare benefits was \$49.5 million in FY2015, up from \$47.2 million in FY2014. The plan has no assets because it is funded on a pay-as-you-go basis; thus all liabilities are unfunded and the funded ratio is 0%.

⁷⁵ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2015, p. 20.

⁷⁶ Forest Preserve District of Cook County Comprehensive Annual Financial Report for the Year Ended December 31, 2015, p. 108.

SHORT-TERM LIABILITIES

Forest Preserve District short-term liabilities are financial obligations incurred in the governmental funds that must be satisfied within one year. They can include short-term debt, accounts payable, accrued payroll and other current liabilities. Increasing amounts of short-term liabilities could indicate increasing fiscal stress.

The Forest Preserve District reported the following short-term liabilities in the Governmental Funds Balance Sheet in its Comprehensive Annual Financial Reports (CAFRs) over the past five years:⁷⁷

- *Accounts Payable*: unpaid bills owed to vendors for goods and services carried over into the new fiscal year;
- *Accrued Payroll*: employee compensation, related payroll taxes and benefits that have been earned by District employees but have not yet been paid or recorded in the District's accounts;
- *Other Liabilities*: includes self-insurance funds, unclaimed property and other unspecified liabilities; and
- *Deposits*: funds held by the District or its agents to collateralize other investment risks.

In FY2015, the year for which the most recent audited data are available, the District's total short-term liabilities decreased from the prior year by \$3.0 million, or 18.0%. Much of the decrease was due to the \$3.9 million, or 29.3%, decrease in accounts payable. The large increase in accounts payable from \$6.9 million in FY2013 to \$13.5 million in FY2014, was due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.⁷⁸

For the five-year period between FY2011 and FY2015, short-term liabilities rose by 31.1%, or \$3.2 million, increasing from \$10.4 million to \$13.6 million. Most of that increase was also driven by increases in accounts payable, which rose by \$1.7 million and accrued payroll, which increased by \$1.6 million.

Forest Preserve District of Cook County FY2011-FY2015 Short-Term Liabilities in the Governmental Funds									
Type	FY2011	FY2012	FY2013	FY2014	FY2015	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Accounts Payable	\$ 7,826,864	\$ 7,991,997	\$ 6,897,196	\$ 13,471,259	\$ 9,528,416	\$ (3,942,843)	-29.3%	\$ 1,701,552	21.7%
Accrued Payroll	\$ 1,720,156	\$ 2,267,709	\$ 1,376,629	\$ 2,723,698	\$ 3,307,067	\$ 583,369	21.4%	\$ 1,586,911	92.3%
Other Liabilities	\$ 780,446	\$ 281,209	\$ 601,466	\$ 290,849	\$ 635,644	\$ 344,795	118.5%	\$ (144,802)	-18.6%
Deposits	\$ 31,398	\$ 30,993	\$ 82,217	\$ 73,365	\$ 109,698	\$ 36,333	49.5%	\$ 78,300	249.4%
Total	\$ 10,358,864	\$ 10,571,908	\$ 8,957,508	\$ 16,559,171	\$ 13,580,825	\$ (2,978,346)	-18.0%	\$ 3,221,961	31.1%

Source: Forest Preserve District of Cook County FY2011-FY2015 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

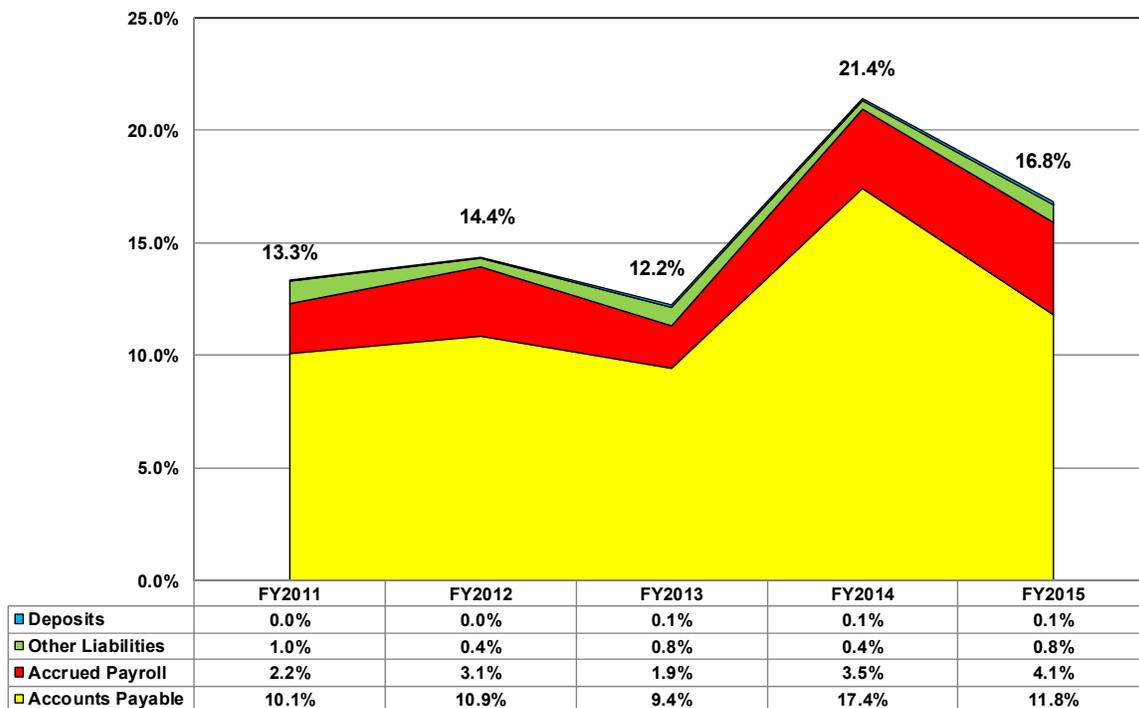
⁷⁷ Interfund and intergovernmental payables are not included in this analysis. Interfund payables are monies owed to other funds for services that have been rendered that are outstanding at the end of the fiscal year. Intergovernmental payables are funds to be paid to other governments or agencies carried over from the previous fiscal year. Remaining balances result from a time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded and payments between funds are made. Interfund balances owed within the governmental activities are netted and eliminated in the entity-wide statement of net position. See Forest Preserve District of Cook County FY2015 Comprehensive Annual Financial Report, Note III (D): Detailed Notes on All Funds, p. 64.

⁷⁸ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

Short-Term Liabilities as a Percentage of Operating Revenues

Increasing current liabilities in a government’s operating funds at the end of the year as a percentage of net operating revenues may be a warning sign of possible future financial difficulties.⁷⁹ 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 ratio has fluctuated over time, rising from 13.3% in FY2011 to 21.4% in FY2014, before dropping to 16.8% in FY2015. The increase in FY2014 was due large to a large increase in accounts payable due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.⁸⁰ The average ratio over this five-year period was 15.6%.

