



# The Civic Federation

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## **FOREST PRESERVE DISTRICT OF COOK COUNTY FY2019 EXECUTIVE BUDGET RECOMMENDATION:**

### *Analysis and Recommendations*

**November 8, 2018**

The Civic Federation • 10 N. Dearborn Street • Chicago, IL 60602 • [civicfed.org](http://civicfed.org)

*The Civic Federation is an independent, non-partisan government research organization working to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois.*

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## EXECUTIVE SUMMARY

The Civic Federation **supports** the Forest Preserve District of Cook County's FY2019 Executive Budget Recommendation of \$119.1 million. The FY2019 budget proposal represents a 3.4% increase from the FY2018 adopted budget of \$115.2 million. These figures exclude the full budgets of the Brookfield Zoo and the Chicago Botanic Garden and only include the tax subsidy provided to the Zoo and Garden by the Forest Preserve District. When accounting for the program revenues generated by the Zoo and Botanic Garden in addition to the tax subsidy they receive, the Forest Preserve District FY2019 proposed budget totals \$204.8 million, an increase of 3.3% over the FY2018 adopted budget of \$198.2 million.

The Forest Preserve District's recommended FY2019 budget draws attention to concerns about three major long-term financial challenges:

- 1) **Pension Funding:** The District needs an additional \$10 million for pension contributions annually to meet the actuarial needs of the pension fund in addition to the \$4 million contributions already being made based on the statutorily required contribution formula. Based on current benefits and contribution levels, the Forest Preserve District's pension fund is projected to run out of money in 2040, even if the fund hits its investment return goals.
- 2) **Capital Projects Funding:** The District estimates that it has a capital project backlog of \$130 million, with \$30 million needed for urgent repairs. The five-year capital improvement plan approved in January 2018 only identifies funding sources for approximately 10% of the \$121.6 million plan.
- 3) **Funding for the Next Century Conservation Plan:** The FY2019 budget proposal does not address the need for additional resources to complete the goals of the Next Century Conservation Plan, which is estimated to need \$2 billion in investments over 25 years through 2040. Approximately 85% of this total is related to land acquisition costs.

The District has worked to control costs in recent years by eliminating personnel positions and outsourcing non-critical activities. Additionally the District has focused on increasing earned revenue such as fees and permits. With few other revenue options available as a non-home rule government, the District has increased its annual property tax levies. The District plans to issue \$8 million in long-term debt to fund capital projects, which is not enough to adequately address capital needs. The only way for the District to increase its property tax revenue beyond tax caps is through a change in State law or a referendum. Without new revenue, the District says it will be forced to make major service cuts in future years.

Recognizing that the Forest Preserve District is out of easy options, the Civic Federation offers some recommendations for measures that may be seen as controversial but could cut costs while preserving the core mission of land preservation. The District should consider reducing its administrative office space by operating out of a single administrative office rather than both an office in the Chicago Loop and general headquarters in River Forest. The Civic Federation also believes the District should restructure its police force to focus primarily on land protection, and formally outsource emergency response to municipal police forces through intergovernmental agreements with nearby municipalities.

The Civic Federation continues to recommend that the District work with the Illinois General Assembly to establish a governing board separate from the Cook County Board of Commissioners so that the board can dedicate the necessary time and attention to properly address the Forest Preserve District's serious financial issues. If the District does not receive a separately elected governing board, the Civic Federation suggests the creation of a regional forest preserve district for Cook County and the collar counties. The Civic Federation also continues to advocate for reform of the Forest Preserve District's retirement program and identification of a long-term pension funding source.

The Civic Federation offers the following **key findings** on the FY2019 proposed budget:

