

CIVIC FEDERATION ANALYSIS OF FOREST PRESERVE DISTRICT FY2002 PROPOSED BUDGET

The Forest Preserve District (FPD) of Cook County faced a budget gap estimated at \$9 million out of a total projected budget of \$148 million for FY2002. The District has a longstanding structural deficit. Expenditures have exceeded revenues for ten years.

Gap-closing measures proposed in FY2002 budget focus on a mixture of revenue enhancement and expenditure reduction initiatives. Major initiatives include:

- A \$2.3 million increase in the property tax levy;
- Approximately \$2 million in additional fee revenues from increases in golf, pool, picnic and watchman house fees; and
- \$2 million in savings from the elimination of 138 full and part-time positions. The number of full time equivalent (FTE) positions will decline from 1150.75 to 1013.

The District also is considering a number of measures for possible implementation during the fiscal year, which should help to further improve its financial situation. Most significantly, staff is finalizing requests for proposals for privatizing the District's golf courses. Golf courses could be under private operation by summer. In addition, the FPD is:

- Evaluating privatization of trash collection, lawn cutting, and snow plowing;
- Renegotiating utility licenses for additional revenue opportunities; and
- Exploring opportunities to consolidate vehicle maintenance with the County Highway Department

FINANCIAL ISSUES AND TRENDS

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

History of Corporate Fund Balance Deficits

The FPD has had negative fund balances in the Corporate Fund since the early 1990s. According to the District's General Purpose Financial Statements, the fund balance deficit rose from \$10,277,656 for FY1998 to \$17,183,576 in FY2000. The latter figure represents 65% of Corporate Fund assets. These recurring losses are the result of overly optimistic revenue projections, serious revenue shortfalls, and a lack of spending controls.¹

The Corporate Fund deficits have been covered by transferring funds from a number of other funds, including the working cash, real estate acquisition and bond and interest funds. In each of the three Fiscal Years 1998 through 2000, \$10 million was transferred from the working cash fund alone to cover the deficits. Total transfers in were \$15 million in FY1989,

¹ See Clark Burrus. Forest Preserve District of Cook County Financial Status and Management Analysis. March 9, 2001.

\$21 million in FY1999, and \$22 million in FY2000. In 2001, the Cook County Board transferred \$8.3 million in Cook County funds to help pare down the deficit.

The recurring deficits and continued practice of plugging Corporate Fund budget gaps with interfund transfers raises strong concerns about the financial management practices of the FPD.

Recent PTAB Decisions: FPD Faces Potential Annual Loss of \$5 million

Recent decisions by the Illinois Property Tax Appeal Board (PTAB) could result in potentially huge losses in local government revenue. If the decisions stand and are applied to all property in the county, The Civic Federation's projections indicate that the Forest Preserve Park District could face a loss of \$5 million per year. The maximum potential loss to all governmental units in Cook County could well exceed \$500 million per year. These losses could come at a time when property assessment levels are soaring and revenue growth is anemic due to the economic downturn.

The Illinois State Constitution requires that the highest assessment level be no more than 2.5 times the lowest assessment level. The Cook County ordinance that classifies property for taxation sets the lowest assessment level at 16% for residential property and the highest assessment level at 38% for commercial property. However, the Illinois Department of Revenue conducts studies every year claiming that residential property is actually assessed at closer to 10% of its value. Based on these studies, the PTAB has created a new level of assessment for non-residential (business and apartment) property. This new level of assessment is the result of multiplying the Department of Revenue's median residential assessment level of approximately 10% by 2.5. The result is a maximum assessment level of 25%. Therefore, a commercial property appealing its assessment to the PTAB would be assessed at 25% of its value, rather than 38% as the county ordinance directs. This lower assessment level, if applied to all properties currently assessed at more than 25% of full value, would result in large refunds for commercial and industrial properties.

Unless it is addressed soon, PTAB's decision has the potential to cause a serious fiscal crisis in Cook County. The Civic Federation believes that it is imperative that the Forest Preserve District must join with other local governments and the State of Illinois to address local governments' over reliance on property taxes.

Revenue Trends

The following section presents a discussion of FPD property tax levy trends, revenues by source, and fee increases contained in the FY2002 budget.

FPD Property Tax Levy Increases by 4%

The property tax levy for FY2002 is 4%, or \$2.3 million, larger than the levy for FY2001. The largest increase occurs in the Corporate Fund, which receives \$1.6 million more than it did last year.