Forest Preserve District Short-Term Liabilities in the Governmental Funds as a % of Operating Revenues: FY2011-FY2015



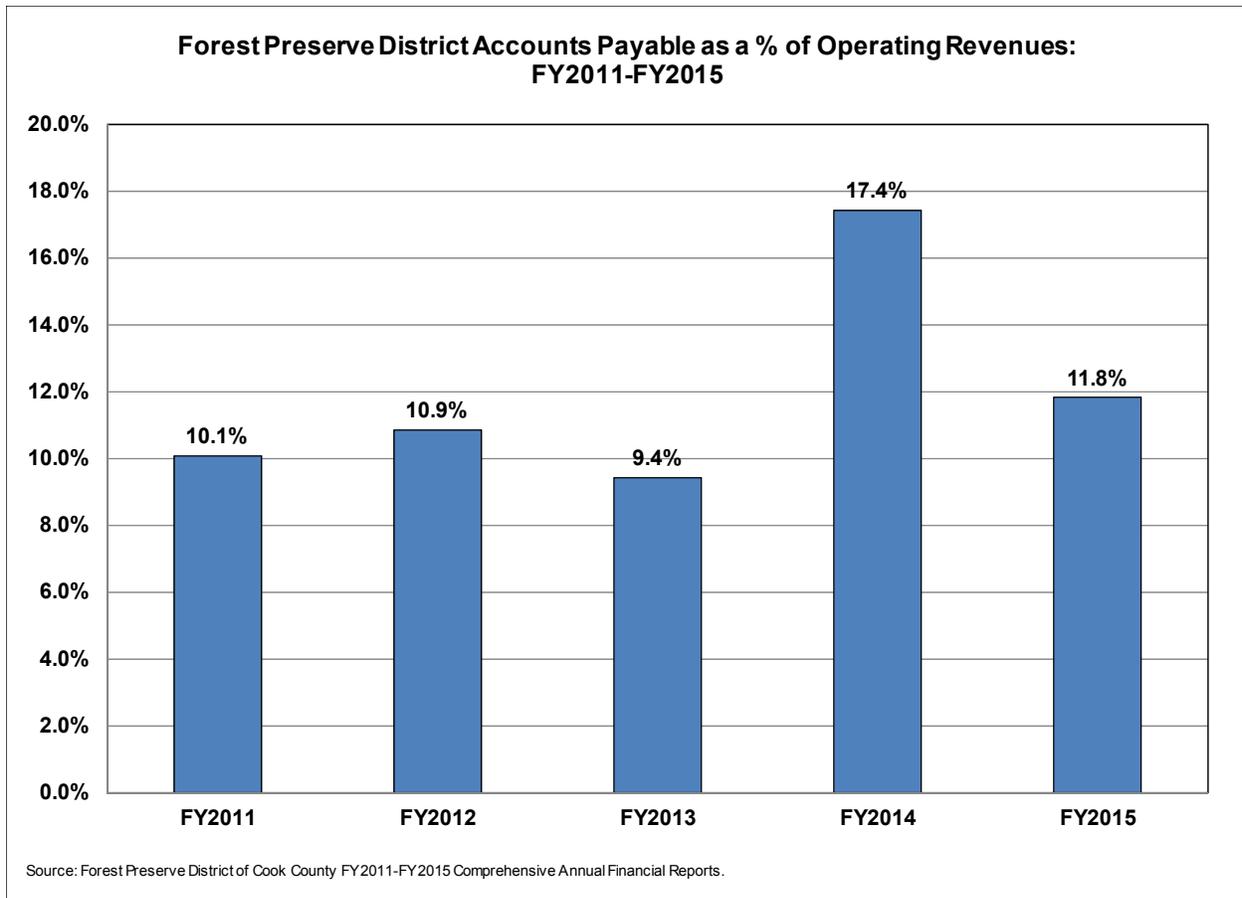
Source: Forest Preserve District of Cook County FY2011-FY2015 Comprehensive Annual Financial Reports.

⁷⁹ 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 169.

⁸⁰ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

Accounts Payable as a Percentage of Operating Revenues

Over time, rising amounts of accounts payable may indicate a government's difficulty in controlling expenses or keeping up with spending pressures. Between FY2011 and FY2013, the Forest Preserve District's ratio of accounts payable to operating revenues decreased from 10.1% to 9.4%. It then made a steep increase to 17.4% mainly because of a \$6.6 million increase in accounts payables in FY2014. That increase was due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.⁸¹ In FY2015 the ratio declined to 11.8% as accounts payables decreased by \$3.9 million. The average ratio over this five-year period was 11.9%.



Current Ratio

The current ratio is a measure of liquidity. The ratio is calculated by dividing current assets by current liabilities. It assesses whether the government has enough cash and other liquid resources to meet its short-term obligations as they come due. A ratio of 1.0 means that current assets are equal to current liabilities and are sufficient to cover obligations in the near term. Generally, a government's current ratio should be close to 2.0 or higher.⁸²

⁸¹ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

⁸² Steven A. Finkler. *Financial Management for Public, Health and Not-for-Profit Organizations*. Upper Saddle River, NJ, 2001, p. 476.

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

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

The Forest Preserve District's current ratio was 12.0 in FY2015, the most recent year for which data is available. In the past five years, the District's current ratio averaged 15.3, which is above the preferred benchmark of 2.0 and thus demonstrates a healthy level of liquidity. From FY2011 to FY2015, the current ratio declined from 17.3 to 12.0. This decrease was due to current assets declining by \$16.0 million at the same time current liabilities rose by \$3.2 million.