- The Forest Preserve District's total expenditures for operating and capital purposes will increase in FY2019 by 3.4% from the FY2018 adopted budget. The total proposed budget, including the total budgets of the Brookfield Zoo and Chicago Botanic Garden is \$204.8 million compared to in \$198.2 million in FY2018;
- The property tax and personal property replacement tax funding provided by the Forest Preserve District to the Brookfield Zoo and Chicago Botanic Garden will remain level in FY2019 from FY2018 funding at \$14.4 million and \$8.9 million respectively;
- The pension fund appropriation in FY2019 will be \$4.3 million, a 3.6% increase from \$3.1 million in FY2018;
- Corporate Fund spending will increase by 3.3% to \$61.7 million in FY2019 from \$59.8 million in FY2018;
- Total property tax revenue will increase by \$2.7 million, or 2.8%, from \$94.4 million in FY2018 to \$97.1 million in FY2019;
- The FY2019 proposed budget includes a total of 629.8 full-time equivalent (FTE) positions. This is an increase of 2.0 full-time employees and a decrease of 7.2 part-time/seasonal employees from the prior year, equaling a net decrease of 5.2 FTEs or 0.8%. Over a five-year period, the District has decreased personnel by 40.5 FTE positions since FY2015;
- Over the past ten years, the Forest Preserve District pension fund's unfunded actuarial accrued liability has increased from \$41.6 million in FY2008 to \$126.6 million in FY2017, although the liability decreased in the two years between FY2016 and FY2017;
- The funded ratio of the pension fund declined from 82.5% in FY2008 to 61.7% in FY2017; and
- Over the five years between FY2013 and FY2017, the District's outstanding long-term debt decreased by 17.7% from \$200.2 million to \$164.8 million.

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

- Generating revenue through a moderate increase to the property tax levy;
- Outsourcing management of meeting space rentals; and
- Recognizing significant financial challenges.

However, the Civic Federation has **concerns** about the District's financial challenges including:

- Need for a sustainable pension funding source;
- Need for long-term funding for the Next Century Conservation Plan; and
- Need for a capital funding source to address the deferred maintenance backlog of capital improvement projects.

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

- Restructure Forest Preserve District governance;
- Consider downsizing the District's administrative real estate footprint;
- Achieve savings by restructuring the Forest Preserve District police force;
- Continue to work with Cook County and the General Assembly to implement pension funding reform;
- Provide additional information in the budget book including revenues and expenditures over the previous five years, a forecast of projected revenues and expenditures over the next three years, and additional context for district-wide expenses;
- Improve access to board and committee meeting materials by providing more detailed meeting summaries or video recordings of off-site meetings and ensuring that all minutes and supplemental materials for meetings of the Next Century Conservation and Policy Council are posted to the Legistar website;
- Communicate the District's objectives for excess reserves; and
- Promote incorporation of Forest Preserve land.

## CIVIC FEDERATION POSITION

The Civic Federation **supports** the Forest Preserve District of Cook County's FY2019 Executive Budget Recommendation of \$119.1 million. The FY2019 budget proposal represents a 3.4% increase from the FY2018 adopted budget of \$115.2 million. These figures exclude the full budgets of the Brookfield Zoo and the Chicago Botanic Garden and only include the tax subsidy provided to the Zoo and Garden by the Forest Preserve District. When accounting for the program revenues generated by the Zoo and Botanic Garden in addition to the tax subsidy they receive, the Forest Preserve District FY2019 proposed budget totals \$204.8 million, an increase of 3.3% over the FY2018 adopted budget of \$198.2 million.

The Forest Preserve District's recommended FY2019 budget draws attention to concerns about three major long-term financial challenges:

- 1) **Pension Funding:** The District needs an additional \$10 million for pension contributions annually to meet the actuarial needs of the pension fund in addition to the \$4 million contributions already being made based on the statutorily required contribution formula. Based on current benefits and contribution levels, the Forest Preserve District's pension fund is projected to run out of money in 2040, even if the fund hits its investment return goals.
- 2) **Capital Projects Funding:** The District estimates that it has a capital project backlog of \$130 million, with \$30 million needed for urgent repairs. The five-year capital improvement plan approved in January 2018 only identifies funding sources for approximately 10% of the \$121.6 million plan.
- 3) **Funding for the Next Century Conservation Plan:** The FY2019 budget proposal does not address the need for additional resources to complete the goals of the Next Century Conservation Plan, which is estimated to need \$2 billion in investments over 25 years through 2040. Approximately 85% of this total is related to land acquisition costs.

The District has worked to control costs in recent years by eliminating personnel positions and outsourcing non-critical activities. Additionally the District has focused on increasing earned revenue such as fees and permits. With few other revenue options available as a non-home rule government, the District has increased its annual property tax levies. The District plans to issue \$8 million in long-term debt to fund capital projects, which is not enough to adequately address capital needs. The only way for the District to increase its property tax revenue beyond tax caps is through a change in State law or a referendum. Without new revenue, the District says it will be forced to make major service cuts in future years.

Recognizing that the Forest Preserve District is out of easy options, the Civic Federation offers some recommendations for measures that may be seen as controversial but could cut costs while preserving the core mission of land preservation. The District should consider reducing its administrative office space by operating out of a single administrative office rather than both an office in the Chicago Loop and general headquarters in River Forest. The Civic Federation also believes the District should restructure its police force to focus primarily on land protection, and formally outsource emergency response to municipal police forces through intergovernmental agreements with nearby municipalities.