Property Tax by Fund			
Fund	2001	2002	% Annual Change
Corporate	\$ 27,393,173	\$ 29,000,000	6%
Construction & Development	\$ 3,951,518	\$ 4,065,000	3%
Bond & Interest	\$ 4,152,500	\$ 4,152,500	0%
Employee Annuity & Benefit	\$ 3,411,705	\$ 3,525,809	3%
Real Estate Acquisition			
Zoological	\$ 13,604,526	\$ 13,890,221	2%
Botanic Garden	\$ 8,548,832	\$ 8,728,357	2%
Total	\$ 61,062,254	\$ 63,361,887	4%

Since FY1998 the FPD's property tax levy has increased by 14%, from \$55 million to \$63 million. Over this same time period, the Corporate Fund's share of the property tax levy has increased 32%.

Property Tax by Fund			
Fund	1998	2002	% Change
Corporate	\$ 21,906,888	\$ 29,000,000	32%
Construction & Development	\$ 5,350,616	\$ 4,065,000	-24%
Bond & Interest	\$ 4,152,500	\$ 4,152,500	0%
Employee Annuity & Benefit	\$ 3,125,353	\$ 3,525,809	13%
Real Estate Acquisition			
Zoological	\$ 12,832,503	\$ 13,890,221	8%
Botanic Garden	\$ 8,063,709	\$ 8,728,357	8%
Total	\$ 55,431,569	\$ 63,361,887	14%

Other Revenue Sources: Largest Increases from Non-Tax Revenue Sources

Total revenue for the FPD is up 22% since FY1998. Since FY1998, Miscellaneous Income has increased by 22%, while Tax Revenue has increased by 15%. The largest increase in Miscellaneous Income occurred in the amount of money provided by the Botanical Garden for its own operation. These are funds derived primarily from fees charged by the Garden. Meanwhile, the surplus funds have disappeared, dropping from \$2.6 million to nothing. The Forest Preserve District defines the Restricted Funds as moneys "not derived from special assessments, expendable trust funds or major capital projects that are legally restricted to expenditures for the acquisition of land."²

² 2002 Executive Budget Recommendations, Forest Preserve District of Cook County, page 53.

Revenues by Source			
Source	1998 Actual	2002 Budget	% Change
Tax Revenue			
Property Tax Levy	\$ 55,431,569	\$ 63,361,887	14%
PPRT Tax	\$ 4,963,085	\$ 5,937,216	20%
Total	\$ 60,394,654	\$ 69,299,103	15%
Misc. Income			
Chicago Zoological Society	\$ 29,198,403	\$ 33,941,942	16%
Bonds	\$ 500,000		
Chicago Horticultural Society	\$ 6,803,000	\$ 14,935,000	120%
Fines & Fees	\$ 11,407,376	\$ 10,543,095	-8%
Interest Income	\$ 880,000	\$ 269,000	-69%
Total	\$ 48,788,779	\$ 59,689,037	22%
Surplus	\$ 2,602,357		-100%
Expired C&D		\$ 507,000	
Restricted Fund	\$ 10,366,745	\$ 19,192,038	85%
Total	\$122,152,535	\$148,687,178	22%

Fee Increases in FY2002 Budget

The FY2002 budget contains several fee increases. The three exhibits below provide an illustration of some of the increases in charges for picnic permits and golf course greens fees. Picnic permits will rise by \$5 and a first time surcharge ranging from \$50 to \$500 will be imposed as well.

PICNIC PERMIT FEE INCREASES			
Picnic Permits	FY2001	FY2002	SURCHARGE 2002
No Shelter (25-99 people)	\$ 25.00	\$ 30.00	No Charge
No Shelter (100-499 people)	\$ 25.00	\$ 30.00	\$ 50.00
No Shelter (500-999 people)	\$ 25.00	\$ 30.00	\$ 200.00
No Shelter (1000 or more people)	\$ 25.00	\$ 30.00	\$ 500.00
Shelter-Category 25-99 people)	N/A	\$ 35.00	No Charge
Shelter (100-499 people)	\$ 30.00	\$ 35.00	\$ 50.00
Shelter (500-999 people)	\$ 30.00	\$ 35.00	\$ 200.00
Shelter (1000 or more people)	\$ 30.00	\$ 35.00	\$ 500.00

Non-resident golf course weekday greens fees will rise from \$1 to \$5 depending on the course and category of player (i.e. senior/junior, twilight or sunrise)

Golf Course Greens Fees: Daily Rates Without Activity Card (Non-Resident)		
Golf Course	FY2001	Proposed FY2002
Meadowlark/Caldwell	\$8-\$11	\$11-\$14
Indian Boundary/Evans	\$12-19	\$15-\$22
Edgebrook/River Oaks/Louis	\$11-\$18	\$12-\$19
Burnham Woods	\$11-\$18	\$12-\$19
Dunne	\$23-\$38	\$28-\$43
Highland Woods	\$15-\$24	\$20-\$29

