



**FOREST PRESERVE DISTRICT OF COOK COUNTY
FY2006 PROPOSED BUDGET**

Analysis and Recommendations

**Prepared By
The Civic Federation
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EXECUTIVE SUMMARY

The Forest Preserve District of Cook County proposes a FY2006 budget of \$156.3 million, excluding the Capital Improvements Fund. This represents an increase of \$11.4 million, or 7.9%, over FY2005. In FY2005, the Capital Improvements Fund received an infusion of \$50.5 million in bond proceeds as a result of the District's \$100 million General Obligation bond issue approved in October 2004.

Civic Federation Position: Opposition

- The District budget still lacks adequate detail on its planned capital improvements.
- The District has not disclosed a capital plan for projects at its component units, the Zoo and the Botanic Garden. Although managed by non-profit organizations, the assets of the Zoo and Garden belong to the District. As such, the public should be made aware of capital improvements in both institutions.
- By failing to explain in detail how \$100 million in new bond funds will be spent and not allowing for meaningful public input into how projects are prioritized, the District continues to fail to justify the ongoing property tax increase required for debt service on those bonds.
- The District will spend \$8 million renovating two pools which do not fit its core mission, demonstrate a questionable prioritization of capital funds, and will carry significant operating costs when fully operational.

Key FY2006 Budget Findings

- Total appropriations, excluding Capital Improvements, will increase 7.9%, from \$144.9 million to \$156.3 million.
- The Corporate Fund appropriation will increase by 20.5%, from \$38.2 million to \$46.0 million.
- The District's total property tax levy will increase by 8.5%, from \$74.9 million to \$81.3 million.
- The number of full time equivalent (FTE) positions will increase by 10, from 489 to 499.
- Bond and Interest Fund appropriations for debt service will increase by \$3.2 million, from \$10.1 million to \$13.3 million.

Civic Federation Recommendations

- The District should develop and implement a formal Capital Improvement Program (CIP) that provides maximum transparency about the overall capital needs, the prioritization of those needs and the schedule for project completion. A formal CIP is essential for providing and opportunities for public input and review.
- The legal relationship between the Forest Preserve District and Cook County should be severed, and a separate Forest Preserve District Board of Commissioners should be elected. A separate Board would focus solely on District issues, allowing the commissioners to independently and adequately review the District's finances and operations. Separating the two governments would substantially improve the oversight and accountability of both governments.
- Ownership of the District's three swimming pools, which are costly to maintain and outside the District's core mission, should be transferred to interested park districts or community groups.
- The defunct toboggan slides should either be privatized or demolished so that the land may be returned to other public recreation uses.
- The rent for Resident District Employees living on District land should be set at market rates.
- The Forest Preserve District police force should be eliminated and its functions assumed by the County Sheriff or local municipalities. This move would generate substantial savings to the District.
- The District's Comprehensive Annual Financial Report and its pension fund's Actuarial Valuation Report should be released within six months of the close of the fiscal year.
- The District should develop, and seek public input into, a five-year long-term financial plan.
- The District should develop and utilize a performance measurement system for all District programs as part of a broader strategic planning strategy.
- The District should provide more complete, consistent, and transparent information in the budget book.

OVERVIEW OF ANALYSIS

The Civic Federation recently concluded an analysis of financial issues related to the Forest Preserve District of Cook County's FY2006 \$162.0 million budget. Based upon our review of the budget, we offer the following comments. The full text of our analysis follows this summary and is also available on our Web site at www.civicfed.org.

This year the Forest Preserve District released its Executive Budget Recommendation independently of the Cook County budget release. The Civic Federation believes that this is a notable improvement over past practice, which typically involved the near-simultaneous release of the two budgets. We hope that Forest Preserve Commissioners, who are also Cook County Commissioners, will be able to devote more attention to the Forest Preserve Budget this year thanks to its independent release.

Civic Federation Position: Opposition

In recent years, the Forest Preserve District has made some strides toward reducing costs and improving its financial management. However, the District still requires dramatic improvements in operating efficiency and financial transparency, both in its operating and its capital funds.

The Civic Federation **opposes** the Forest Preserve District's FY2006 budget. More than a year after approving a \$100 million bond issue, the District still lacks a detailed Capital Improvement Plan. A Capital Improvement Plan is critical to demonstrate exactly how the District plans to use \$50 million in bonds issued for the Preserves in 2004. Also, the budget does not include any information on how the District's component units, the Brookfield Zoo and the Botanic Garden, will use an additional \$50 million in bond proceeds available to them. In our view, this recommended budget does not meet even minimal standards of accountability by failing to provide clear disclosure of the District's long-term capital spending plans and priorities.

Inadequate Capital Improvement Plan

In October 2004, the Forest Preserve District approved the issuance of \$100 million in General Obligation Bonds to finance capital improvements, without public release of a detailed capital plan and without first offering its operating budget for FY2005. We strongly opposed both of these actions, which denied the public full and accurate information on how millions of taxpayer dollars would be budgeted and spent. Our concerns have still not been addressed two years later.

Of the \$100 million in bond proceeds, approximately \$50 million is designated for capital improvements within the Forest Preserves, \$25 million for the Brookfield Zoo and \$25 million for the Chicago Botanic Garden. The District's budget provides only a summary list of projects and funding sources for planned improvements in the Forest Preserves, and no disclosure at all of plans for improvements in the Zoo and Botanic Garden. Although managed by non-profit organizations, the assets of the Zoo and Garden belong to the District. As such, the public should be made aware of capital improvements in both institutions, and they should be described in the budget document and Capital Improvement Plan. Taxpayers will pay the debt service on the \$100 million in bonds for many years to come, and deserve comprehensive information regarding their planned use.

According to the proposed FY2006 budget, \$5.9 million – roughly 13% of the total for the 2004 bond-funded capital improvements planned for the Forest Preserves – will be spent on construction of parking lots, improvements to the Central Maintenance Facility, and improvements to the General Headquarters buildings.

The District has also received a \$10 million Illinois FIRST grant from the State of Illinois, and plans to use \$8 million to repair two swimming pools. As detailed on page 6, the Civic Federation believes the pools are not central to the mission of the Forest Preserve District and they should be transferred to a local municipality or park district. The taxpaying public deserves a clear explanation of how these funding priorities were developed, and why forest preserve users were not granted input into the decision-making process.

Civic Federation Recommendations

The Civic Federation would like to offer several additional recommendations to improve the management of the District and the transparency of its operations. Many of these recommendations are longstanding.

Establish a Formal Capital Improvement Plan and Process

The Forest Preserve District's CIP process is seriously flawed. Specifically, there is a lack of transparency and opportunities for public review and participation in the CIP selection and prioritization process. The Civic Federation proposes that the Forest Preserve District develop and implement a formal Capital Improvement Plan and Process. This would include:

- A narrative overview of the CIP Process;
- Narrative descriptions of individual projects, including the purpose, need, history and current status of each project;
- The time frame for fulfilling capital projects and priorities;
- The integration of the CIP into Long-Term Financial Plan
- Conducting and disclosing a needs assessment prior to project approval;
- Development and implementation of a formal prioritization process to determine project selection;
- Providing opportunities for stakeholder input into capital project prioritization and selection;
- A period during which the public can review the CIP;
- A public hearing on the CIP; and
- Formal Approval of the CIP document by the Forest Preserve District Board of Commissioners.¹

End the Legal Relationship between the Forest Preserve District and Cook County

The Civic Federation is convinced that true management reform and operational efficiency would be best served by legally separating the governments of the County and the District.

¹ See National Advisory Council on State and Local Budgeting and Government Finance Officers Association.

For the past 75 years, the Forest Preserve District has suffered from neglect. We believe much of that neglect results from the current governance system, which burdens Cook County Commissioners with oversight responsibilities for the District as well.

Establishing a separate Forest Preserve District Board would allow its Commissioners to focus solely on District issues. County Commissioners, in turn, could focus all of their attention on County issues. The result would be substantial improvements in the operations and managements of both governments.

Transfer Ownership of Swimming Pools

Maintaining and operating swimming pools is not a core function of the Forest Preserve District of Cook County. Public pools are more appropriately maintained by local park districts and community organizations. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operation would be far better spent on core activities and much-needed preserve restoration and improvements. This is true whatever the source of that funding.

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

“Three [pools] were built but the costs of operation and maintenance are high. Inasmuch as there are now sufficient municipal and privately-operated swimming pools in the county to meet the public needs, it is recommended that the District build no more of them and discontinue these when they become obsolescent.”²

Indeed, the pools did become obsolete as the District allowed them to fall into disrepair. Currently, only one District-owned pool remains open, at Whealan Aquatic Center, at 6200 West Devon Avenue in Chicago. By contrast, the Chicago Park District alone maintains 42 indoor and 49 outdoor swimming facilities within the city limits.³ Suburban park districts and departments and community organizations maintain many other public swimming pools around Cook County. Clearly, there are many well-qualified providers of this recreational service who can offer interested users plenty of swimming opportunities.

Now the District proposes spending \$8 million in 2006 and 2007 to renovate and re-open two closed pools: Cermak Pool in Lyons and Green Lake Pool in Calumet City.⁴ The District will rehabilitate the pools using \$8 million in Illinois FIRST funds from the State of Illinois. The \$8 million in pool renovations represents 8.2% of the \$97.0 million proposed in funded capital projects within the forest preserves through 2010.⁵

Once restored, the pools will impose a major operating burden on the District. According to the District’s own 2001 *Cost of Services* study prepared by Deloitte and Touche, the three pools cost

² *Revised Report of Advisory Committee to the Cook County Forest Preserve Commissioners*, Forest Preserve District of Cook County, IL, 1953, p.20. Available at the Harold Washington Library, Chicago IL.

³ See www.chicagoparkdistrict.com/index/cfm/fuseaction/parks.results/fac_id?CDA66E.

⁴ *Forest Preserve District of Cook County FY2006 Executive Budget Recommendation*, p. 85.

⁵ *Forest Preserve District of Cook County FY2006 Executive Budget Recommendation*, p. 72.

\$856,790 per year to operate in 2000.⁶ They were open for roughly two months of the year, and were free to the public. The average cost to the District per swimmer was \$3.37 at Whealan, \$8.22 at Cermak, and \$14.08 at Green Lake Pool.⁷ According to the District, annual operating costs for Cermak and Green Lake Pools are expected to reach \$175,000 per pool when they are re-opened in the summer of 2007.⁸

Clearly, the pools are a major cost to the District and do not match its core mission. They were built in the 1930s to address public health concerns arising from people swimming in District ponds and rivers. Many safe swimming alternatives are now provided by municipalities and park districts across Cook County, eliminating the need for the Forest Preserve District to maintain pools.