Forest Preserve District Current Ratio in the Governmental Funds: FY2011-FY2015 (in \$ thousands)									
	FY2011	FY2012	FY2013	FY2014	FY2015	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Current Assets									
Cash and cash equivalents	\$ 39,135	\$ 104,044	\$ 91,177	\$ 105,555	\$ 93,463	\$ (12,092)	-11.5%	\$ 54,328	138.8%
Short-term investments	\$ 72,811	\$ 3,149	\$ 3,161	\$ -	\$ -	\$ -	---	\$ (72,811)	-100.0%
Property taxes receivable	\$ 64,536	\$ 66,415	\$ 64,912	\$ 65,706	\$ 67,817	\$ 2,111	3.2%	\$ 3,281	5.1%
Grants receivable	\$ 750	\$ 717	\$ 519	\$ 1,231	\$ 1,557	\$ 326	26.5%	\$ 807	107.7%
Golf receivable	\$ 809	\$ 624	\$ 551	\$ 21	\$ 472	\$ 451	2147.6%	\$ (337)	-41.6%
Concession Receivable	\$ 70	\$ 98	\$ 87	\$ 82	\$ 39	\$ (43)	-52.4%	\$ (31)	-44.4%
License Fees Receivable	\$ 1,391	\$ 2,544	\$ 2,544	\$ 63	\$ 63	\$ -	0.0%	\$ (1,328)	-95.5%
Accrued Interest Receivable	\$ 13	\$ 3	\$ 627	\$ 610	\$ 64	\$ (546)	-89.5%	\$ 51	392.3%
Loans Receivable	\$ -	\$ -	\$ 14,151	\$ -	\$ -	\$ -	---	\$ -	---
Other Receivables	\$ -	\$ 7	\$ 7	\$ 192	\$ 4	\$ (188)	-97.9%	\$ 4	---
Total Current Assets	\$ 179,514	\$ 177,601	\$ 177,736	\$ 173,460	\$ 163,479	\$ (9,981)	-5.8%	\$ (16,035)	-8.9%
Current Liabilities									
Accounts Payable	\$ 7,827	\$ 7,992	\$ 6,897	\$ 13,471	\$ 9,528	\$ (3,943)	-29.3%	\$ 1,701	21.7%
Accrued Payroll	\$ 1,720	\$ 2,268	\$ 1,377	\$ 2,724	\$ 3,307	\$ 583	21.4%	\$ 1,587	92.3%
Other Liabilities	\$ 780	\$ 281	\$ 601	\$ 291	\$ 635	\$ 344	118.2%	\$ (145)	-18.6%
Deposits	\$ 31	\$ 30	\$ 82	\$ 73	\$ 110	\$ 37	50.7%	\$ 79	254.8%
Total Current Liabilities	\$ 10,358	\$ 10,571	\$ 8,957	\$ 16,559	\$ 13,580	\$ (2,979)	-18.0%	\$ 3,222	31.1%
Current Ratio	17.3	16.8	19.8	10.5	12.0				

Source: Forest Preserve District of Cook County FY2011-FY2015 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

LONG-TERM LIABILITIES

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

Long-Term Liabilities

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

- *Compensated absences*: Liabilities owed for employees' time off with pay for vacations, holidays and sick days;
- *Provisions for settlement of tort*: Liabilities owed as a result of claims for tort liability and property judgments;
- *Net pension obligations (NPO)*: The cumulative difference (as of the effective date of GASB Statement Number 27) between the annual pension cost and the employer's contributions to the pension plan. This includes the pension liability at transition (beginning pension liability) and excludes short term differences and unpaid contributions that have been converted to pension-related debt;
- *Net Pension Liabilities*: Beginning in FY2015, the Forest Preserve District will report 100% of the net pension liabilities of its four municipal pension funds in the Statement of Net Position to comply with GASB Statement Number 68 requirements. Previously, this liability was reported in the Statement of Net Position as a Net Pension Obligation or NPO (see description above). As a result of the reporting change for pensions involved in implementing GASB Statement Number 68, the amount of District long-term liabilities **reported** will increase substantially. This is because it will reflect a more holistic approach to measuring the liabilities of the government, which the previous NPO pension measurement did not. The amount owed by the District to its pension fund has not significantly changed. It is only being reported more transparently; and⁸³
- *Net Other Post Employment Benefit (OPEB) obligations*: The cumulative difference (as of the effective date) of GASB Statement 45, between the annual OPEB (employee health insurance) cost and the employer's contributions to its OPEB plan.

Between FY2014 and FY2015, total Forest Preserve District long-term liabilities rose by 11.0%, increasing from \$426.2 million to \$473.2 million. Over the five-year period between FY2011 and FY2015 long-term obligations rose by 200.8%, or \$315.9 million. Most of the five-year increase was due to the change in pension reporting in FY2015. Please note that FY2014 pension liability figures for FY2014 were restated in the FY2015 CAFR. As noted above, the new pension liability reporting requirements of GASB Statement Number 68 present a more transparent approach to measuring these liabilities than the previous approach, rather than large increases in liabilities.

⁸³Governmental Accounting Standards Boards, "Summary of Statement No. 27 Accounting for Pensions by State and Local Governmental Employers (Issued 11/94)," <http://www.gasb.org/st/summary/gstsm27.html> (accessed December 17, 2010).

Forest Preserve District long-term debt includes tax supported debt issues of the Forest Preserve District as well as bond premium and issuance costs. All Forest Preserve District long-term debt is general obligation debt. Between FY2011 and FY2015, long-term debt for the Forest Preserve District increased by 58.9%, or roughly \$68.7 million. In the two-year period between FY2014 and FY2015 long-term debt outstanding fell by 3.3%, or \$6.4 million. The large long-term debt increase between FY2011 and FY2012 of \$99 million was due primarily to the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁸⁴

Total other liabilities rose by 607.5%, or \$247.2 million, between FY2011 and FY2015. In the same period, net pension obligations/liabilities increased by 814.6%, or \$236.3 million. This increase was due to the reporting changes required by GASB Statement No. 68; it does represent an increase in liabilities. Net other post-employment obligations in this five-year period rose by 105.1%, or \$10.4 million.

Forest Preserve District Long-Term Liabilities: FY2011-FY2015									
	FY2011	FY2012	FY2013	FY2014	FY2015	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
General Obligation Bonds	\$108,665,000	\$187,950,000	\$179,655,000	\$172,535,000	\$168,670,000	\$ (3,865,000)	-2.2%	\$ 60,005,000	55.2%
Bond Premium and Issuance Costs	\$ 7,940,094	\$ 21,870,884	\$ 20,517,164	\$ 19,163,444	\$ 16,608,693	\$ (2,554,751)	-13.3%	\$ 8,668,599	109.2%
Unamortized deferred amount on refunding	\$ -	\$ (986,779)	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Subtotal Long-Term Debt	\$116,605,094	\$208,834,105	\$200,172,164	\$191,698,444	\$185,278,693	\$ (6,419,751)	-3.3%	\$ 68,673,599	58.9%
Compensated Absences	\$ 1,792,974	\$ 1,858,731	\$ 1,973,026	\$ 2,040,862	\$ 2,333,266	\$ 292,404	14.3%	\$ 540,292	30.1%
Net Pension Obligation/Liability	\$ 29,000,897	\$ 36,382,010	\$ 45,763,389	\$214,835,999	\$265,255,593	\$ 50,419,594	23.5%	\$236,254,696	814.6%
Net Other Post Employment Obligations	\$ 9,892,669	\$ 12,280,577	\$ 14,854,307	\$ 17,635,537	\$ 20,285,290	\$ 2,649,753	15.0%	\$ 10,392,621	105.1%
Subtotal Other Liabilities	\$ 40,686,540	\$ 50,521,318	\$ 62,590,722	\$234,512,398	\$287,874,149	\$ 53,361,751	22.8%	\$247,187,609	607.5%
Total	\$157,291,634	\$259,355,423	\$262,762,886	\$426,210,842	\$473,152,842	\$ 46,942,000	11.0%	\$315,861,208	200.8%