Resident golf course weekday greens fees also will rise from \$1 to \$5 depending on the course and category of player (i.e. senior/junior, twilight or sunrise)

Golf Course Greens Fees: Daily Rates With Activity Card (Resident)		
Golf Course	FY2001	Proposed FY2002
Meadowlark/Caldwell	\$5-\$8	\$8-\$11
Indian Boundary/Evans	\$10-14	\$13-\$17
Edgebrook/River Oaks/Louis	\$9-\$13	\$11-\$15
Burnham Woods	\$9-\$13	\$10-\$14
Dunne	\$18-\$33	\$23-\$38
Highland Woods	\$13-\$19	\$18-\$24

Appropriation Trends

This section of the analysis presents appropriation trends by fund, by department, and for personnel.

Appropriations by Fund: Real Estate Acquisition Fund and Botanic Garden Fund See Largest Increases

The Real Estate Acquisition Fund receives no funding from either taxes or miscellaneous income. Instead, its funds are derived for the express purpose of purchasing land. The Botanic Garden on the other hand receives property tax and personal property replacement tax revenue, as well as, miscellaneous income. Of its \$15.2 million FY1998 appropriation, the Botanic Garden contributed 44% of its own funding. For the FY2002 budget, the Botanic Garden is providing 62%, or \$15 million, of its \$24 million appropriation.

Appropriations by Fund				
	1998 Approp.		2002 Rec.	% Annual Change
Corporate	\$ 40,242,059	\$	44,694,120	11%
Construction & Development	\$ 5,350,616	\$	4,065,000	-24%
Bond & Interest	\$ 4,152,500	\$	4,152,500	0%
Employee Annuity & Benefit	\$ 3,473,000	\$	3,918,000	13%
Real Estate Acquisition	\$ 10,366,745	\$	18,892,038	82%
Zoological	\$ 43,350,906	\$	48,952,163	13%
Botanic Garden	\$ 15,216,709	\$	24,013,357	58%
Total	\$ 122,152,535	\$	148,687,178	22%

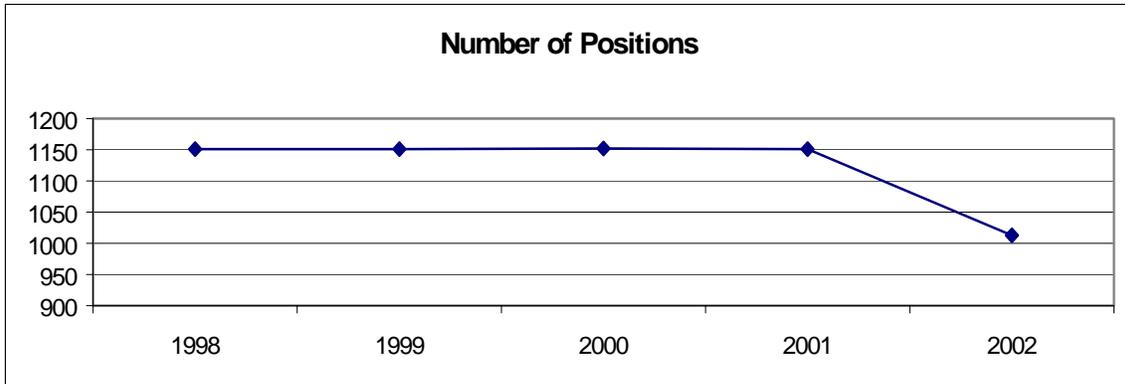
Appropriations by Department: Despite Cost Controls, Most Departments Appropriating More Money Than FY1998

In the Corporate Fund, the largest increase occurred in the area of Fixed Charges. Meanwhile, the ability of the Botanic Garden and the Zoo to increase their self-generated revenues makes the allocation of their funds worth noting.