The Civic Federation questions why the pools would be a top financial priority for the District when immediate repairs are needed for core facilities and basic infrastructure, such as picnic shelters, camps, trail systems, water and sewer lines. Efforts to restore aquatic and terrestrial habitat also need substantial investment. However, if the District insists on spending precious capital dollars on rehabilitating unnecessary pools, it should at least privatize those pools, as it did with its golf courses, so that the pools will not be a drain on the District operating budget.

Remove or Privatize Toboggan Slides

In the 1920s and 1930s, the District built six toboggan slides in the Preserves, all of which are closed due to a lack of maintenance. The Civic Federation believes that these slides should be either privatized, as were the golf courses, or demolished and the land returned to other District uses.

The District's 2001 *Cost of Services* study by Deloitte and Touche, found that the toboggan slides generated \$20,965 in revenue in 2000, at a cost of \$892,748.⁹ The net cost to the District per attendee was \$54.26 in 2000, when the slides were open for 24 days. Clearly, the toboggan slides are a tremendous burden on the operating side, as well as on the capital side were they to be restored.

Rather than leave the slides idle, the District should either privatize or demolish them and return the land they occupy to productive use for public recreation.

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

The Forest Preserve District rents housing on its property to employees at drastically discounted rates, in return for them watching over the District land and serving as a deterrent to crime or misuse. The Civic Federation commends the Forest Preserver Commissioners for passing an ordinance in July 2005 to increase the rent for Resident Employees by 6.6%, from \$225 to \$240 per month for some residences and from \$450 to \$480 per month for other residences. The

⁶ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 24.

⁷ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 26.

⁸ Information provided by the Forest Preserve District, November 25, 2005.

⁹ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 27.

Commissioners also voted to tie annual rent increases to the Consumer Price Index. While this is a positive reform, the Civic Federation believes that Resident Employee rents are still excessively low, and should be raised to market rates. Instead of providing low rent, Resident Employees should be paid hourly for any additional duties as “watchmen”.

Eliminate Forest Preserve District Police Department

As we have noted in previous analyses, the Forest Preserve District is unable to justify the need for its own Police Department. When asked in the past to present performance statistics, the District has been able to provide only the barest workload numbers, without any measures of efficiency or effectiveness. Given the \$7.6 million the District proposes to spend on its Police force in FY2006, the District should have evidence that a separate Forest Preserve Police Department is both needed and effective.

The Civic Federation believes the Forest Preserve District should cut costs by working to eliminate duplication of effort whenever possible. We believe the District police force could be eliminated and its functions assumed by the County Sheriff or local municipalities. In lieu of a police force, the District should hire Civilian Conservation Officers to patrol the preserves, deter illegal activity, and provide assistance to the public. Conservation Officers would function similarly to park rangers in state and national parks, and would contact local police officers when law enforcement was necessary.

Release Financial Reports within Six Months of the Fiscal Year End

The Forest Preserve District’s 2004 Comprehensive Annual Financial Report was not publicly released until November 17, 2005, nearly 11 months after the close of the fiscal year. Likewise, the Actuarial Statement of the Forest Preserve District Employee Annuity and Benefit Fund was not released until November 17, 2005.

Unlike the Forest Preserve District, all of the other major local retirement systems were able to complete and release their actuarial statement within 6 months of the close of their respective fiscal years.¹⁰ The funds include:

- The Firemen’s Annuity and Benefit Fund of Chicago,
- The Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago
- The Metropolitan Water Reclamation District Retirement Fund
- The Municipal Employees’ Annuity and Benefit Fund of Chicago
- The Chicago Park District Employees’ and Retirement Board Employees’ Annuity and Benefit Fund
- The Chicago Public School Teachers’ Pension and Retirement Fund

In our view, the District’s delay in releasing its Comprehensive Annual Financial Report and the Pension Fund’s actuarial valuation statement in a timely manner weakens the government’s fiscal accountability to the public. The District should ensure the release of its Comprehensive Annual Financial Report and the Pension Fund’s actuarial valuation statement within 6 months of the close of the fiscal year.

¹⁰ The Cook County Employees’ Annuity and Benefit Fund 2004 Actuarial Statement was released at the same time as the Forest Preserve Statement, because the two funds are governed by the same board.

Implement a Long-Term Financial Planning Process

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

Develop and Utilize Performance Measures

The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning strategy. All governments should evaluate the performance of programs and services they provide, to ensure they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of actual results as compared to expectations.¹¹ Forest Preserve District staff should work to support development of performance measures to track the efficiency and effectiveness of management and operations.

Provide More Complete Information in Budget Document

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

- An improved executive summary that discusses key changes in each fund.
- Disclosure in the budget book of the new unreserved fund balance policy.
- An 8-year history of staffing by function that is provided in terms of full-time equivalent (FTE) positions.
- A 6-year trend of the property tax levy by fund.

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

- The budget should provide better information about the workings of the Land Acquisition Fund, including a narrative description of activity in the fund, information about pending acquisitions, and explanation of fund balance.
- Explanation of vague categories such as “Other,” “Other Income,” “Miscellaneous Income,” and “Contingency” should be provided.
- Explanation of fund status changes, such as the change of the Self Insurance Fund from a Special Revenue Fund in FY2005 to an Internal Service Fund in FY2006.¹²
- The presentation of a given number should be consistent throughout the budget document. Often the name for a given line item changes year to year, or within the same budget book. Any changes to category names or composition should be clearly described on every page where the category appears.

¹¹ 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).

¹² Information provided by the Forest Preserve District, November 25, 2006.

- Five years of consistently-labeled revenue and expenditure trends should be provided.
- All fund balances should explained, and their status as reserved or unreserved, and appropriated or unappropriated, should be stated.
- Any changes in format from the previous year's budget document should be noted and comparability maintained so that the public may be able to make meaningful comparisons over time.

ACKNOWLEDGEMENTS

The Civic Federation would like to thank President Stroger, Finance Chairman Steele, and the members of the Forest Preserve District Board of Commissioners for the opportunity to comment on the proposed FY2006 Cook County Forest Preserve District budget. We would also like to thank General Superintendent Bylina, Chief Financial Officer Lenny Moore, and Executive Assistant to the General Superintendent P.J. Cullerton for providing us with a budget briefing.

FY2006 BUDGET HIGHLIGHTS

The District proposes a \$166.6 million total appropriation for FY2006.¹³ The District's FY2005 all fund appropriations included \$50.5 million in bond proceeds authorized by Public Act 93-0601 and deposited in the Capital Improvements Fund. In order to compare FY2006 recommended appropriations to FY2005 recommended appropriations, we exclude the Capital Improvements Fund for both years, producing an 11.1%, or \$16.0 million appropriations increase in FY2006. Some of the highlights of the FY2005 Forest Preserve District budget are summarized below.

Total Appropriations: \$162.0 Million

- Excluding the Capital Improvements Fund, total appropriations increased by 7.9%, from \$144.9 million to \$156.3 million
- Corporate Fund appropriations will increase by 20.5%, from \$38.2 million to \$46.0 million.
- Funding for the Self Insurance Fund will be \$4.6 million, up from \$4.2 million in FY2005.
- Bond and Interest Fund appropriations for debt service will increase 31.2%, from \$10.1 million to \$13.3 million.

Funding for Brookfield Zoo and Chicago Botanic Garden: 48.5% of Total District budget

- The Zoo and Garden Funds, which include tax subsidies for the Brookfield Zoo and the Chicago Botanic Garden, will total 48.5% of the Forest Preserve District budget, or \$80.7 million.
- The Botanic Garden Fund, totaling \$25.8 million, will increase \$1.8 million, or by 7.6%.
- The Zoological Fund will increase by 3.2%, from \$53.2 million to \$54.9 million.

Revenues: Property Tax Levy up 8.5%

- The District's property tax levy will increase by 8.5%, from \$74.9 million to \$81.3 million.
- The Bond and Interest property tax levy will increase by 31.2%, from \$10.1 million to \$13.3 million.

¹³ The Self Insurance Fund appropriation of \$4,600,000 is not listed in the Summary of Appropriations on page 5 of the FY2006 Budget Book. The Civic Federation assumes that this is a mistake, and that the District indeed intends to include those funds in the Appropriation Ordinance.

- Total operating funds resources will increase by 18.9% in FY2006, from \$62.0 million to \$73.8 million.
- The District is budgeting an unreserved Corporate Fund balance of \$6.5 million in FY2006.

Personnel: Increase of 10 FTEs

- The number of full time equivalent (FTE) positions will increase from 489 to 499.
- Eight FTEs will be added in the General Maintenance Department.
- Three FTEs will be eliminated from Finance and Administration.

FINANCIAL ISSUES AND TRENDS

This section provides summaries of key expenditure and revenue issues and trends likely to impact the Forest Preserve District's financial situation in FY2006.

All Fund Appropriations

The District proposes a \$162.0 million total appropriation for FY2006. The District's FY2005 all fund appropriations included \$50.5 million in bond proceeds authorized by Public Act 93-0601 (see page 9) and deposited in the Capital Improvements Fund. In order to provide a meaningful comparison, we compare FY2006 recommended appropriations to FY2005 recommended appropriations, excluding the Capital Improvements Fund for both years, to produce a 7.9%, or \$11.4 million appropriations increase in FY2006, from \$144.9 million in FY2005 to \$156.3 million in FY2006. When the Capital Improvements Fund is included, total District appropriations decline by 18.0%, from \$197.5 to \$162.0 in FY2006.

Corporate Fund budgeted appropriations will increase by 20.5%, or \$7.8 million, from \$38.2 million in FY2005 to \$46.1 million in FY2006. This is primarily the result of an additional \$3.0 million in transfers to the Capital Improvement Fund and the Real Estate Acquisition Fund, as well as increasing personnel services costs.¹⁴

A separate Self Insurance Fund was created in FY2004, and has been funded through Corporate Fund transfers. Previously, the District budgeted Corporate Fund reserves to cover insurance needs, but now claims, judgments, and settlements will be paid out of the actuarially funded Self-Insurance Fund. In FY2005, the Self Insurance Fund was appropriated as a Special Revenue Fund, but in FY2006 it is budgeted as an Internal Service Fund.¹⁵ Therefore, there are no appropriations for the Self Insurance Fund in FY2006, rather the Fund is funded through a \$4,620,000 million "premium" paid by the Corporate Fund. The FY2006 \$4.6 million premium is an increase of 8.7% over the FY2005 Self Insurance Fund appropriation. The District has also budgeted for a contract with a third-party provider who would insure claims over \$1 million, but no details on this plan are included in the budget book.

The Bond and Interest Fund appropriation will increase by 31.2%, or \$3.1 million, as a result of the debt service requirements for the \$100 million bond issuance in 2004.

¹⁴ Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, pp. 7-8.

¹⁵ Information provided by the Forest Preserve District, November 25, 2006.