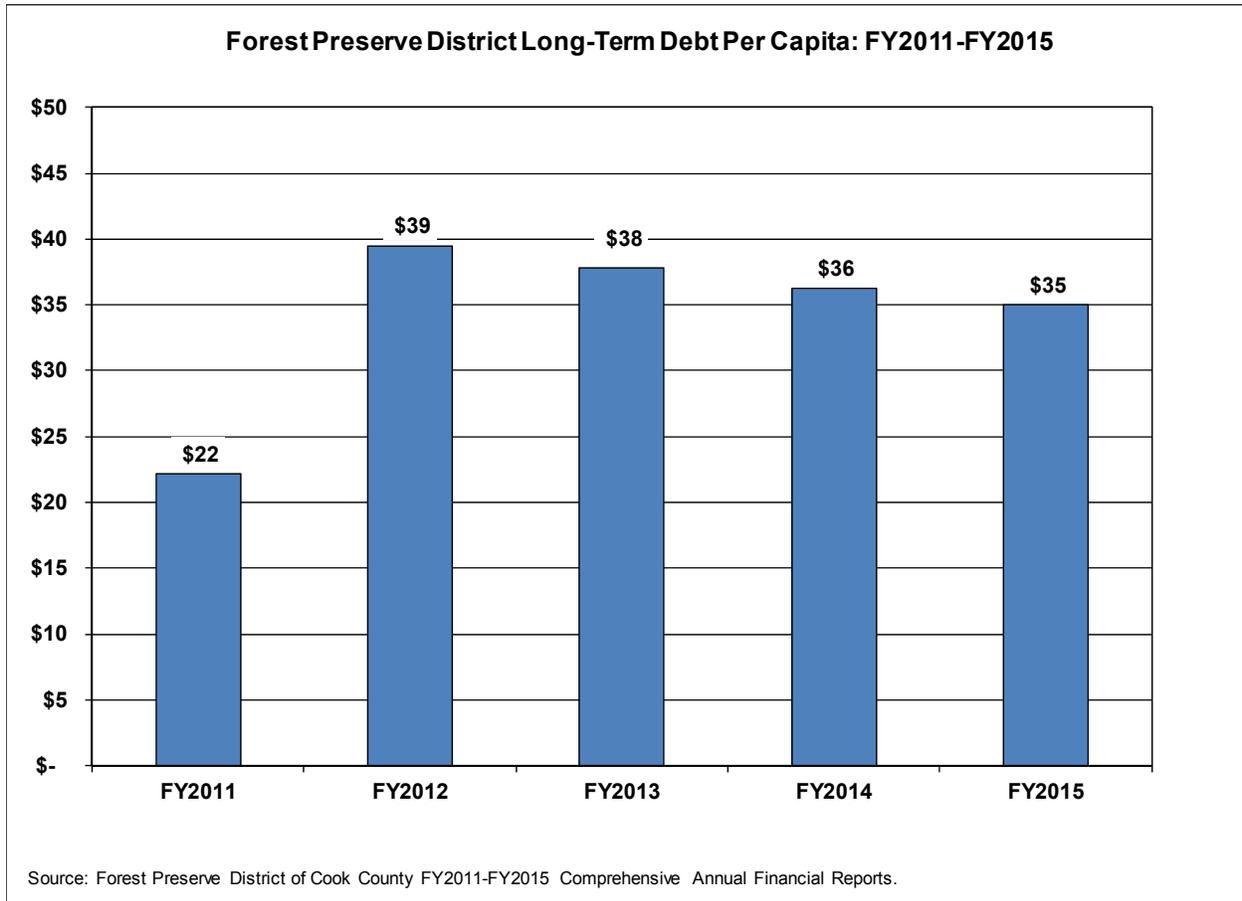
Sources: Forest Preserve District of Cook County FY2011-FY2015 CAFRs. Net pension liabilities for FY2014 were re-stated in the FY2015 CAFR to reflect GASB Number 68 changes.

Long-Term Debt Per Capita

A common ratio used by ratings agencies and other public finance analysts to evaluate long-term debt trends is direct debt per capita. This ratio reflects the premise that the entire population of a jurisdiction benefits from infrastructure improvements. This analysis takes the total long-term debt amount reported in the District's audited financial statements and divides it by population. The Forest Preserve District's long-term debt includes general obligation bonds payable and bond premium and issuance costs. Increases in this indicator bear watching as a potential sign of growing financial risk. The District's long-term debt burden increased by 78.1% between FY2011 and FY2012, rising from \$22 to \$39 per capita. This large increase was due primarily to

⁸⁴ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.

the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁸⁵ By FY2015, debt per capita fell slightly to \$35.



Debt Service Appropriations as a Percentage of Total Appropriations

The ratio of debt service appropriations as a percentage of total Governmental Fund appropriations is frequently used by ratings agencies to assess debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the ratings agencies.⁸⁶

Forest Preserve District debt service appropriations in the proposed budget for FY2017 will constitute 7.5% of the District's \$192.5 million in total appropriations. The District proposes to appropriate a net amount of \$14.3 million for debt service this year. The total amount of debt

⁸⁵ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.

⁸⁶ Standard & Poor's, *Public Finance Criteria 2007*, p. 64. See also Moody's, *General Obligation Bonds Issued by U.S. Local Governments*, October 2009, p. 18.

service is reported as \$15.8 million; however the District intends to abate \$1.5 million of that sum. The abatement is made possible by spending down available escrow funds.⁸⁷

The increase in debt service appropriations and the corresponding debt service ratio between FY2014 and FY2015 was due primarily to a reduction in the amount of bond and interest abatement proposed in the FY2015 budget. Since FY2012 the percentage appropriated for debt service as a percentage of total appropriations has been consistently below the 15-20% threshold.

Forest Preserve District Debt Service Appropriations as a Percentage of Total Appropriations: FY2013-FY2017					
	FY2013	FY2014	FY2015	FY2016	FY2017 Proposed
Debt Service Appropriations	\$ 19,881,853	\$ 19,932,213	\$ 16,116,388	\$ 16,108,472	\$ 15,848,198
Bond and Interest Abatement	\$ (4,996,350)	\$ (7,308,839)	\$ (1,200,000)	\$ (2,500,000)	\$ (1,500,000)
Subtotal Net Debt Service	\$ 14,885,503	\$ 12,623,374	\$ 14,916,388	\$ 13,608,472	\$ 14,348,198
Total Appropriations	\$ 189,323,000	\$ 179,065,916	\$ 178,493,857	\$ 189,718,953	\$ 192,471,257
Debt Service as a % of Total Appropriations	7.9%	7.0%	8.4%	7.2%	7.5%

Sources: Forest Preserve District of Cook County FY2013-FY2017 Executive Budget Recommendations, Annual Appropriation Comparative Summaries.

Bond Ratings

The Forest Preserve District had the following credit ratings as of October 2016:

Forest Preserve District of Cook County Bond Ratings	
Standard & Poor's	AA
Moody's	A2
Fitch	AA

Sources: Forest Preserve District of Cook County FY2015 Comprehensive Annual Financial Report, p. iii.