The Civic Federation continues to recommend that the District work with the Illinois General Assembly to establish a governing board separate from the Cook County Board of Commissioners so that the board can dedicate the necessary time and attention to properly address the Forest Preserve District's serious financial issues. If the District does not receive a separately elected governing board, the Civic Federation suggests the creation of a regional forest preserve district for Cook County and the collar counties. The Civic Federation also continues to advocate for reform of the Forest Preserve District's retirement program and identification of a long-term pension funding source.

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

The Civic Federation **supports** the following issues related to the Forest Preserve District of Cook County FY2019 Executive Budget Recommendation.

#### ***Generating Revenue through a Moderate Increase in the Property Tax Levy***

The Forest Preserve District is faced with limited revenue-raising choices since its property tax increases are capped by the Property Tax Extension Limitation Law (PTELL), meaning the District can only raise its property tax extension on property by 5.0% or the rate of growth in inflation, whichever is less. In the low inflation economy of the past several years, this has limited the District's property tax revenue growth while costs have increased. The District is also limited in the other taxing options it has as a non-home rule government entity. Therefore, non-tax revenues such as permits and fees are the District's only other major revenue option.

The FY2019 budget proposes a total property tax levy across all funds of \$97.1 million compared to \$94.4 million the prior year, which is an increase of \$2.7 million, or 2.8%, over FY2018 levels. This includes an increase under the Property Tax Extension Limitation Law as well as growth in property values and new development.

The Civic Federation supports this moderate property tax increase because it is balanced by continued efforts to achieve efficiencies and earned revenue. The Forest Preserve District has few other options to fund core mission activities and at the same time has made an effort to control expenditures and increase earned revenue through fees, concessions and sponsorships. The District expects to increase non-tax earned revenue by \$1.7 million in FY2019. The FY2019 proposed budget also highlights several cost-cutting initiatives including outsourcing aquatic center management, plans to outsource meeting spaces, fleet modernization and green initiatives to reduce energy costs and moving pavement repairs in-house for lower cost.<sup>1</sup>

#### ***Outsourcing Management of Room Rentals***

The Forest Preserve District is planning to outsource the management of meeting room rentals in FY2019. The District has five meeting spaces, which will now be rented through a private event management company. The District will incur an initial contract cost of \$275,000 to set up the arrangement, but the privatization will allow the District to eliminate part-time and seasonal positions. The Permits, Rentals and Concessions Department is eliminating 7.8 full-time

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<sup>1</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 12.



equivalent positions in the FY2019 proposed budget, which will reduce personnel costs next year by \$157,893. The District says the move is budget neutral in FY2019 due to the set-up costs, but could result in savings going forward from reduced personnel and operations costs.<sup>2</sup>

The Civic Federation supports this initiative because it is a continuation of the District's efforts to achieve reduced costs through privatization of activities that are not central to the Forest Preserves' mission.

### ***Recognizing Significant Financial Challenges***

The Forest Preserve District openly acknowledges its three major financial challenges and the critical need to address them. The three largest challenges are:

- 1) Identifying a funding source and acquiring legal authorization to increase pension contributions for employees' retirement by \$10 million annually through 2040;
- 2) Addressing a capital project backlog of \$130 million, with \$30 million needed for urgent repairs; and
- 3) Finding a resource large enough to make headway on implementing the Next Century Conservation Plan, which is estimated to cost \$2 billion over 25 years.

Recognizing the problem opens up a conversation to identify solutions. The District has noted the consequences that could result from a revenue shortage – namely significant cuts to personnel and programs – and is in the process of exploring a way to generate needed revenue, primarily through an increase in the District's property tax levy either via State legislation or a binding referendum.

### **Civic Federation Concerns**

The Civic Federation shares the following **concerns** with the Forest Preserve District regarding the three major financial challenges identified in the FY2019 Executive Budget Recommendation.

### ***Need for Sustainable Pension Funding Source***

The Forest Preserve District's FY2019 budget does not address its severe pension funding shortfall. Without reforms to benefits and contributions, the Forest Preserve District's pension fund is projected to run out of money in 2040, even if the fund hits its investment return goals. The District estimates that it will need \$10 million more per year in addition to the current contribution of approximately \$4 million to address the ongoing pension deficit.<sup>3</sup>

The Forest Preserve District is statutorily required to make an employer contribution to the pension fund that is calculated at 1.3 times employee contributions made two years prior. This multiplier-based contribution limits the amount of money the District is lawfully allowed to

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<sup>2</sup> Forest Preserves of Cook County 2019 Budget Overview provided by Forest Preserve District staff on October 23, 2018.