The Employee Annuity and Benefit Fund appropriation will increase 2%, from \$2.92 million to \$2.98 million. The annual property tax levy for the Fund set by state statute at 1.3 times the annual employee contribution made two years prior.¹⁶

Real Estate Acquisition Fund appropriations will increase slightly by 3.7%, or about \$300,000 from FY2005. This Fund is not supported by a property tax levy, but rather appropriates from debt proceeds, contributions, grants, fund transfers, and fund balance. The total available for appropriation in FY2005 is \$15.7 million, of which \$8.3 million will be appropriated. The remaining amount in the Fund is not appropriated because of the need to reserve funds for the potential costs of litigation associated with real estate acquisition.¹⁷

The Brookfield Zoo and Botanic Garden appropriations will increase by 3.2% and 7.6%, respectively.

Forest Preserve District All Funds Appropriations: FY2005 vs. FY2006				
Fund	FY2005	FY2006	\$ Change	% Change
	Recommended	Recommended		
Corporate	\$ 38,229,326	\$ 46,060,071	\$ 7,830,745	20.5%
Construction & Development	\$ 4,110,458	\$ 4,960,000	\$ 849,542	20.7%
Self Insurance	\$ 4,250,000	\$ -	\$ (4,250,000)	-100.0%
Capital Improvements	\$ 52,600,000	\$ 5,625,000	\$ (46,975,000)	-89.3%
Bond & Interest	\$ 10,147,481	\$ 13,311,504	\$ 3,164,023	31.2%
Employee Annuity & Benefit	\$ 2,925,000	\$ 2,983,000	\$ 58,000	2.0%
Real Estate Acquisition	\$ 8,026,250	\$ 8,325,000	\$ 298,750	3.7%
Zoological	\$ 53,218,517	\$ 54,912,833	\$ 1,694,316	3.2%
Botanic Garden	\$ 24,000,778	\$ 25,831,676	\$ 1,830,898	7.6%
TOTAL	\$ 197,507,810	\$ 162,009,084	\$ (35,498,726)	-18.0%
TOTAL excluding Capital Improvements Fund	\$ 144,907,810	\$ 156,384,084	\$ 11,476,274	7.9%

Source: Forest Preserve District of Cook County FY2005 Executive Budget Recommendation, p. v and Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 5.

The next exhibit shows 5-year appropriation trends for all Forest Preserve District funds between FY2002 and FY2006. When the Capital Improvements Fund is excluded for the sake of comparison, total appropriations during this period increase by 5.2%, or \$7.6 million. When the Capital Improvements Fund is included, the difference is 9.0% or \$13.3 million.

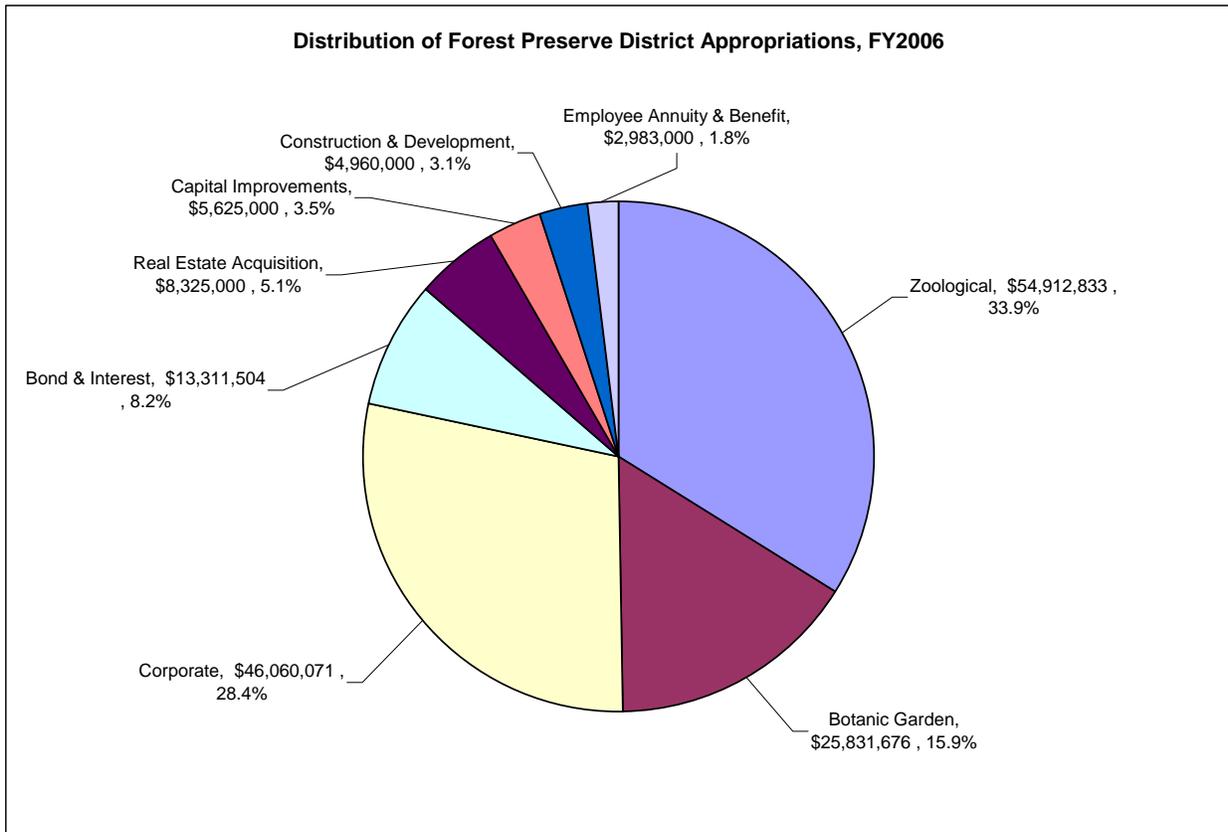
¹⁶ 40 ILCS 5/10-107

¹⁷ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

Forest Preserve District All Funds Appropriations: FY2002 vs. FY2006				
Fund	FY2002 Recommended	FY2006 Recommended	\$ Change	% Change
Corporate	\$ 44,694,120	\$ 46,060,071	\$ 1,365,951	3.1%
Construction & Development	\$ 4,065,000	\$ 4,960,000	\$ 895,000	22.0%
Self Insurance	\$ -	\$ -	\$ -	N/A
Capital Improvements	\$ -	\$ 5,625,000	\$ 5,625,000	N/A
Bond & Interest	\$ 4,152,500	\$ 13,311,504	\$ 9,159,004	220.6%
Employee Annuity & Benefit	\$ 3,918,000	\$ 2,983,000	\$ (935,000)	-23.9%
Real Estate Acquisition	\$ 18,892,038	\$ 8,325,000	\$ (10,567,038)	-55.9%
Zoological	\$ 48,952,163	\$ 54,912,833	\$ 5,960,670	12.2%
Botanic Garden	\$ 24,013,357	\$ 25,831,676	\$ 1,818,319	7.6%
TOTAL	\$ 148,687,178	\$ 162,009,084	\$ 13,321,906	9.0%
TOTAL excluding Capital Improvements Fund	\$ 148,687,178	\$ 156,384,084	\$ 7,696,906	5.2%

Source: Forest Preserve District of Cook County FY2002 Executive Budget Recommendation and Forest Preserve District of Cook County FY2006 Executive Budget Recommendation.

The distribution of Forest Preserve District appropriations by fund is shown in the next exhibit. In FY2006, nearly half of total appropriations are for the Brookfield Zoo and Chicago Botanic Garden. The Zoological Fund remains the largest of the District's funds, at 33.9%, or \$54.9 million in FY2006. The District Corporate Fund is 28.4%, or \$46.0 million, of all appropriations.



Resource and Revenue Trends

Forest Preserve District resources available for operating funds (Corporate Fund, Pension Fund, Bond and Interest Fund, Self Insurance Fund) will increase by 18.9% in FY2006, from \$62.0 million to \$73.8 million. The largest single revenue increases are in the Corporate Fund and Bond and Interest Fund property tax levies, each increasing by \$3.1 million. The Self Insurance Fund will receive interest income for the first time this year, in the amount of \$330,000. Per the Corporate Fund Balance policy (see page 9), \$6,500,000 in unreserved Corporate Fund Balance is not appropriated, but is considered an available resource by the District.¹⁸

FOREST PRESERVE DISTRICT TOTAL BUDGETED RESOURCES: OPERATING FUNDS FY05 v. FY06				
	FY2005	FY2006	\$ CHG	% CHG
Corporate Fund				
Property Tax Levy (Net)	\$ 29,900,250	\$ 33,069,000	\$ 3,168,750	10.6%
PPRT	\$ 3,557,267	\$ 5,296,099	\$ 1,738,832	48.9%
Non-Tax Revenues	\$ 2,480,000	\$ 3,095,000	\$ 615,000	24.8%
Transfer from Constr. & Dev.	\$ 2,300,000	\$ 4,600,000	\$ 2,300,000	100.0%
Corporate Fund TOTAL	\$ 38,237,517	\$ 46,060,099	\$ 7,822,582	20.5%
Pension Fund				
Property Tax Levy	\$ 2,632,208	\$ 2,684,402	\$ 52,194	2.0%
PPRT	\$ 292,793	\$ 298,598	\$ 5,805	2.0%
Pension Fund TOTAL	\$ 2,925,001	\$ 2,983,000	\$ 57,999	2.0%
Bond & Interest Fund				
Property Tax Levy	\$ 10,147,481	\$ 13,311,504	\$ 3,164,023	31.2%
Bond & Interest Fund TOTAL	\$ 10,147,481	\$ 13,311,504	\$ 3,164,023	31.2%
Self Insurance Fund				
Premium (Corporate Transfer In)	\$ 4,250,000	\$ 4,620,000	\$ 370,000	8.7%
Interest	\$ -	\$ 330,000	\$ 330,000	100.0%
Self Insurance Fund TOTAL	\$ 4,250,000	\$ 4,950,000	\$ 700,000	16.5%
SUBTOTAL APPROPRIATED REVENUES	\$ 55,559,999	\$ 67,304,603	\$ 11,744,604	21.1%
Unreserved Corporate Fund Balance	\$ 6,500,000	\$ 6,500,000	\$ -	0.0%
GRAND TOTAL AVAILABLE	\$ 62,059,999	\$ 73,804,603	\$ 11,744,604	18.9%

Source: Forest Preserve District Executive Budget Recommendation, FY2005 and FY2006

The next exhibit shows Corporate Fund revenues and resource trends. Overall resources, including the fund balance, will increase by 17.5% over FY2005. Personal Property Replacement Tax revenues are expected to increase 48.9%, or \$1.7 million. The Corporate Fund transfer in of expired Construction and Development funds and compensation for administrative services provided to the Construction and Development Fund by the Corporate Fund will double in FY2006, from \$2.3 million to \$4.6 million.