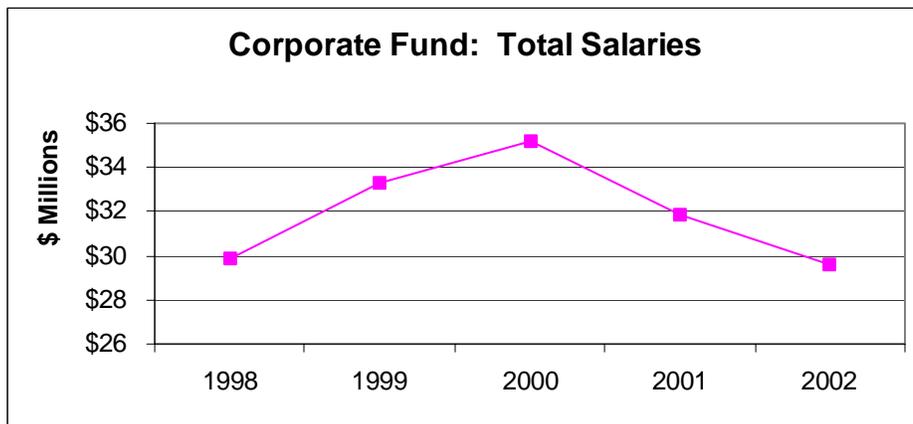
Appropriations by Departments				
	1998	2002	% Annual Change	
Corporate Fund				
General Office	\$ 983,745	\$ 1,038,720	6%	
Finance & Administration	\$ 1,229,103	\$ 1,366,730	11%	
Forestry	\$ 2,917,232	\$ 2,828,951	-3%	
Conservation	\$ 2,891,059	\$ 3,027,158	5%	
General Maintenance	\$ 16,179,808	\$ 17,903,903	11%	
Recreation	\$ 5,918,986	\$ 6,513,942	10%	
Law Enforcement	\$ 6,879,141	\$ 7,320,991	6%	
Legal	\$ 192,113	\$ 206,870	8%	
Fixed Charges	\$ 3,050,872	\$ 4,486,855	47%	
Construction & Development				
Legal Department	\$ 93,962	\$ 200,808	114%	
Planning & Development	\$ 5,256,654	\$ 3,864,192	-26%	
Bond & Interest	\$ 4,152,500	\$ 4,152,500	0%	
Employee Annuity & Benefit	\$ 3,473,000	\$ 3,918,000	13%	
Real Estate Acquisition				
Legal Department	\$ 1,002,132	\$ 492,288	-51%	
Land Acquisition	\$ 9,364,613	\$ 18,399,750	96%	
Zoological				
Animal Collection	\$ 9,277,078	\$ 9,907,898	7%	
Building / Grounds	\$ 8,479,876	\$ 9,581,026	13%	
Conservation Biology	\$ 1,060,609	\$ 1,127,866	6%	
Education	\$ 3,051,979	\$ 4,796,094	57%	
Administration	\$ 4,157,540	\$ 4,299,233	3%	
Admissions / Parking	\$ 1,820,586	\$ 2,441,045	34%	
Guest Services	\$ 11,010,322	\$ 11,941,469	8%	
Marketing / Public Relations	\$ 1,872,148	\$ 2,072,425	11%	
Development / Membership	\$ 1,687,818	\$ 2,183,675	29%	
Provision for Animal Collection	\$ 176,300	\$ 160,125	-9%	
Major Repairs & Improvements	\$ 500,000		-100%	
Tax Loss / Cost	\$ 256,650	\$ 441,307	72%	
Botanic				
Administration	\$ 1,682,747	\$ 2,491,971	48%	
Horticulture	\$ 3,629,724	\$ 5,833,671	61%	
Maintenance	\$ 2,460,328	\$ 2,793,133	14%	
External Affairs	\$ 2,444,444	\$ 3,559,788	46%	
Education	\$ 1,270,017	\$ 2,769,711	118%	
Visitor Services	\$ 1,384,166	\$ 4,430,865	220%	
Outreach	\$ 1,301,585	\$ 1,822,367	40%	
Major Repairs & Improvements	\$ 921,996	\$ 50,000	-95%	
Tax Loss / Cost	\$ 121,702	\$ 261,851	115%	
Total	\$ 122,152,535	\$ 148,687,178	22%	

Personnel Services Appropriations: The Elimination of Positions

This year the Forest Preserve District is eliminating 138 positions from the Corporate Fund budget.



While this corresponds to a \$2.2 million reduction in total salaries from FY2001, it also returns the Corporate Fund's total salary appropriations to FY1998 levels.



Pension Trends

The Civic Federation used three measures to present a multi-year evaluation of the Forest Preserve Pension Fund's fiscal health: funded ratios, the value of unfunded liabilities, and the investment rate of return.³