In June 2016, Moody's Investors Services affirmed its A2 rating for the Forest Preserve District's general obligation debt, but upgraded the outlook from negative to stable. The change reflected the District's governance ties to Cook County, which has a stable outlook for its general obligation debt.⁸⁸

On June 8, 2015, Moody's Investors Service downgraded the District's bond rating from A1 to A2 with a negative outlook. The rating downgrade was based on the agency's concern about the District's growing pension liabilities. The District's credit ratings with Standard and Poor's and Fitch remained at an AA rating.⁸⁹

In May 2014, Fitch affirmed the District's AA credit rating, but revised its outlook from stable to negative. The rating agency cited the Forest Preserve District's unfunded pension liabilities and uncertainty over the future course of pension reform in the Illinois legislative and judicial arenas as a cause for concern.⁹⁰

⁸⁷ Forest Preserve District FY2017 Executive Budget Recommendation, p. 16.

⁸⁸ Moody's Investors Services. "Moody's affirms Cook County Forest Preserve District, IL's GO at A2; outlook revised to stable," June 6, 2016.

⁸⁹ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 110.

⁹⁰ Fitch Ratings. "Fitch Revises Cook County Forest Preserve, IL's Outlook to Negative; Affirms 'AA' GOs,"

Standard & Poor’s gave the District a credit rating upgrade from AA- to AA in June 2012, citing its strengthened corporate fund reserves, large property tax base, strong liquidity and moderate overall debt burden.⁹¹ However, in August 2013, Moody’s Investors Service downgraded the rating on the Forest Preserve District’s general obligation debt from Aa2 to A1 with a negative outlook because of the government’s growing pension liabilities. Moody’s also expressed concern about the District’s governance system under which the District shares the same Board of Commissioners as Cook County because of the interconnectedness between the finances of both entities.⁹² Reflecting that concern, Moody’s also concurrently downgraded Cook County’s general obligation rating from Aa3 to A1 with a negative outlook in August 2013.⁹³

FOREST PRESERVE DISTRICT CAPITAL PLAN

The Forest Preserve District annually updates its five-year Capital Improvement Plan in February, after the fiscal year has begun. Thus, the FY2016 update to the five-year Capital Improvement Plan (CIP) was published in February 2016. The update includes information for FY2016-FY2020.⁹⁴

The District proposes \$131.0 million in funded and unfunded projects over that five-year period. The amounts listed for FY2017 through FY2020, a total of \$100.3 million, do not yet have identified sources of funding.

Forest Preserve District Capital Improvement Plan: FY2016-FY2020	
FY2016	\$ 30,610,199
FY2017	\$ 18,681,076
FY2018	\$ 38,978,849
FY2019	\$ 25,763,062
FY2020	\$ 16,918,570
Total	\$ 130,951,756

Source: Forest Preserve District of Cook County 2016 Update to the 5-Year Capital Improvement Plan, Table 2, p. 15.

The CIP provides information on capital projects for FY2016-FY2020 by location, category and timing. Opportunities are provided for input on new projects from District staff, partner organizations, recreation groups and citizens. Members of the public and staff also can make requests for new or improved facilities, amenities and infrastructure by submitting a request form on the District’s website.⁹⁵

May 30, 2014.

⁹¹ Forest Preserve District of Cook County, “Forest Preserve District Secures Historically Low Interest Rate on Bond Sale,” press release, June 14, 2012.

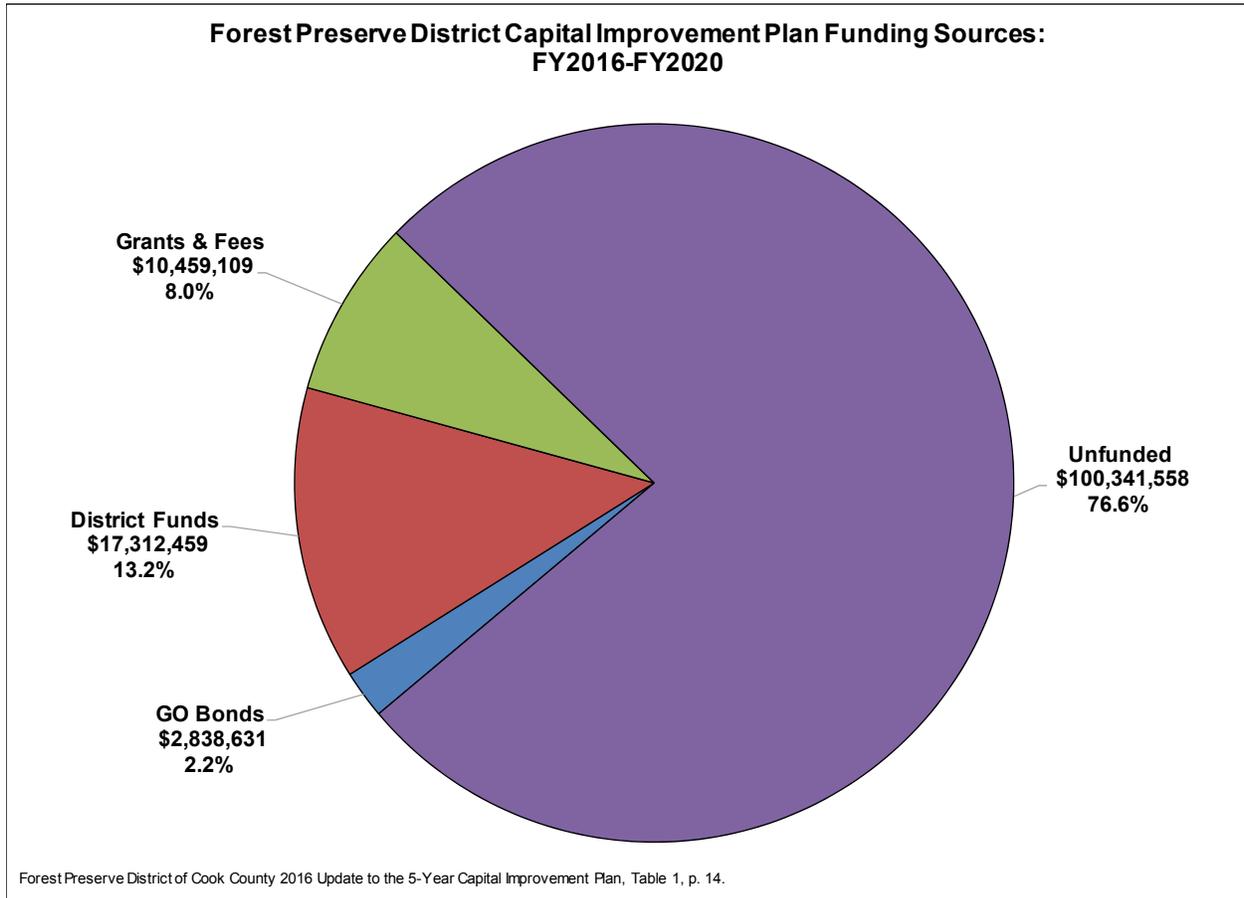
⁹² Moody’s Investors Service. “Rating Update: Moody’s downgrades Cook County Forest Preserve District, IL to A1; outlook negative,” August 29, 2013.