Golf fees are expected to increase 36.4%, from \$0.9 million to \$1.3 million. The District's golf courses were privatized in 2003 and their management was turned over to Billy Casper Golf Management, Inc. The Deloitte & Touche 2001 *Cost of Services Study* estimated that the costs of operating the District's 10 golf courses exceeded revenues by \$1.54 million.¹⁹ The District's 2003 contract with Billy Casper specified that the District receive from Casper annual base fees of \$350,000 and capital improvements fees of \$300,000 for ten years. In addition, the District is to receive an increasing percentage, up to a maximum of 50%, of gross revenues exceeding \$6.4 million. Casper's gross revenue for the District golf courses was \$8.7 million in 2003.²⁰

¹⁸ Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 22.

¹⁹ Deloitte & Touche, *Cost of Services Study for The Forest Preserve District of Cook County*, November 1, 2001, p. 16.

²⁰ Standard & Poor's, *Research: Cook County Forest Preserve District, Illinois*, October 13, 2004.

FOREST PRESERVE DISTRICT CORPORATE FUND BUDGETED RESOURCES FY05 v. FY06				
Resources	FY2005	FY2006	\$ CHG	% CHG
Property Tax Levy (Net)	\$ 29,900,250	\$ 33,069,000	\$ 3,168,750	10.6%
PPRT	\$ 3,557,267	\$ 5,296,099	\$ 1,738,832	48.9%
Subtotal Tax Revenues	\$ 33,457,517	\$ 38,365,099	\$ 4,907,582	14.7%
Transfer from Constr. & Dev.	\$ 2,300,000	\$ 4,600,000	\$ 2,300,000	100.0%
Fines, Fees & Permits	\$ 1,200,000	\$ 1,435,000	\$ 235,000	19.6%
Golf Privatization Fees	\$ 990,000	\$ 1,350,000	\$ 360,000	36.4%
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%
Interest and Other Income	\$ 80,000	\$ 100,000	\$ 20,000	25.0%
Miscellaneous Income	\$ 60,000	\$ 60,000	\$ -	0.0%
Subtotal Non-Tax Revenue	\$ 4,780,000	\$ 7,695,000	\$ 2,915,000	61.0%
SUBTOTAL APPROPRIATED REVENUES	\$ 38,237,517	\$ 46,060,099	\$ 7,822,582	20.5%
Unreserved Corporate Fund Balance	\$ 6,500,000	\$ 6,500,000	\$ -	0.0%
GRAND TOTAL RESOURCES	\$ 44,737,517	\$ 52,560,099	\$ 7,822,582	17.5%

Source: FY2005 Forest Preserve Budget, p. 12, and FY2006 Forest Preserve Budget, p. 22

5-Year Forest Preserve District Resource Trends

In the 5-year period between FY2002 and FY2006, operating funds resources increased by \$20.6 million, or 38.8%. The Bond and Interest Fund property tax levy tripled, increasing from \$4.1 million in FY2002 to \$13.3 million in FY2006, as a result of the \$100 million bond issuance in 2004. The Pension Fund property tax levy has fallen as a result of the dramatic personnel cuts in FY2003. When employee contributions decline, employer contributions two years later because the annual property tax levy for the Fund set by state statute at 1.3 times the annual employee contribution made two years prior.²¹

²¹ 40 ILCS 5/10-107

FOREST PRESERVE DISTRICT TOTAL BUDGETED RESOURCES: OPERATING FUNDS FY02 v. FY06				
	FY2002	FY2006	\$ CHG	% CHG
Corporate Fund				
Property Tax Levy (Net)*	\$ 29,000,000	\$ 33,069,000	\$ 4,069,000	14.0%
PPRT	\$ 4,375,025	\$ 5,296,099	\$ 921,074	21.1%
Non-Tax Revenues	\$ 10,812,095	\$ 3,095,000	\$ (7,717,095)	-71.4%
Transfer from Constr. & Dev.	\$ 507,000	\$ 4,600,000	\$ 4,093,000	807.3%
Corporate Fund TOTAL	\$ 44,694,120	\$ 46,060,099	\$ 1,365,979	3.1%
Pension Fund				
Property Tax Levy	\$ 3,918,000	\$ 2,684,402	\$ (1,233,598)	-31.5%
PPRT	\$ 392,191	\$ 298,598	\$ (93,593)	-23.9%
Pension Fund TOTAL	\$ 4,310,191	\$ 2,983,000	\$ (1,327,191)	-30.8%
Bond & Interest Fund				
Property Tax Levy	\$ 4,152,500	\$ 13,311,504	\$ 9,159,004	220.6%
Bond & Interest Fund TOTAL	\$ 4,152,500	\$ 13,311,504	\$ 9,159,004	220.6%
Self Insurance Fund				
Premium (Corporate Transfer In)	\$ -	\$ 4,620,000	\$ 4,620,000	100.0%
Interest	\$ -	\$ 330,000	\$ 330,000	100.0%
Self Insurance Fund TOTAL	\$ -	\$ 4,950,000	\$ 4,950,000	100.0%
SUBTOTAL APPROPRIATED REVENUES	\$ 53,156,811	\$ 67,304,603	\$ 14,147,792	26.6%
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	100.0%
GRAND TOTAL AVAILABLE	\$ 53,156,811	\$ 73,804,603	\$ 20,647,792	38.8%

Source: Forest Preserve District Executive Budget Recommendation, FY2002 and FY2006

*The FY2002 Budget Book does not specify whether the property tax levy is gross or net, but the FY2006 specifies net

Between FY2002 and FY2006, Corporate Fund resources, including the fund balance, grew by 25.2%, or \$11.2 million. The largest increase was in the property tax levy, which grew by \$7.5 million, or 25.9% over 5 years. Following the transfer of the Construction and Development Fund's administrative services to the Corporate Fund in 2004, the Corporate Fund has received substantially more in interfund transfers to pay for the services. Fees fell by \$8.5 million following the privatization of the golf courses, but this revenue decline does not reflect the associated savings in operating costs.

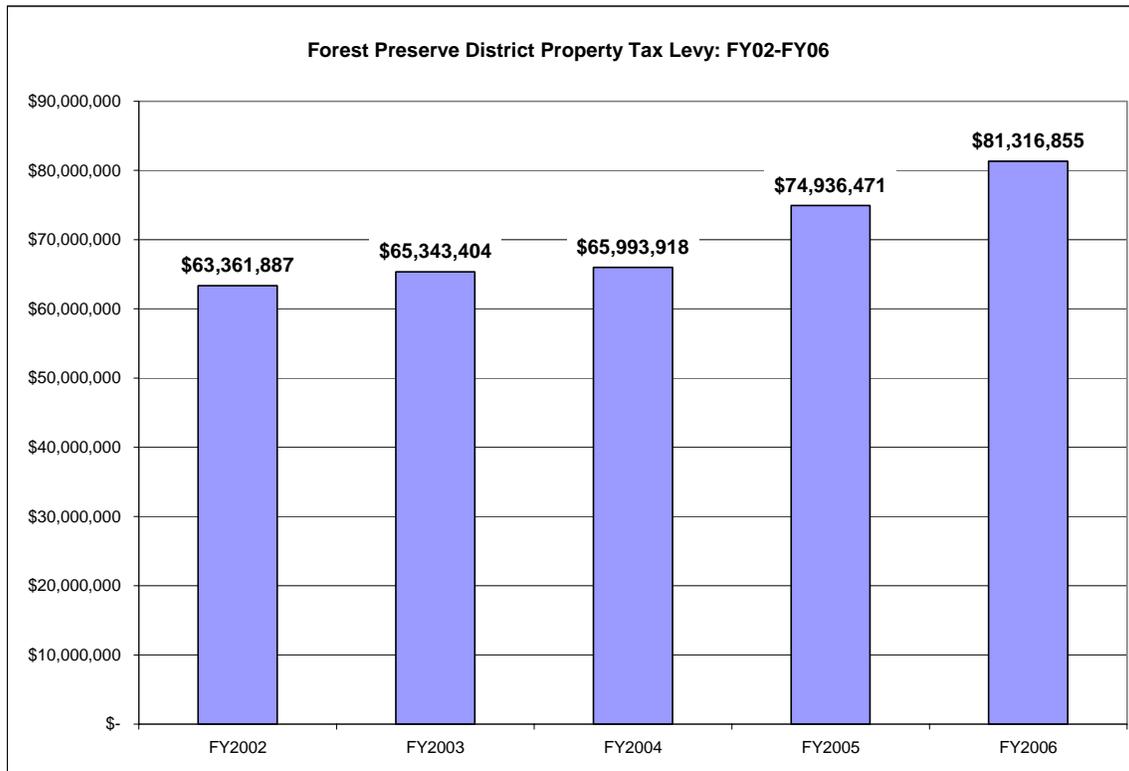
FOREST PRESERVE DISTRICT CORPORATE FUND BUDGETED RESOURCES FY02 v. FY06				
Resources	FY2002	FY2006	\$ CHG	% CHG
Property Tax Levy (Gross)*	\$ 29,000,000	\$ 36,500,000	\$ 7,500,000	25.9%
PPRT	\$ 4,375,025	\$ 5,296,099	\$ 921,074	21.1%
Subtotal Tax Revenues	\$ 33,375,025	\$ 41,796,099	\$ 8,421,074	25.2%
Interfund Transfer In	\$ 507,000	\$ 4,600,000	\$ 4,093,000	807.3%
Fines, Fees & Permits	\$ 9,977,791	\$ 1,435,000	\$ (8,542,791)	-85.6%
Golf Privatization Fees	\$ -	\$ 1,350,000	\$ 1,350,000	100.0%
Concessions	\$ 363,500	\$ 150,000	\$ (213,500)	-58.7%
Interest Income	\$ 269,000	\$ 80,000	\$ (189,000)	-70.3%
Miscellaneous Income	\$ 97,304	\$ 60,000	\$ (37,304)	-38.3%
Damage Claims	\$ 4,500	\$ -	\$ (4,500)	-100.0%
Sale of Stone	\$ 100,000	\$ -	\$ (100,000)	-100.0%
Subtotal Non-Tax Revenue	\$ 11,319,095	\$ 7,675,000	\$ (3,644,095)	-32.2%
SUBTOTAL APPROPRIATED REVENUES	\$ 44,694,120	\$ 49,471,099	\$ 4,776,979	10.7%
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	100.0%
GRAND TOTAL RESOURCES	\$ 44,694,120	\$ 55,971,099	\$ 11,276,979	25.2%

Source: FY2002 Forest Preserve Budget, p. 5, and FY2006 Forest Preserve Budget, p. 22

*Net property tax levy was not published in the FY2002 Budget Book, so gross is used