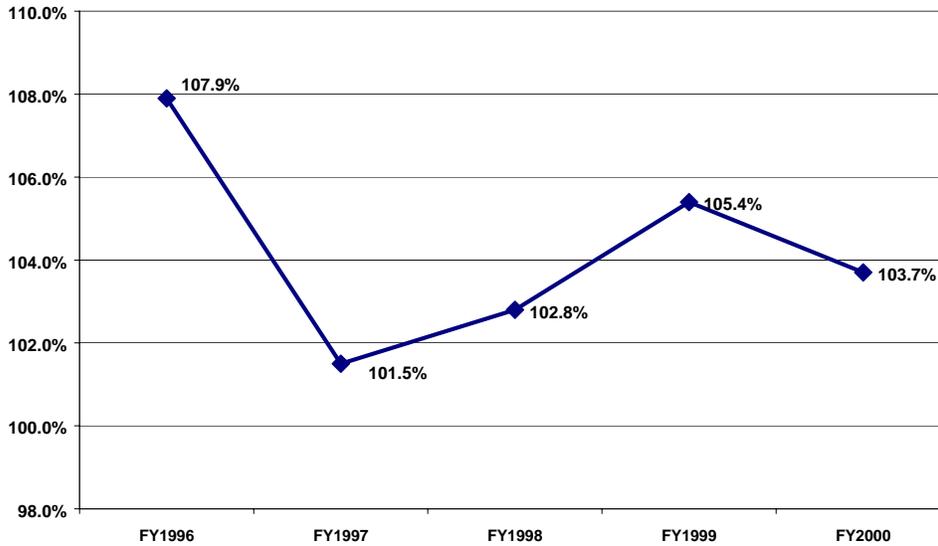
Funded Ratios – Actuarial Value of Assets: Funded Ratio Over 100%

The following exhibit shows funded ratios for the FPD's pension fund from FY1996 to FY2000. This ratio shows the percentage of pension liabilities covered by assets. The lower

³ The discussion of Forest Preserve District pension trends is drawn from Myer Blank. *Status of Local Pension Funding* (Chicago: Civic Federation, 2002).

the percentage the more difficulty a government may have in meeting future obligations. The FPD's pensions have been overfunded at an average of 104.3% over the five-year period analyzed. This consistent pattern of overfunding suggests that the District consider reducing pension revenues.

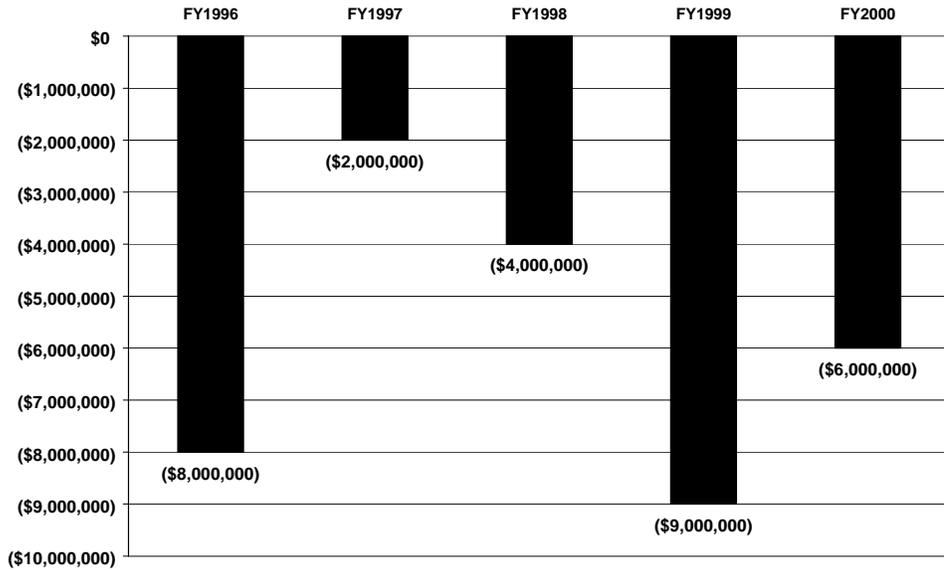
FOREST PRESERVE DISTRICT PENSION FUND:
FUNDED RATIO - ACTUARIAL VALUE OF ASSETS FY96-FY00



Unfunded Liabilities: Fund Shows Surplus

Unfunded liabilities are the dollar value of liabilities not covered by assets. Because the FPD pension fund has traditionally been overfunded, there were more assets than liabilities for each of the years analyzed. The dollar value of pension fund overfunding averaged \$5.8 million from FY1996 to FY2000.