⁹³ Chicago Tribune. “Moody’s cuts Cook County bond rating to A1: Rating service cites pension liabilities, maintains negative outlook,” August 16, 2013.

⁹⁴ Forest Preserve District. 2016 Update to the 5-Year Capital Improvement Plan, February 9, 2016 at <http://fpdcc.com/cip/>.

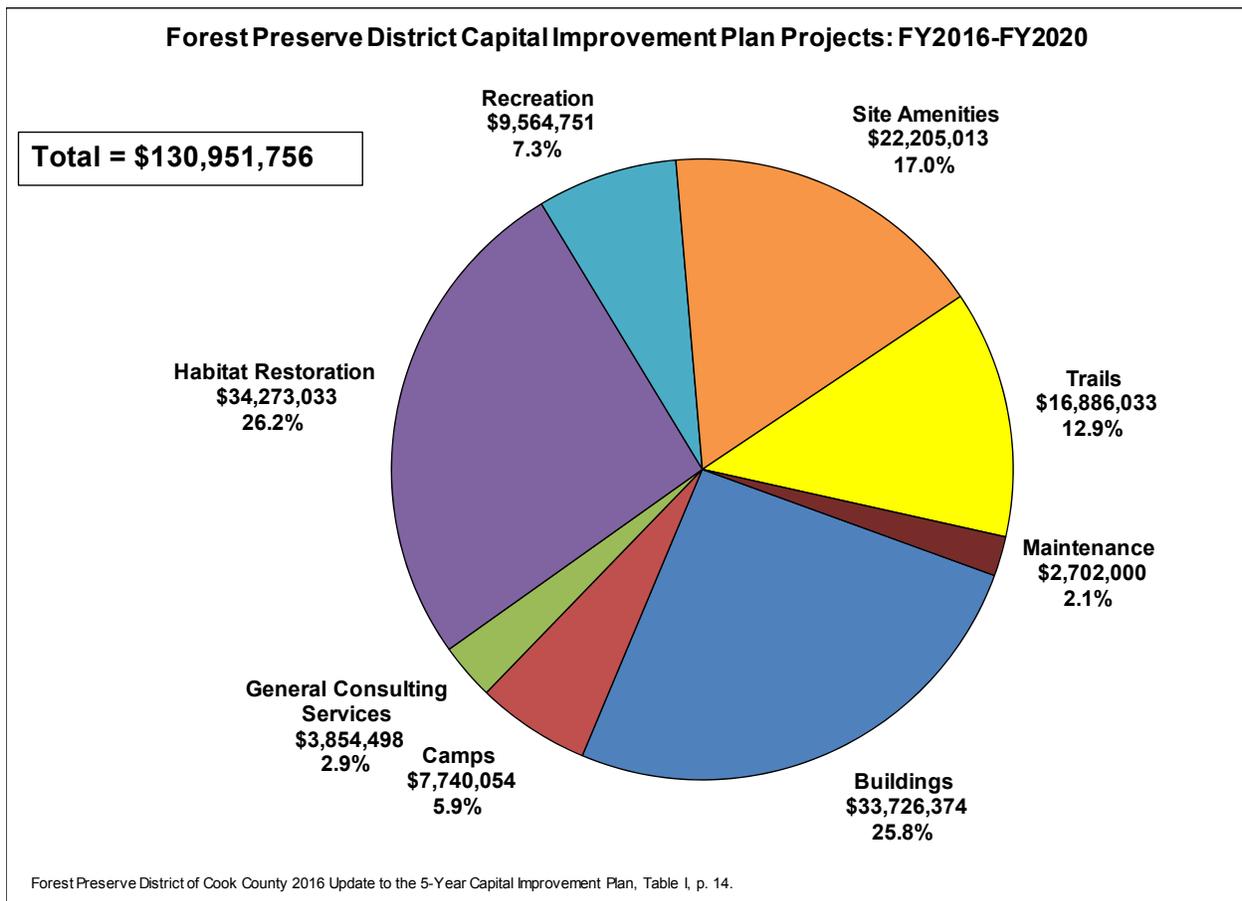
⁹⁵ See Forest Preserve District of Cook County website at <http://fpdcc.com/cip/>.

The next exhibit shows the sources of funding for the Forest Preserve District's FY2016-FY2020 CIP projects. At this time, 2.2% or \$2.8 million in funding will derive from general obligation (GO) bonds. District pay-as-you-go funding will finance \$17.3 million, or 13.2%, of the projects. Another 8.0% or \$10.5 million will be paid for with grants and fee revenues. Approximately \$100.3 million in projects, or 76.6% of the total, do not yet have funding identified in the FY2016 capital plan.



The FY2016-FY2020 Forest Preserve District CIP proposes to allocate funds for a wide variety of projects:

- 26.2%, or \$34.3 million, is reserved for habitat restoration;
- 25.8% of the total, or \$33.7 million, will be set aside for buildings;
- 17.0%, or \$22.2 million, is to be used or site amenities;
- An additional 12.9%, or \$16.9 million, will be used for trails;
- 7.3%, or \$9.6 million, is earmarked for recreational facilities;
- 5.9%, or \$7.7 million, will be used for campsites; and
- The remaining funding will be used for maintenance and general consulting services (i.e., planning, assessment and design activities).



According to best practices for capital budgeting, a complete capital improvement plan (CIP) includes the following elements:⁹⁶

- A comprehensive inventory of all government-owned assets, with description of useful life and current condition;

⁹⁶ National Advisory Council on State and Local Budgeting Recommended Practice 9.10: Develop a Capital Improvement Plan, p. 34; Government Finance Officers Association, Best Practices, Development of Capital Planning Policies, October 2011.

- A narrative description of the CIP process including how criteria for projects were determined and whether materials and meetings were made available to the public;
- A five-year summary list of all projects and expenditures per project as well as funding sources per project;
- Criteria for projects to earn funding in the capital budget including a description of an objective and needs-based prioritization process;
- Publicly available list of project rankings based on the criteria and prioritization process;
- Information about the impact of capital spending on the annual operating budget of each project;
- Annual updates on actual costs and changes in scope as projects progress;
- Brief narrative descriptions of individual projects, including the purpose, need, history and current status of each project; and
- An expected timeframe for completing each project and a plan for fulfilling overall capital priorities.

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

The checklist that follows assesses how well the District's CIP conforms to best practice guidelines. Overall, the CIP conforms to many of the guidelines. There are opportunities for stakeholder input into the CIP process for new projects. The Capital Development Committee of the Forest Preserve Board holds a public hearing on the CIP at which public testimony is taken and the full Board subsequently adopts the plan.⁹⁷ Information about individual projects, funding sources and timelines for project completion over the entire five-year timeframe of the CIP is provided.