Property Tax Levy

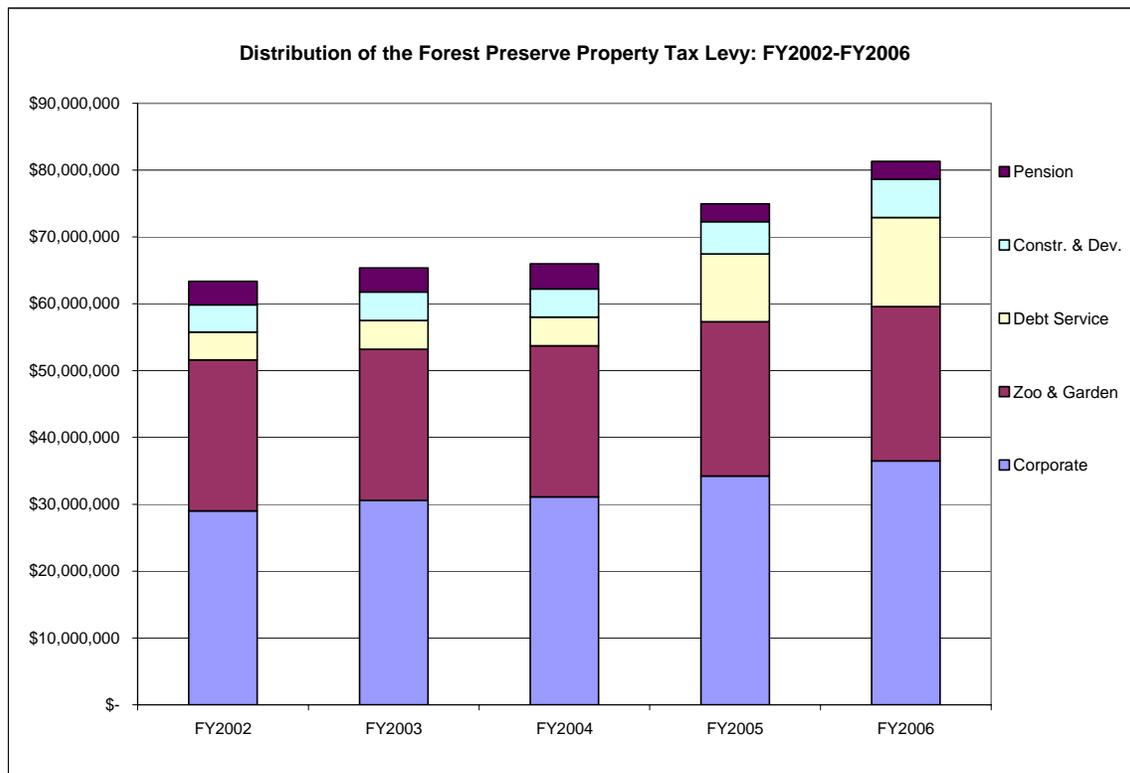
The Forest Preserve District proposes to increase its total property tax levy by 8.5% in FY2006 to \$81.3 million. This is an increase of \$6.4 million over FY2005. Since FY2002, the levy will rise by \$17.9 million, or 28.3%.



The next exhibit shows the distribution of property tax revenues by fund in FY2005 and FY2006. Corporate Fund property tax revenues will increase by 6.6%, or \$2.2 million. The amount of property tax dollars earmarked for the debt service payments through the Bond and Interest Fund will increase by \$3.2 million, or 31.2%. This increase is due to the need to pay for the debt service on the \$100 million in General Obligation bonds issued in 2004 pursuant to Senate Bill 83. The levies for Brookfield Zoo and the Chicago Botanic Garden remain flat in FY2006, at \$14.2 million and \$8.9 million, respectively.

FPD PROPERTY TAX LEVY BY FUND: FY05 v. FY06				
Fund	FY2005	FY2006	\$ CHG	% CHG
Corporate	\$ 34,250,000	\$ 36,500,000	\$ 2,250,000	6.6%
Zoological	\$ 14,168,025	\$ 14,168,025	\$ -	0.0%
Bond & Interest	\$ 10,147,481	\$ 13,311,504	\$ 3,164,023	31.2%
Botanic Garden	\$ 8,902,924	\$ 8,902,924	\$ -	0.0%
Construction & Development	\$ 4,835,833	\$ 5,750,000	\$ 914,167	18.9%
Pension	\$ 2,632,208	\$ 2,684,402	\$ 52,194	2.0%
Total	\$ 74,936,471	\$ 81,316,855	\$ 6,380,384	8.5%

The distribution of the District's property tax levy over a 5-year period by purpose reveals that the share of the levy dedicated to the Corporate Fund has remained between 44.9% and 47.1% of the total. Property taxes earmarked for Debt Service have increased from 6.6% of the total in FY2002 to 16.4% in FY2006, as a result of the 2004 \$100 million bond issue. The share of the levy dedicated to the Zoo and Garden has fallen from 35.7% in FY2002 to 28.4% in FY2006.



Unreserved Corporate Fund Balance

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

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

This policy was introduced for FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund balance. The District has budgeted a \$6.7 million fund balance to remain in the Corporate Fund at the close of FY2006. The minimum amount that could have been designated as unreserved fund balance in FY2006 was \$6.67 million.

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

The unreserved fund balance policy is based on the District's desire to have adequate operating cash to fund operations in each fiscal year. According to the District, the amount of cash expected to be available for District operations can vary depending on 1) actual revenue received versus budgeted, 2) unanticipated expenditures and 3) the level of expenditures occurring between the first and second property tax installments. The structure of this formal policy is based on fluctuations over the past 5 years caused by these factors.²²

²² Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

This policy is in line with the recommendations of the Government Finance Officers Association, which recommends that governments maintain an unreserved fund balance of no less than 5% to 15% of General Fund operating revenues or 1-2 months of operating expenditures.²³

PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS

In the FY2006 budget, the Forest Preserve District will add ten Full-Time Equivalent (FTE) positions. In FY2005, the budget provided FTE position counts rather than simple headcounts for the first time. Part time and seasonal positions have been converted into Full-Time Equivalent positions.²⁴ The District currently has 65 full-time vacant positions.²⁵

There will be reductions in staffing for the Finance and Administration Department by three FTE positions and the Permit and Recreation Activities Department by one FTE position. The Law Enforcement Department and the Planning and Development Department will remain stable. The Department of General Maintenance will receive an increase of eight positions, Resource Management will add three positions, and the General Office/Legal function will add four positions.

Forest Preserve District Position* Summary: FY2005 - FY2006			
Department	FY2005	FY2006	CHG
General Maintenance	199	207	8
Law Enforcement	112	112	0
Resource Management	85	88	3
General Office/Legal	24	28	4
Finance & Administration	24	21	-3
Planning & Development	24	24	0
Permit & Recreation Activities	21	20	-1
Total	489	499	10

* FTE figures for each department have been rounded.

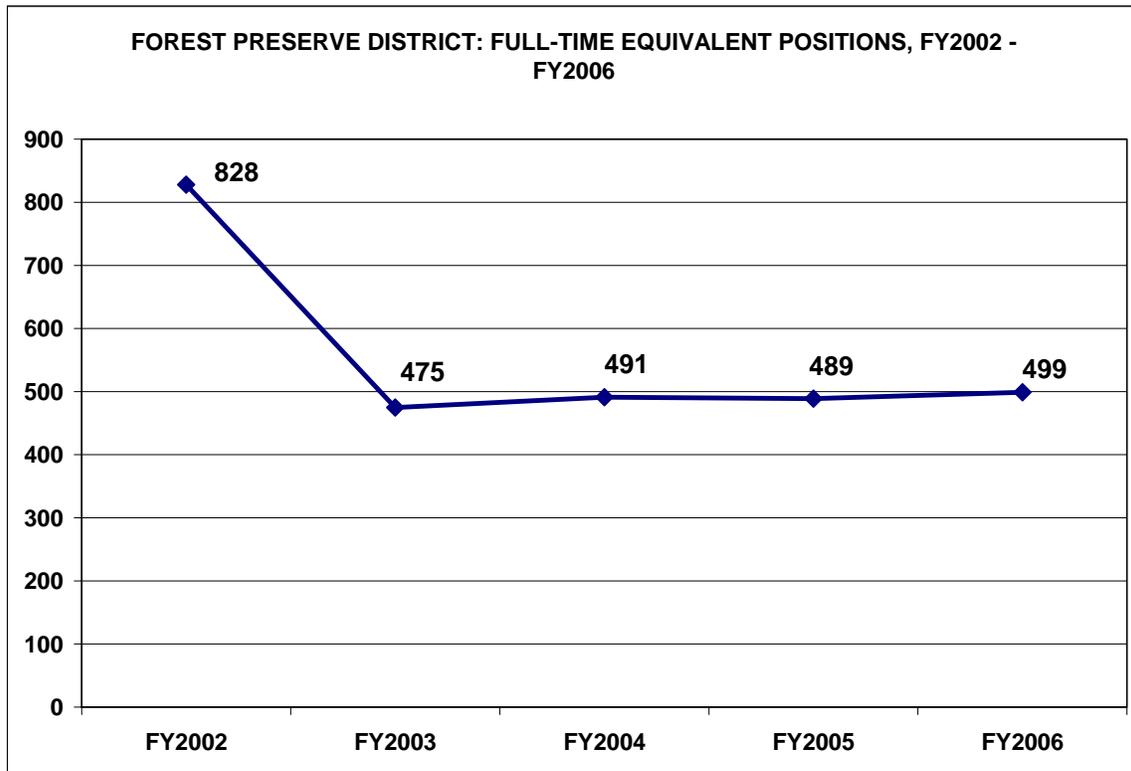
Over a 5-year period, the number of Forest Preserve District Full-Time Equivalent positions has declined from 828 to 499. This represents a 39.7% decline. Most of the reductions were implemented in FY2003, when 353 FTE positions were eliminated. Since FY2003, the District has added 24 positions, a 5.1% increase.²⁶

²³ Government Finance Officers Association. Recommended Practice on Appropriate Level of Unreserved Fund Balance in the General Fund (2002). The City Colleges is a special purpose, not a general purpose government, but its size and the relative stability of its revenue stream make it prudent for the CCC to maintain adequate reserves.

²⁴ *Forest Preserve District of Cook County FY2006 Executive Budget Recommendation*, p. 24. The headcount numbers in Civic Federation analyses before the FY2005 analysis are not comparable as those calculations were based on headcount, not full-time equivalent positions.

²⁵ Information provided by the Forest Preserve District, November 25, 2005.

²⁶ Prior years' FTE figures are from the *Forest Preserve District of Cook County FY2005 Executive Budget Recommendation*. This is because the staffing history chart provided in the *Forest Preserve District of Cook County FY2006 Executive Budget Recommendation* had different numbers than the FY2005 chart, but did not appear accurate because it did not reflect the dramatic FY2003 position cuts.



Personal Services Appropriation Trends

The following exhibit presents salaries and wages appropriations in FY2005 and FY2006. Salaries and wages will increase slightly, from \$22.1 million in FY2005 to \$22.3 million in FY2006. The change is a \$225,564, or 1.0%, increase. In the department detail pages of the budget book, the District includes for the first time a 3% reduction in the appropriation for salaries and wages for FY2006 as a vacancy/turnover adjustment.²⁷ However, this adjustment is not reflected in the District's Fund summary chart, which is the basis for the exhibit below.²⁸

Corporate Fund Salaries and Wages	
FY2005	\$ 22,112,485
FY2006	\$ 22,338,049

Because of the District's significant reduction in employees in FY2003, Corporate Fund salaries and wages appropriations decline by 35.4% or from \$34.6 million to \$22.3 million over the five-year period.²⁹ Appropriations for salaries and wages were 77.4% of all Corporate Fund appropriation in FY2002. Five years later, 48.5% of total appropriations will be earmarked for salaries and wages.