FOREST PRESERVE DISTRICT PENSION FUND: UNFUNDED LIABILITIES FY96-FY00

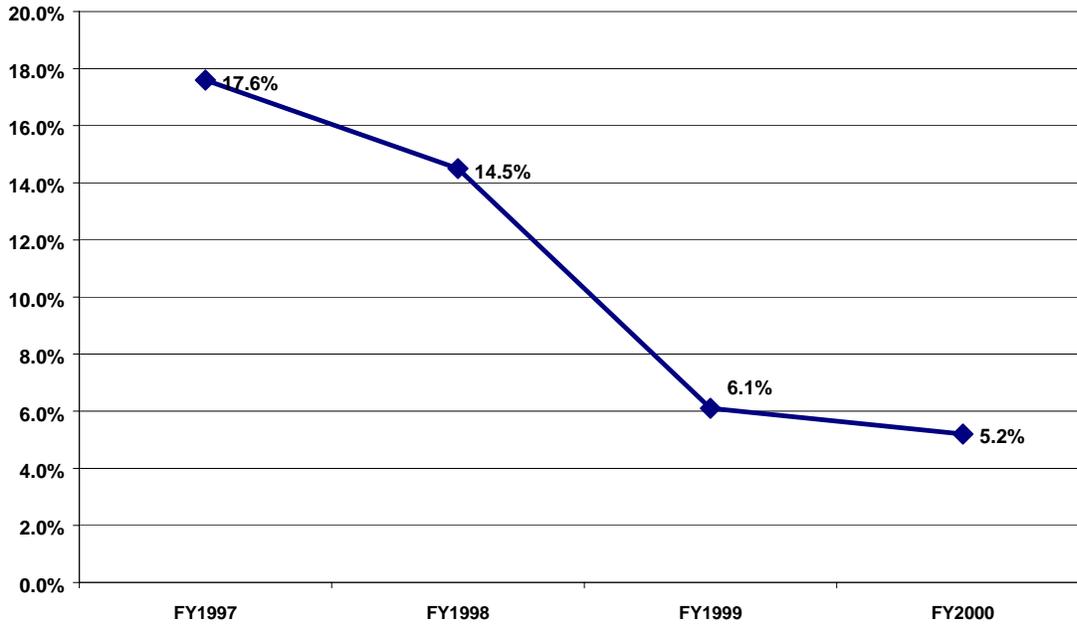


Investment Rates of Return: Dropped Sharply in FY2000

Investment returns for the Forest Preserve District pension fund tumbled dramatically in FY2000 because of declining financial markets, as the following exhibit illustrates. The average rate of return for the fund fell from 17.6% in 1997 to 5.2% in 2000. However, it is important to note that the fund’s investment rate of return was greater than inflation (3.2%).

Clearly, investment income is down sharply from the boom years of the 1990s. However, this is not necessarily a cause for concern at this time. Because the stock market has increased in value over the long-term, the pension funds’ investment income is likely to rise over time as well.

**FOREST PRESERVE DISTRICT PENSION FUND:
INVESTMENT RATES OF RETURN FY97-FY00**



Debt Trends

The Civic Federation has employed two measures of debt for purposes of this analysis: short-term debt trends and long-term debt per capita. The data are drawn from the District’s audited financial reports. The last year for which data are available is FY2000.

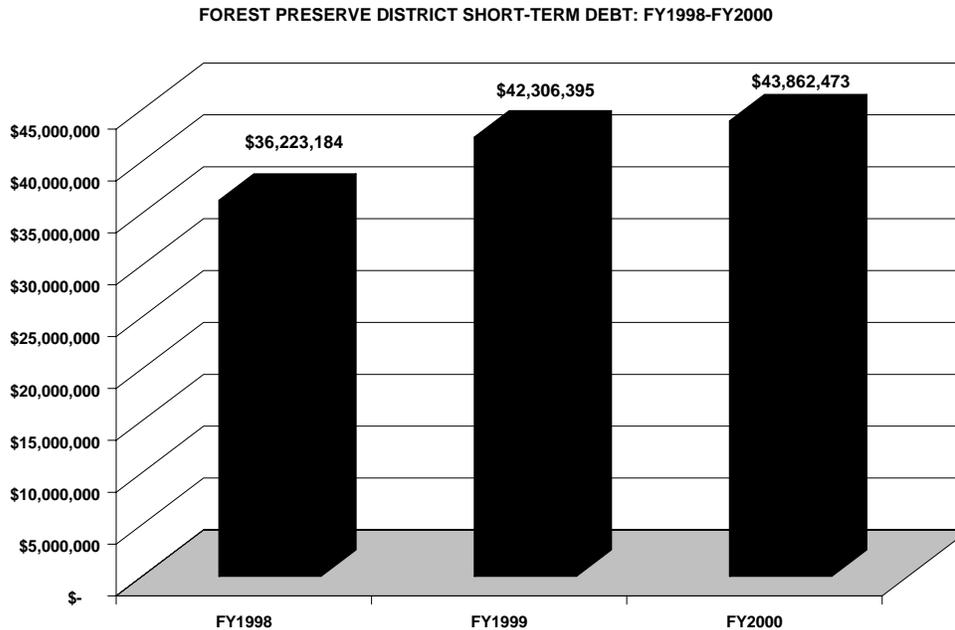
Short-Term Debt Trends: 21% Rate of Growth FY1998-FY2000

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

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

The exhibit below shows FPD short-term debt figures for FY1998 through FY2000 (data were not available for FY1996 or FY1997). In this time period, short-term debt rose by 21%, a sharp increase. Most of the increase came between FY1998 and FY1999, when short-term

debt rose from \$36 million to \$42 million. The large increases in FPD debt in such a short period of time are a cause for concern. This is particularly true if the rate of growth was not contained in subsequent years.