However, in many respects, the CIP falls short of best practice guidelines. The District does develop several plans to guide capital investment decisions. They include: a Next Century Conservation Plan that lays out four key goals related to nature, people, economic impact and leadership; a Natural & Cultural Resources Master Plan that provides a framework for investing in landscape restoration; and a Gateway Master Plan designed to increase public awareness of special forest preserve sites.⁹⁸ But, there is no narrative discussion in the document of whether the District follows a formal prioritization system to determine the selection of individual projects. Also, projects funded by public funds at the Brookfield Zoo and Chicago Botanic Garden continue to be missing from the CIP. Therefore the CIP falls short of the best practice guidelines for a comprehensive document providing taxpayers with full information about District-funded capital projects.

⁹⁷ Information provided by the Forest Preserve District of Cook County, November 1, 2013.

⁹⁸ Forest Preserve District of Cook County 2016 Update to the 5-Year Capital Improvement Plan, p. 5.

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

APPENDIX A

Proposed Fee Schedule Changes

The following tables present the major changes to the fee schedule proposed by the Forest Preserve District. The current fee schedule is found in Chapter 7, Title 1 of the Forest Preserve District Code of Cook County.⁹⁹ The proposed fee schedule, if approved by the Forest Preserve District Board of Commissioners, will replace the current fee schedule immediately upon adoption.

In addition to the fee changes exhibited below, the Forest Preserve District is also proposing the following:¹⁰⁰

- Fee increases in 2018, 2019 and 2020 at the rate of the Consumer Price Index for All Urban Consumer (CPI-U) applied to base permit fees, which include Picnic, Special/Athletic Event, Hourly Athletic Field, Model Airplane, Day Camp, Overflow Parking, Filming/Photography and Indoor Room Rental;
- A 10% premium charged to non-County residents for base permit fees;
- A 25% discount for base Picnics and Special/Athletic Event fees for permits booked for use Monday through Thursday (excluding Holidays);
- A 50% discount to eligible nonprofit organizations.

Note: The tables shown below do not include all of the types of fees charged by the Forest Preserve District; they only include fees to which major proposed changes apply.

Forest Preserve District Picnic Permit Fees: Current and Proposed			
Current Fees		Proposed Fees	
Attendance 25-99		Attendance 25-99	
Without Shelter	\$37.00	Small Grove with Shelter	\$80.00
With Shelter	\$53.00	Small Grove without Shelter	\$60.00
Attendance 100-399		Large Grove with Shelter	
Without Shelter	\$90.00	Large Grove without Shelter	\$130.00
With Shelter	\$105.00	Attendance 100-199	
		Small Grove with Shelter	\$120.00
		Small Grove without Shelter	\$100.00
		Large Grove with Shelter	\$190.00
		Large Grove without Shelter	\$160.00
		Attendance 200-399	
		Large Grove with Shelter	\$215.00
		Large Grove without Shelter	\$180.00

Note: Proposed fee schedule considers events with 400 attendees or more to be special events. Previously, the charge for picnic permits for more than 400 attendees was \$535 without a shelter and \$550 with a shelter.

Source: Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 156; and Forest Preserve District Proposed Ordinance Amendment 16-0427, Fee Schedule.

⁹⁹ The fee schedule found in Chapter 7-1-1 of the Code is available online at https://www.municode.com/library/il/cook_county/codes/forest_preserve?nodeId=TIT7FE_CH1FESC.

¹⁰⁰ Forest Preserve District of Cook County, Ordinance Amendment 16-0427, Fee Schedule.

Forest Preserve District Special Event Permit Fee: Current and Proposed	
Current Fee	Proposed Fee
\$175 per day regardless of attendance, no application fee	\$225.00 + \$25 Application Fee for 25-99 Attendees
	\$275.00 + \$25 Application Fee for 100-199 Attendees
	\$325.00 + \$25 Application Fee for 200-399 Attendees
	\$700.00 + \$25 Application Fee for 400-999 Attendees

Source: Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 158; and Forest Preserve District Proposed Ordinance Amendment 16-0427, Fee Schedule.

Forest Preserve District Day Camp Permit Fees: Current and Proposed		
Number of Attendees	Current Fee	Proposed Fee
Attendance 25 - 99	\$30 per day	\$40.00 + \$25 Application Fee
Attendance 100 - 199	\$30 per day	\$50.00 + \$25 Application Fee
Attendance 200 - 399	\$30 per day	\$60.00 + \$25 Application Fee

Source: Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 154; and Forest Preserve District Proposed Ordinance Amendment 16-0427, Fee Schedule.

Forest Preserve District Camping Fees: Current and Proposed									
Type	Capacity	Months	Nights	Current Fees: All Campgrounds		Proposed Fees: Camp Bullfrog, Sullivan and Reinberg		Proposed Fees: Camp Shabbona and Dan Beard	
				Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Tent or RV Electric	6	Nov - Mar	All Nights	\$25.00	\$35.00	\$25.00	\$35.00		
Tent or RV Electric	6	Apr - Oct	Sun - Wed	\$35.00	\$45.00	\$35.00	\$45.00		
Tent or RV Electric	6	Apr - Oct	Thurs - Sat	\$50.00	\$60.00	\$50.00	\$60.00		
Tent or RV Non-Electric	6	Nov - Mar	All Nights	\$20.00	\$30.00	\$20.00	\$30.00	\$20.00	\$30.00
Tent or RV Non-Electric	6	Apr - Oct	Sun - Wed	\$30.00	\$40.00	\$30.00	\$40.00	\$30.00	\$40.00
Tent or RV Non-Electric	6	Apr - Oct	Thurs - Sat	\$35.00	\$45.00	\$35.00	\$45.00	\$35.00	\$45.00
Small Cabin	8	Nov - Mar	All Nights	\$40.00	\$50.00	\$40.00	\$50.00	\$40.00	\$50.00
Small Cabin	8	Apr - Oct	Sun - Wed	\$50.00	\$60.00	\$50.00	\$60.00	\$50.00	\$60.00
Small Cabin	8	Apr - Oct	Thurs - Sat	\$80.00	\$90.00	\$80.00	\$90.00	\$80.00	\$90.00
Large Cabin	10	Nov - Mar	All Nights	\$65.00	\$75.00	\$100.00	\$110.00	\$85.00	\$95.00
Large Cabin	10	Apr - Oct	Sun - Wed	\$85.00	\$95.00	\$100.00	\$110.00	\$85.00	\$95.00
Large Cabin	10	Apr - Oct	Thurs - Sat	\$100.00	\$110.00	\$125.00	\$135.00	\$100.00	\$110.00
Small Bunkhouse	16	Nov - Mar	All Nights	\$75.00	\$85.00	\$115.00	\$125.00		
Small Bunkhouse	16	Apr - Oct	Sun - Wed	\$90.00	\$100.00	\$115.00	\$125.00		
Small Bunkhouse	16	Apr - Oct	Thurs - Sat	\$140.00	\$150.00	\$165.00	\$175.00		
Large Bunkhouse	36	Nov - Mar	All Nights	\$90.00	\$100.00	\$150.00	\$160.00		
Large Bunkhouse	36	Apr - Oct	Sun - Wed	\$100.00	\$110.00	\$150.00	\$160.00		
Large Bunkhouse	36	Apr - Oct	Thurs - Sat	\$200.00	\$210.00	\$250.00	\$260.00		
Group sites (tents only)	30-60	Year Round	All Nights	\$20.00/Tent	\$30.00/Tent	\$20.00/Tent	\$30.00/Tent	\$20.00/Tent	\$30.00/Tent
Gear Library	32	Year Round	All Nights	\$100.00	N/A	\$100.00	\$100.00		

Source: Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 158; and Forest Preserve District Proposed Ordinance Amendment 16-0427, Fee Schedule.