²⁷ Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 28.

²⁸ Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 23.

²⁹ Forest Preserve District of Cook County FY2002 Executive Budget Recommendation, p. 6, and Forest Preserve District of Cook County FY2006 Executive Budget Recommendation, p. 23.

FPD CORPORATE FUND SALARIES AND WAGES APPROPRIATIONS			
Fiscal Year	Salaries and Wages Appropriations	Total Appropriations	% of Total
FY2002	\$ 34,583,195	\$ 44,694,120	77.4%
FY2006	\$ 22,338,049	\$ 46,060,071	48.5%
% Change	-35.4%	3.1%	

Forest Preserve District Employee Benefit Expenses: FY2005 and FY2006

Expenses for employee benefits rose by 27.6% between FY2005 and FY2006 or from \$5.9 million to \$7.5 million.³⁰ The largest single increase was for hospitalization insurance, which increased by 30.4%, primarily for Resource Management and Law Enforcement employees.

FPD BENEFIT EXPENSES*: FY2005 v. FY2006				
	FY2005	FY2006	\$ CHG	% CHG
Hospitalization Insur.	\$ 5,434,134	\$ 7,088,727	\$ 1,654,593	30.4%
Dental Insur.	\$ 195,456	\$ 218,727	\$ 23,271	11.9%
Life Insur.	\$ 145,650	\$ 106,403	\$ (39,247)	-26.9%
Vision Plan	\$ 89,884	\$ 69,564	\$ (20,320)	-22.6%
Total Benefits	\$ 5,865,124	\$ 7,483,421	\$ 1,618,297	27.6%

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

DEBT TRENDS

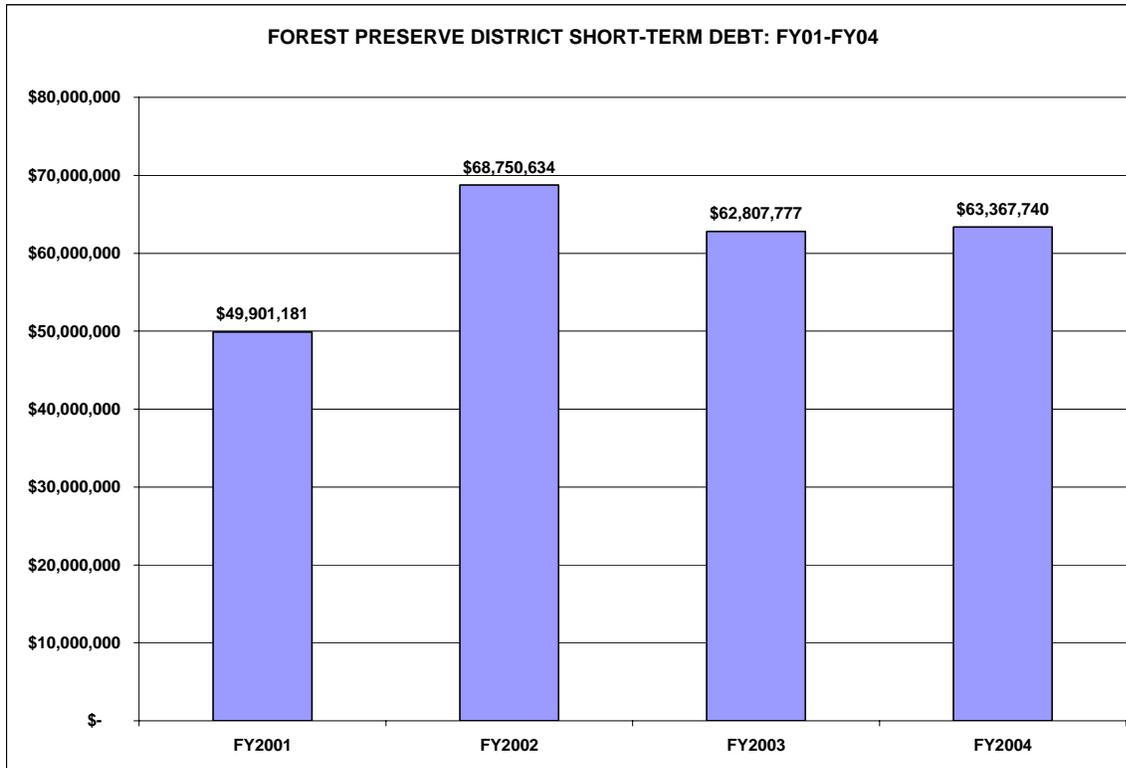
The Civic Federation has employed two measures of debt for purposes of this analysis: short-term debt trends and long-term debt per capita. The data are drawn from the District's audited financial reports. The last year for which data are available is FY2004.

Short-Term Debt Trends

Short-term debt is a financial obligation that must be satisfied within one year. An increasing trend in short-term debt may be a warning sign of future financial difficulties. It is a measure of budgetary solvency, that is, a government's ability to generate enough revenue over the course of a normal budgetary period to meet its expenditures and prevent deficits. Forest Preserve District short-term debt 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. For purposes of consistency over time, we have calculated short-term debt for Governmental Activities, or activities in the four Governmental Funds, for the District government only.

Short-term debt levels rose 27.0% between FY2002 and FY2004, increasing from \$49.9 million to \$63.3 million. However, between FY2002 and FY2004, short-term debt fell by 7.8%, from \$68.7 million to \$63.3 million. This favorable trend was reversed slightly in FY2004, when short-term debt rose slightly by 0.9%.

³⁰ *Forest Preserve District of Cook County FY2005 Budget Recommendation*, "Corporate Fund Department Appropriations," p. 21ff, and *Forest Preserve District of Cook County FY2006 Budget Recommendation*, "Corporate Fund Department Appropriations," p. 29ff.



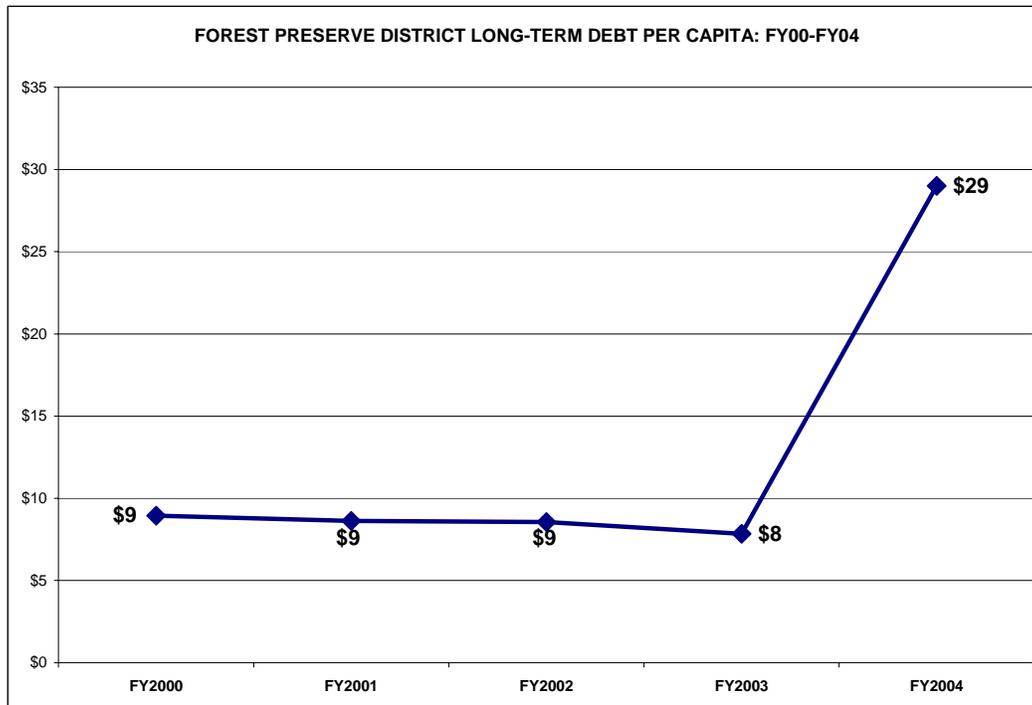
Long-Term Debt Per Capita

Long-term debt per capita is a measure of a government's ability to maintain its current financial policies. This long-term debt analysis takes the total long-term debt liabilities reported in Note #7 of the District's audited financial statements and divides them by population. The Forest Preserve District's long-term debt includes general obligation bonds payable, capital leases payable, a Master Loan,³¹ compensated absences, provision for tort³² and worker's compensation. Increases in long-term debt bear watching as a potential sign of increasing financial risk.

In October of 2004, the District issued a total of \$100 million in general obligation bonds to provide for the financing of capital improvement and capital equipment projects for the District, the Chicago Botanical Garden, and the Brookfield Zoo. This debt issuance has dramatically increased the per capita debt burden to \$29 per capita.

³¹ From time to time, pursuant to a 1997 Master Loan Agreement Ordinance, the District issues bonds to Cook County as a loan financing for the purchase of capital items. The District intends to issue a bond to Cook County in the amount of \$1.25 million as security for a 2005 loan in the same amount, the proceeds of which will be used to finance capital expenditures with a useful life in excess of three years.