Long-Term Debt Per Capita: Fell From \$10 to \$9 Between FY1997 and FY2000

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

The FPD's long-term debt burden remained relatively constant between FY1997 and FY2000, declining from \$10 per capita in FY1997 to \$9 in FY1999. The total long-term debt burden during this period fell by 8%, from just over \$50 million to \$46.4 million.

Budget and Management Processes

Unlike many other local governments, the Forest Preserve District has not adopted budget and management processes that would enable it to better manage its finances and policies.

Budget Format

The FPD budget volume provides a “bare bones” summary of current and prior year financial information. It does not contain summary data or 5-year trend information. There are descriptions of the various departments and funds of the District as well as lists of accomplishments and goals. The budget does not contain performance measures.

Long-Term Financial Planning

The Forest Preserve District does not have a formal long-term financial planning process that would provide it with a 3-5 year projection of revenues and expenditures and model policy options to address potential problems.

Performance Measures

The Forest Preserve District FY2002 Budget volume does not include performance measures. Rather, it simply contains a list of goals and accomplishments for each department.

CIVIC FEDERATION CONCERNS

The Civic Federation has concerns about several issues that could have a negative impact on the FPD’s finances in the near future.

Property Tax Appeal Board Decisions Could Lead to Substantial FPD Revenue Loss

The Civic Federation is very concerned that recent decisions by the Illinois Property Tax Appeal Board (PTAB) could result in potentially huge losses in Chicago area local government revenue. If the decisions stand and are applied to all eligible property within the District’s boundaries, the FPD could face a loss of \$5 million per year.

21% Growth in Short-Term Debt FY98-FY00

Short-term debt is a financial obligation that must be satisfied within one year. An increasing trend in short-term debt may be a warning sign of future financial difficulties. The FPD’s short-term debt obligations grew 21% between FY1998 and FY2000. This increasing trend should be closely monitored.

Recurring Corporate Fund Balance Deficits

Recurring Corporate Fund Balance deficits and the FPD’s practice of using working cash funds and other interfund transfers to eliminate the deficits raise strong concerns about the efficacy of the District’s financial management practices. We urge the FPD to restructure its finances through fee adjustments, outsourcing and downsizing so that revenues meet expenditures. It should not be a standard operating procedure to eliminate deficits by means of interfund transfers from funds earmarked for other purposes.

POSSIBLE RECOMMENDATIONS

The Forest Preserve District has taken several positive steps this year to improve its financial condition. The cost of services study prepared by Deloitte & Touche was a good first step in helping the District determining the actual cost of the services it delivers. However, The Civic Federation remains concerned about the District's structural deficit and urges it to consider taking additional steps. We have listed some suggestions below.

Evaluate and Adjust Fee Structures for Activities

The FY2002 budget does increase fees for a number of activities, thus permitting the District to recoup a greater share of its costs. Picnic permit fees will now be roughly comparable to those charged in adjacent counties, primarily because of the addition of surcharges. However, golf course and driving range fees remain lower at FPD sites than at other local sites. These lower fees make it impossible for the FPD to recoup its costs; the Deloitte & Touche study reported that golf course costs exceeded revenues by \$1.5 million in 2000.⁴ Two examples of the fee disparity are provided in the following exhibits.

As the exhibit below shows, the Meadowlark and Caldwell golf courses charge fees from \$1 to \$6 below the rates charged by other courses.

2001 Weekday Fee Comparison by Golf Course		
	Resident Rate	Non-Resident Rate
Meadowlark (FPD)	\$ 9.00	\$ 12.00
Caldwell (FPD)	\$ 9.00	\$ 12.00
Marovitz (Chicago Park District)	\$ 13.50	\$ 15.50
Columbus (Chicago Park District)	\$ 10.00	\$ 12.00
Marquette (Chicago Park District)	\$ 10.50	\$ 12.50
Chicago Heights	\$ 19.00	\$ 19.00
Green Meadows (DuPage FPD)	\$ 10.00	\$ 12.00
River Bend (Lisle Park District)	\$ 12.00	\$ 18.00
Rob Roy	N/A	\$ 14.00
Flagg Creek	\$ 11.00	\$ 16.00

The Civic Federation recommends that, at a minimum, fees for FPD programs be brought into line with those charged by other public sector entities.