Forest Preserve District Indoor Pavilion Rental Fees: Current and Proposed		
Pavilion and Facility	Current Fees	Proposed Fees
Thatcher Woods East - Resident		
Monday - Thursday	\$50.00 per hour	\$75.00 per hour + \$25 Application Fee
Friday - Sunday	\$70.00 per hour	\$100.00 per hour + \$25 Application Fee
Thatcher Woods East - Non-Resident		
Monday - Thursday	\$75.00 per hour	\$100.00 per hour + \$25 Application Fee
Friday - Sunday	\$95.00 per hour	\$125.00 per hour + \$25 Application Fee
Thatcher Woods West - Resident		
Monday - Thursday	\$40.00 per hour	\$60.00 per hour + \$25 Application Fee
Friday - Sunday	\$60.00 per hour	\$90.00 per hour + \$25 Application Fee
Thatcher Woods West - Non-Resident		
Monday - Thursday	\$65.00 per hour	\$90.00 per hour + \$25 Application Fee
Friday - Sunday	\$85.00 per hour	\$115.00 per hour + \$25 Application Fee
Dan Ryan Woods - Resident		
Monday - Thursday	\$50.00 per hour	\$75.00 per hour + \$25 Application Fee
Friday - Sunday	\$70.00 per hour	\$100.00 per hour + \$25 Application Fee
Dan Ryan Woods - Non-Resident		
Monday - Thursday	\$75.00 per hour	\$100.00 per hour + \$25 Application Fee
Friday - Sunday	\$95.00 per hour	\$125.00 per hour + \$25 Application Fee
Matthew Bieszczat Volunteer Resource Center Community Room - Resident		
Monday - Thursday	\$30.00 per hour	\$45.00 per hour + \$25 Application Fee
Friday - Sunday	\$40.00 per hour (\$50/hour Saturday)	\$65.00 per hour + \$25 Application Fee
Matthew Bieszczat Volunteer Resource Center Community Room - Non-Resident		
Monday - Thursday	\$55.00 per hour	\$70.00 per hour + \$25 Application Fee
Friday - Sunday	\$50.00 per hour (\$60/hour Saturday)	\$90.00 per hour + \$25 Application Fee
Matthew Bieszczat Volunteer Resource Center Classroom - Resident		
Monday - Thursday	\$15.00 per hour	\$20.00 per hour + \$25 Application Fee
Friday - Sunday	\$25.00 per hour (\$30/hour Saturday)	\$35.00 per hour + \$25 Application Fee
Matthew Bieszczat Volunteer Resource Center Classroom - Non-Resident		
Monday - Thursday	\$25.00 per hour	\$50.00 per hour + \$25 Application Fee
Friday - Sunday	\$35.00 per hour (\$40/hour Saturday)	\$70.00 per hour + \$25 Application Fee

Source: Forest Preserve District of Cook County FY2016 Annual Appropriation Ordinance, p. 156; and Forest Preserve District Proposed Ordinance Amendment 16-0427, Fee Schedule.

APPENDIX B

Unrestricted Corporate Fund Balance Level

The Civic Federation analyzes other local governments' fund balance levels using the GASB Statement No. 54 measure of *unrestricted* fund balance, which includes *committed*, *assigned* and *unassigned* fund balance. Because the Forest Preserve District's fund balance policy only accounts for *unassigned* Corporate Fund balance, the Civic Federation has also calculated the District's *unrestricted* fund balance in this section for comparison to other local governments.

The following charts present the District's Corporate Fund balance ratio as a percentage of Corporate Fund operating expenditures for FY2011 through FY2015. It should be noted that the Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds. Between FY2011 and FY2014, the District maintained an unrestricted fund balance ratio near 90%. At the end of FY2015, the District's unrestricted corporate fund balance was \$42.6 million, or 76.7% of operating expenditures. The ratio of 76.7% equals about nine months-worth of reserves. This level of fund balance greatly exceeds the GFOA recommended minimum fund balance of 17% of operating expenditures.

Forest Preserve District of Cook County Corporate Fund Balance Ratio: FY2011 - FY2015				
	Unrestricted Corporate Fund Balance	Operating Expenditures	Ratio	
FY2011	\$ 40,817,792	\$ 41,646,735	98.0%	
FY2012	\$ 41,902,515	\$ 45,597,442	91.9%	
FY2013	\$ 43,836,352	\$ 50,557,997	86.7%	
FY2014	\$ 44,943,100	\$ 49,596,157	90.6%	
FY2015	\$ 42,559,189	\$ 55,464,143	76.7%	

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 9; FY2012, pp. 24 and 29; FY2013 pp. 27 and 29; FY2014 pp. 27 and 29; and FY2015, pp. 24 and 27.

Unrestricted Corporate Fund Balance Level and Transfers Out

The District is different from many other governments in that much of its Corporate Fund resources are transferred out to other funds. The majority of the transfers out have been to the Real Estate Acquisition Fund, Capital Improvement Fund and Self-Insurance Fund. With the high level of transfers out, calculating a ratio that only considers operating expenditures does not provide a full picture of the Corporate Fund utilization. Therefore, the Civic Federation has calculated an alternative fund balance ratio that includes both expenditures and transfers out. The ratio was calculated by dividing the fund balance by the sum of operating expenditures and transfers out.

Compared to the unrestricted fund balance ratio shown above, the ratio of Corporate Fund unrestricted fund balance to operating expenditures plus transfers out changes slightly, but still remains very high. The ratio remained high around 80% from FY2011 through FY2014 before

declining to 69.0% in FY2015. This is still well above the GFOA standard of 17% and the District's own fund balance policy.

Forest Preserve District of Cook County			
Corporate Fund Balance Ratio & Transfers Out: FY2011 - FY2015			
	Unrestricted Corporate Fund Balance	Operating Expenditures + Transfers Out	Alternative Ratio
FY2011	\$ 40,817,792	\$ 51,867,110	78.7%
FY2012	\$ 41,902,515	\$ 49,803,780	84.1%
FY2013	\$ 43,836,352	\$ 52,491,834	83.5%
FY2014	\$ 44,943,100	\$ 56,146,157	80.0%
FY2015	\$ 42,559,189	\$ 61,664,143	69.0%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 9; FY2012, pp. 24 and 29; FY2013 pp. 24 and 29; FY2014, pp. 24 and 29; and FY2015, pp. 24, 27 and 29.