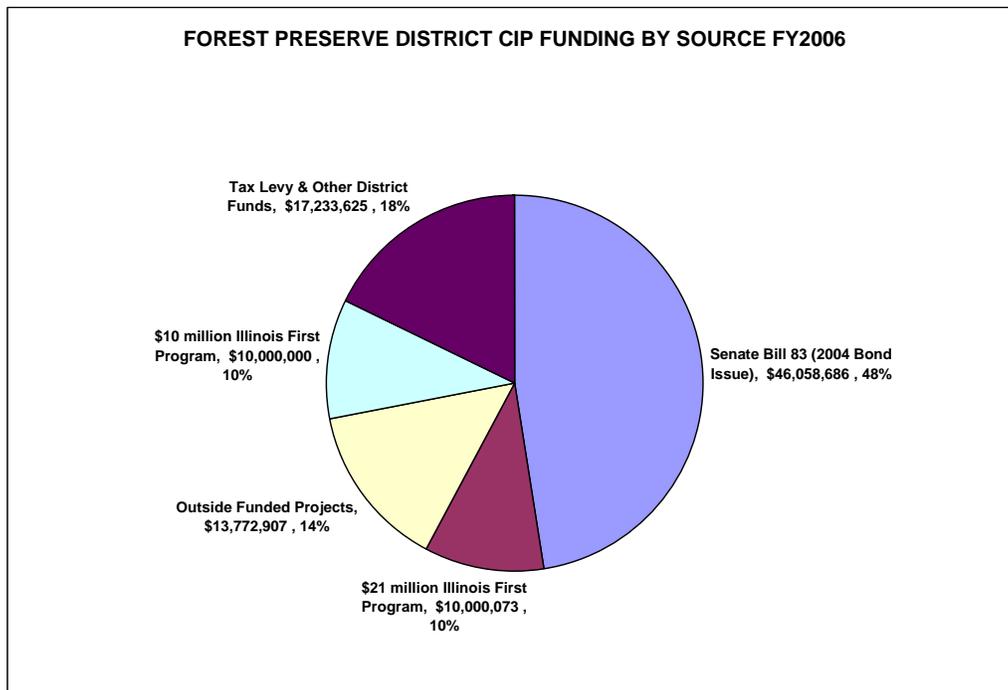
³² The District is exposed to risk of losses related to torts and are reported when losses are probable and when the amounts may be reasonable estimated. These liabilities are expensed and reported as long term debt. Claim settlements and judgments are paid from the Corporate Fund. (See FPD CAFR, Note 13: Risk Management.) On December 2, 2004, Steven M. Bylina, General Superintendent of the District submitted for approval by the Board of Forest Preserve Commissioners. The resolution, which was approved by the Board, establishes a new Self-Insurance Fund which will accumulate and provide resources to meet insurance claims and obligations. As a result of the resolution, all of the funds previously held in the Corporate Fund representing budgeted amounts for claim settlements and judgments, as well as some portion of operating savings, were transferred to accounts within the Self-Insurance Fund. (General Superintendent Steve M. Bylina's Transmittal Letter, December 2, 2004. Resolution No: 12-01-24-2004)



Capital Improvement Plan Highlights

The Forest Preserve District's CIP proposes a total of \$175.2 million in capital projects. Approximately 44.6% of all planned projects, or \$78.1 million, are not yet funded. The largest unfunded project is a \$51.5 million planned improvement of nature centers and resource management facilities, of which \$40.8 million remains unfunded. No information is provided in the District's budget about capital improvements at the Brookfield Zoo and Chicago Botanic Garden even though these are District-owned facilities.

The sources of funding for the remaining 55.4% of the CIP projects that are funded are shown in the pie chart below. The single largest funding source for the District's capital improvements is the 2004 bond issue which provided the District with approximately \$50 million, or 48% of the total funding for capital projects planned through 2009.³³



Capital Improvement Plan Fails to Provide Adequate Transparency

The information provided in the FY2006 budget about the District's capital projects and its capital planning continues to provide little transparency about the nature or prioritization of the projects authorized to date.

The Civic Federation compiled a checklist to compare the elements contained in the FPD's budget with 13 elements that should be included in a CIP to ensure maximum public transparency. These elements incorporate recommendations of the National Advisory Committee on State and Local Budgeting (NACSLB).

We found that the District only complied with 3 of the elements recommended for a transparent capital improvement process. These 3 elements were the 5 years of summary information provided that listed individual projects, expenditures associated with those projects and funding sources. However, it was unclear from the document if a needs assessment had been conducted prior to approval of the listed projects, and the remaining 10 elements were not addressed at all.

In our view, there are serious flaws with the Forest Preserve District's CIP process. Specifically, there is a lack of information about:

- Individual projects because there is no narrative description and no timetable for project completion;

³³ Forest Preserve District FY2005 Budget Book, p. 64.

- How projects are prioritized and selected; and
- Whether the District's capital needs are matched with the projects ultimately selected.

Furthermore, there is a lack of review and participation in the full capital improvement process by those who pay for and utilize the improvements: the taxpaying public. Not even the Forest Preserve District's legislative body, the Board of Commissioners, appear to have a full and formal participatory role in the CIP process. The Board does approve all District contract items with a monetary value of over \$10,000 and appropriates funds for individual projects. And the public has the ability to comment on individual items as they are discussed on the Board agenda at hearings.³⁴ But, the Board does not debate and approve the full CIP nor does it participate in the prioritization process.

The CIP information provided in the FY2006 budget does not enhance anyone's ability to assess the feasibility and prioritization of the District's capital program.

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.³⁵

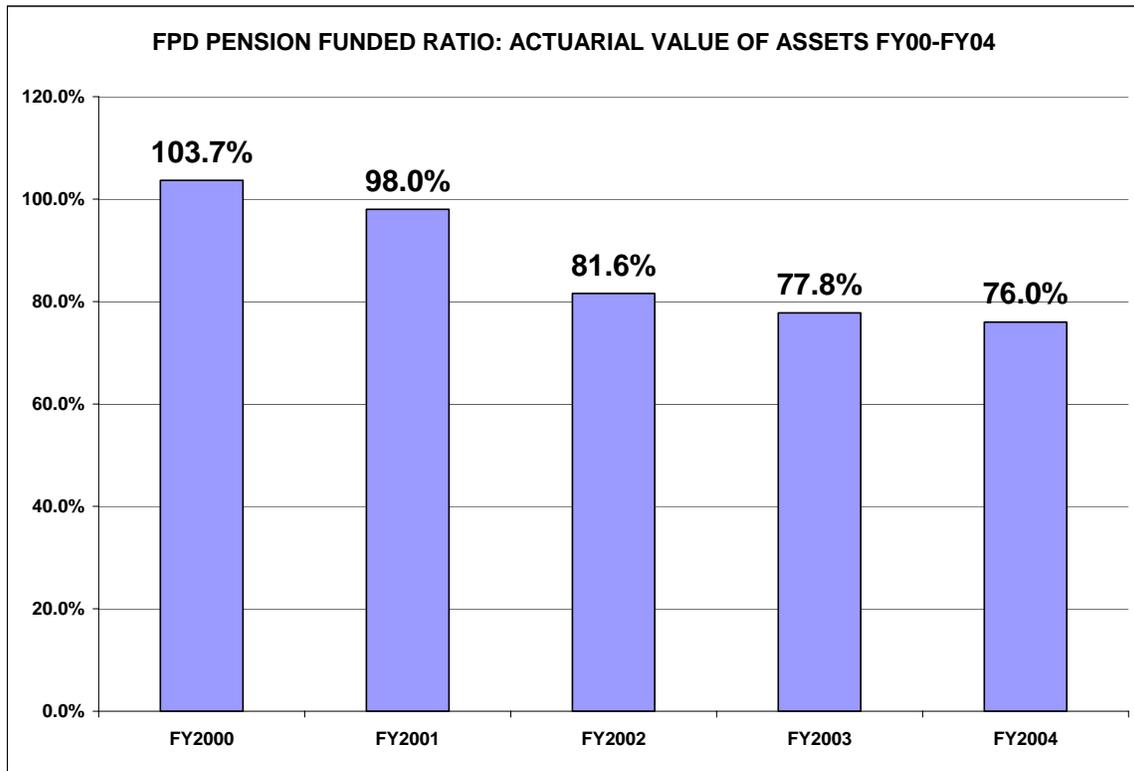
Funded Ratios

The following exhibit shows funded ratios for the Forest Preserve District's pension fund from FY2000 to FY2004. This ratio shows the percentage of pension liabilities covered by assets. The lower the percentage the more difficulty a government may have in meeting future obligations.

Between FY2000 and FY2004, the District pension fund's funded ratio fell from 103.7% to 76.0%. If the steady decline in the funded ratio continues, it will become a cause for concern.

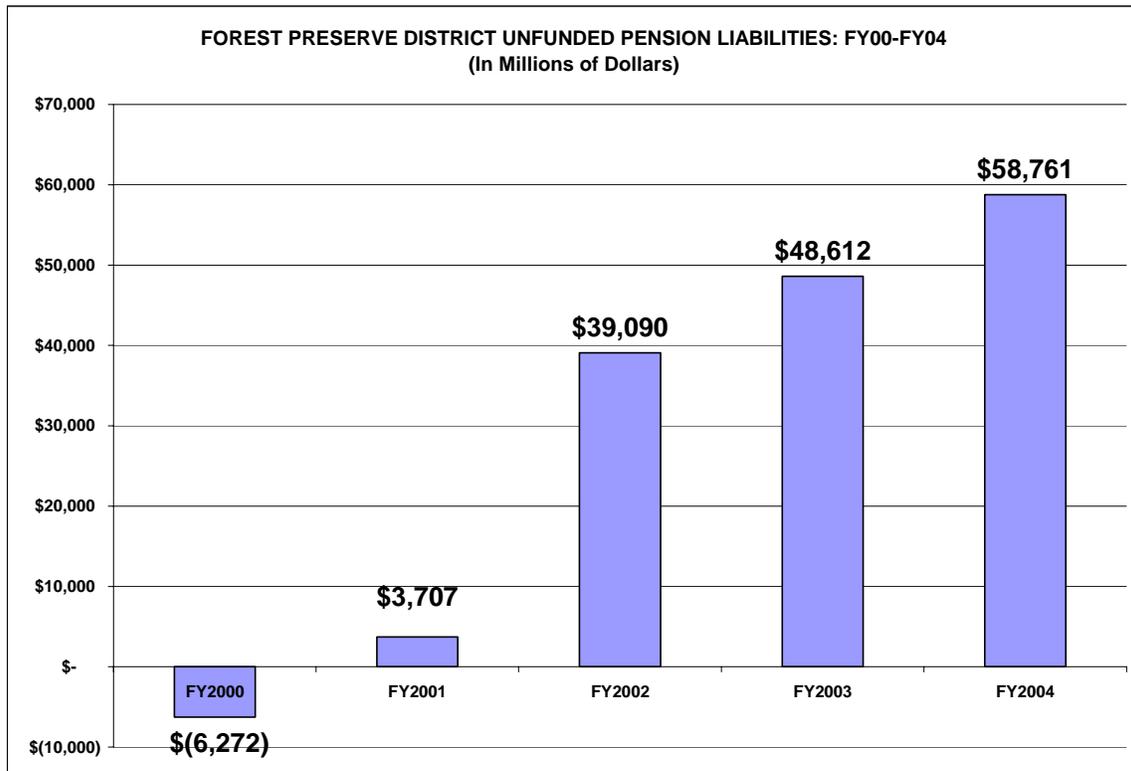
³⁴ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

³⁵ The discussion of Forest Preserve District pension trends is drawn from Civic Federation. *Status of Local Pension Funding 2003* (Chicago: Civic Federation, 2005).