Pursuing Non-Tax Revenue Sources

The FPD should follow the lead of the Chicago Park District, the DuPage Forest Preserve District and the Lake County Forest Preserve District and aggressively pursue non-tax revenue sources. Non-tax revenues have been garnered from a wide variety of sources by

⁴ Deloitte & Touche. *Cost of Services Study for the Forest Preserve of Cook County*, P. 13

these and other local governments, including concessions with vendors, private sector sponsorship of events

Accelerate use of Alternative Service Delivery Mechanisms, Including Privatization

The Civic Federation applauds the District's first steps toward considering privatization of its golf course operations by preparing requests for proposals. The Chicago Park District has substantially boosted its revenue stream and increased the operational efficiency of its golf courses and marinas by contracting out their management to private firms. The Deloitte & Touche fee study indicated that the FPD could eliminate the direct costs associated with operating the courses. The FPD could also outsource management of selected services and programs to other governments by means of intergovernmental agreements. Candidates for outsourcing include pools, police, janitorial services, lawn mowing and trash removal.

It is our hope that the District will follow the example set by the Chicago Park District and accelerate the use of cost saving outsourcing agreements.

Eliminate Duplication of Effort

The FPD should work to eliminate duplication of effort whenever possible to effect cost savings. For example, The Civic Federation has had a longstanding recommendation that District evaluate the efficacy of maintaining a police force. We believe that the police force could be eliminated and its functions assumed by the County Sheriff or local municipalities.

Budget Process and Management Improvements

The Forest Preserve District faces a serious structural deficit situation. This condition is likely to be exacerbated if the economic downturn continues. Given this financial situation, the Forest Preserve District should consider adopting certain structural or process reforms that can help the FPD develop appropriate strategies to address anticipated changes in financial condition. These include developing and implementing a formal long-term financial planning process and adopting performance measures. The District should also consider improving the transparency of its budget format as a means of increasing accountability to taxpayers.

Improve Budget Format

The budget format should be overhauled to increase its transparency and make it more user friendly to citizens. More specifically, the budget should include a more detailed transmittal letter that outlines the district's goals and objectives for the fiscal year, summary tables and 5-year trends of revenues, expenditures, and appropriations.

The current line item format makes it virtually impossible to pinpoint costs for activities or programs. In the future, the District should move toward developing a program budget that would permit the allocation of costs to specific activities and programs.

The District should look at other local government budgets, including the Cook County budget and the budget of the Forest Preserve District of Lake County as potential models for improving its budget format.

Implementing a Long-Term Financial Planning Process

Increasing numbers of jurisdictions around the nation are preparing and implementing formal long-term financial plans. These include special districts such as the Metropolitan Water Reclamation District of Greater Chicago. The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.⁵

Long term financial planning is a strategic process that provides governments with the insights and information they need to establish sound financial and operations policies and pursue actions that maintain good fiscal health over time. A typical long-term financial plan (LTFP) consists of a 3-5 year forecast of revenues, expenditures and debt capacity; an assessment of historic economic and financial trends; and an evaluation of problems or opportunities and actions to address them, such as gap-closing or surplus management actions. The benefits of long-term financial planning include helping to determine if:

- Revenues are adequate to maintain services at current levels;
- Financial resources are sufficient to address future operating and capital expenditures;
- It is possible to expand existing programs or initiate new ones; or
- It is prudent to issue new debt to fund new capital projects.

By effectively linking policy and program priorities to the financial resources available currently and in the near future, the long-term financial planning process helps governments prepare for future contingencies before they become crises.

The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and/or reviewed by key policymakers and stakeholders.

Developing and Utilizing Performance Measures

The Civic Federation agrees with the International City Management Association (ICMA), the GFOA and the NACSLB that all governments should evaluate the performance of programs and services they provide. This is the best means extant to determine if they are accomplishing intended program goals and making efficient use of resources. Evaluating

⁵ See National Advisory Council on State and Local Budgeting and Government Finance Officers Association *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

and reporting on program results keeps all stakeholders apprised of actual results compared to expectations.⁶

The Civic Federation is keenly aware that producing reams of measures (particularly workload measures) that are not linked to goals or objectives, utilized to inform management decisions, or developed without the buy-in of management and staff can be a costly endeavor with limited efficacy. However, using a few well-chosen measures, particularly those measuring efficiency and effectiveness that are produced consistently and developed with the buy-in of staff can be a valuable tool in assisting the District to improve its management and operations.

The Civic Federation recommends that the Forest Preserve District to develop and utilize performance measures as a means of monitoring, measuring and evaluating program performance.

⁶ See Recommended Practice 11.1 “Monitor, Measure, and Evaluate Program Performance,” in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).