Unfunded Liabilities

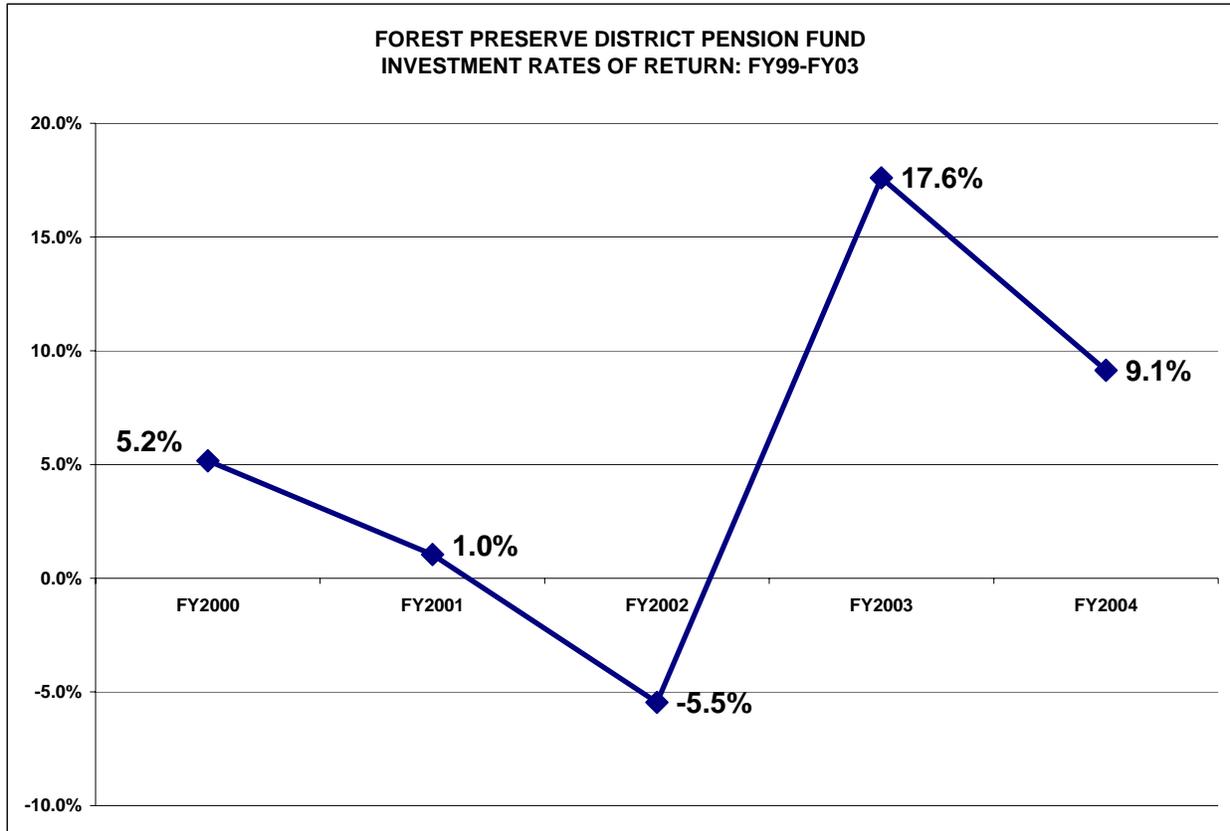
Unfunded liabilities are the dollar value of liabilities not covered by assets. Because the Forest Preserve District pension fund was overfunded until FY2000, there were more assets than liabilities. However, in FY2001, the pension fund reported \$3.7 million in unfunded liabilities. By FY2004, the unfunded liabilities had increased to \$58.7 million. The trend of steady increases in unfunded liabilities bears watching in future years.



Investment Rates of Return

Investment income typically provides a significant portion (over 50%) of the funding for pension funds. Thus, declines over a period of time can have a negative impact on pension assets. It should be noted that the volatility in the rates of return reflects fluctuations in the market value of the investments within the fund. Under the Generally Accepted Accounting Principles (GAAP), the fair value of an investment is the amount at which the asset could be bought or sold. The value of an investment may increase or decline depending upon market conditions.

Between FY2000 and FY2004, Forest Preserve District pension fund investment rates of return rose from 5.2% to 9.1%, with a significant drop in 2000-2002 which decline mirrored the performance in other local government pension funds. However, the Pension Fund's financial position improved in FY2003, as did the financial position of most other local pension funds. The Fund reported a sharp increase in rate of return to a positive 17.6% in that year. That rate has fallen this year to 9.1%.



RECOMMENDATIONS

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

Establish a Formal Capital Improvement Plan and Process

The Forest Preserve District's CIP process is seriously flawed. Specifically, there is a lack of transparency and opportunities for public review and participation in the CIP selection and prioritization process. The Civic Federation proposes that the Forest Preserve District develop and implement a formal Capital Improvement Plan and Process. This would include:

- A narrative overview of the CIP Process;
- Narrative descriptions of individual projects, including the purpose, need, history and current status of each project;
- The time frame for fulfilling capital projects and priorities;
- The integration of the CIP into Long-Term Financial Plan
- Conducting and disclosing a needs assessment prior to project approval;
- Development and implementation of a formal prioritization process to determine project selection;

- Providing opportunities for stakeholder input into capital project prioritization and selection;
- A period during which the public can review the CIP;
- A public hearing on the CIP; and
- Formal Approval of the CIP document by the Forest Preserve District Board of Commissioners.³⁶

End the Legal Relationship between the Forest Preserve District and Cook County

The Civic Federation is convinced that true management reform and operational efficiency would be best served by legally separating the governments of the County and the District.

For the past 75 years, the Forest Preserve District has suffered from neglect. We believe much of that neglect results from the current governance system, which burdens Cook County Commissioners with oversight responsibilities for the District as well.

Establishing a separate Forest Preserve District Board would allow its Commissioners to focus solely on District issues. County Commissioners, in turn, could focus all of their attention on County issues. The result would be substantial improvements in the operations and managements of both governments.

Transfer Ownership of Swimming Pools

Maintaining and operating swimming pools is not a core function of the Forest Preserve District of Cook County. Public pools are more appropriately maintained by local park districts and community organizations. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operation would be far better spent on core activities and much-needed preserve restoration and improvements. This is true whatever the source of that funding.

The Civic Federation questions why the pools would be a top financial priority for the District when immediate repairs are needed for core facilities and basic infrastructure, such as picnic shelters, camps, trail systems, water and sewer lines. Efforts to restore aquatic and terrestrial habitat also need substantial investment. However, if the District insists on spending precious capital dollars on rehabilitating unnecessary pools, it should at least privatize those pools, as it did with its golf courses, so that the pools will not be a drain on the District operating budget.

Remove or Privatize Toboggan Slides

In the 1920s and 1930s, the District built six toboggan slides in the Preserves, all of which are closed due to a lack of maintenance. The Civic Federation believes that these slides should be either privatized, as were the golf courses, or demolished and the land returned to other District uses.

The District's 2001 *Cost of Services* study by Deloitte and Touche, found that the toboggan slides generated \$20,965 in revenue in 2000, at a cost of \$892,748.³⁷ The net cost to the District per

³⁶ See National Advisory Council on State and Local Budgeting and Government Finance Officers Association.

³⁷ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 27.

attendee was \$54.26 in 2000, when the slides were open for 24 days. Clearly, the toboggan slides are a tremendous burden on the operating side, as well as on the capital side were they to be restored.

Rather than leave the slides idle, the District should either privatize or demolish them and return the land they occupy to productive use for public recreation.

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

The Forest Preserve District rents housing on its property to employees at drastically discounted rates, in return for them watching over the District land and serving as a deterrent to crime or misuse. The Civic Federation commends the Forest Preserver Commissioners for passing an ordinance in July 2005 to increase the rent for Resident Employees by 6.6%, from \$225 to \$240 per month for some residences and from \$450 to \$480 per month for other residences. The Commissioners also voted to tie annual rent increases to the Consumer Price Index. While this is a positive reform, the Civic Federation believes that Resident Employee rents are still excessively low, and should be raised to market rates. Instead of providing low rent, Resident Employees should be paid hourly for any additional duties as “watchmen”.

Eliminate Forest Preserve District Police Department

As we have noted in previous analyses, the Forest Preserve District is unable to justify the need for its own Police Department. When asked in the past to present performance statistics, the District has been able to provide only the barest workload numbers, without any measures of efficiency or effectiveness. Given the \$7.6 million the District proposes to spend on its Police force in FY2006, the District should have evidence that a separate Forest Preserve Police Department is both needed and effective.

The Civic Federation believes the Forest Preserve District should cut costs by working to eliminate duplication of effort whenever possible. We believe the District police force could be eliminated and its functions assumed by the County Sheriff or local municipalities. In lieu of a police force, the District should hire Civilian Conservation Officers to patrol the preserves, deter illegal activity, and provide assistance to the public. Conservation Officers would function similarly to park rangers in state and national parks, and would contact local police officers when law enforcement was necessary.

Release Financial Reports within Six Months of the Fiscal Year End

The Forest Preserve District’s 2004 Comprehensive Annual Financial Report was not publicly released until November 17, 2005, nearly 11 months after the close of the fiscal year. Likewise, the Actuarial Statement of the Forest Preserve District Employee Annuity and Benefit Fund was not released until November 17, 2005.

In our view, the District’s delay in releasing its Comprehensive Annual Financial Report and the Pension Fund’s actuarial valuation statement in a timely manner weakens the government’s fiscal accountability to the public. The District should ensure the release of its Comprehensive Annual Financial Report and the Pension Fund’s actuarial valuation statement within 6 months of the close of the fiscal year.

Implement a Long-Term Financial Planning Process

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.³⁸ The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and reviewed by key policymakers and public stakeholders.

Develop and Utilize Performance Measures

The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning strategy. All governments should evaluate the performance of programs and services they provide, to ensure they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of actual results as compared to expectations.³⁸ Forest Preserve District staff should work to support development of performance measures to track the efficiency and effectiveness of management and operations.

Provide More Complete Information in Budget Document

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

- An improved executive summary that discusses key changes in each fund.
- Disclosure in the budget book of the new unreserved fund balance policy.
- An 8-year history of staffing by function that is provided in terms of full-time equivalent (FTE) positions.
- A 6-year trend of the property tax levy by fund.

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

- The budget should provide better information about the workings of the Land Acquisition Fund, including a narrative description of activity in the fund, information about pending acquisitions, and explanation of fund balance.
- Explanation of vague categories such as “Other,” “Other Income,” “Miscellaneous Income,” and “Contingency” should be provided.
- Explanation of fund status changes, such as the change of the Self Insurance Fund from a Special Revenue Fund in FY2005 to an Internal Service Fund in FY2006.³⁹
- The presentation of a given number should be consistent throughout the budget document. Often the name for a given line item changes year to year, or within the same budget book. Any changes to category names or composition should be clearly described on every page where the category appears.

³⁸ 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).

³⁹ Information provided by the Forest Preserve District, November 25, 2006.

- Five years of consistently-labeled revenue and expenditure trends should be provided.
- All fund balances should explained, and their status as reserved or unreserved, and appropriated or unappropriated, should be stated.
- Any changes in format from the previous year's budget document should be noted and comparability maintained so that the public may be able to make meaningful comparisons over time.