<sup>3</sup> Overview of Proposed 2019 Budget for the Forest Preserves of Cook County, provided by Forest Preserve District staff on October 23, 2018.

contribute, and the contributions have not been sufficient to meet the financial needs of the pension fund for more than a decade. The District's required pension contributions are covered primarily by the District's pension levy as well as personal property replacement tax (PPRT), a corporate income tax collected and disbursed by the State. In FY2017, the most recent audited data available, the District contributed \$3.5 million to the pension fund, which was only 25.8% of the amount that would be sufficient to meet the actuarial needs of the fund. The District would have needed to contribute \$10.1 million more to the pension fund that year in order to meet the actuarially determined contribution level.<sup>4</sup>

The funded ratio of the pension fund was 61.7% as of December 31, 2017. While this level of funding is better than several other Chicago-area local governments, it is still a cause for concern because even if the District were to create a funding plan, it does not currently have a sufficient funding source to increase its pension contributions.

Cook County has tried to introduce a package of pension reforms, first in the spring 2014 legislative session, and again in May 2015, but the legislation stalled. When Cook County implemented a sales tax increase in 2016 that was mainly dedicated to increasing pension funding through intergovernmental agreements, it did not include the Forest Preserve District in the pension funding increases. Without reforms to benefits and contributions, the Forest Preserve District's pension funding problem will continue to worsen. Therefore, it is imperative that the District receive authorization from the Illinois General Assembly to increase the statutory employer contribution it makes into the pension fund, continue to explore possible reforms in concert with Cook County and find a significant source of revenue to make the necessary contributions.

### ***Need for Long-Term Funding for Next Century Conservation Plan***

The FY2019 proposed budget does not provide any additional funding for achieving the goals laid out in the Next Century Conservation Plan. The 25-year plan is estimated to cost \$2 billion through 2040.<sup>5</sup> Land acquisition makes up the largest portion of the total cost. The estimated cost of acquiring the goal of 21,000 acres is \$1.7 billion, or 85% of the total \$2 billion investment.<sup>6</sup> The Civic Federation suggests that the Forest Preserve District prioritize the most attainable goals included in the Next Century Conservation Plan that focus on restoring and maintaining existing land.

### ***Need for Capital Funding***

As mentioned above, the Forest Preserve District's proposed FY2019 budget acknowledges urgent capital needs of \$30 million, with a total deferred maintenance backlog of \$130 million. The most urgent needs include roof replacements, boiler replacements and parking lot repairs.

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<sup>4</sup> The actuarially determined contribution (ADC) is a reporting requirement under GASB Statement No. 67. It is not a funding requirement, but provides a useful comparison to show how far short the statutory funding schedule falls.

<sup>5</sup> Civic Consulting Alliance, "Financial Analysis: Forest Preserves and the Next Century Conservation Plan," August 31, 2016.

<sup>6</sup> Forest Preserves of Cook County, *Five Year Implementation Strategy (2016-2020) for the Next Century Conservation Plan*, Approved by the Conservation & Policy Council on November 6, 2017, p. 4.

The backlog does not include the also significant capital needs at the Brookfield Zoo and Chicago Botanic Garden.

The District approved a five-year capital plan for FY2018-FY2022 in January 2018 with identified projects totaling \$121.6 million. The Capital plan only identifies funding sources to pay for \$11.3 million of those projects. That leaves 90.7% of the capital plan with no identified funding sources.

The Forest Preserve District plans to borrow \$8 million in FY2019 to fund the most urgent capital improvements, but this will be insufficient to cover all urgent repairs and will not even make a dent in the five-year capital plan. The District notes that the borrowing will close out its Debt Service Extension Base bonding capacity under the State Property Tax Extension Limitation Law.<sup>7</sup> This means that the District would hit the maximum amount it is allowed to levy in property taxes for purposes of paying off long-term debt without going to referendum to increase this limit.

The Forest Preserve District has kept long-term borrowing at a reasonable level, but is challenged by the fact that the District must share the tax base that funds its debt with several other overlapping governments. The District may need to pursue a change in State law to allow it to increase its bonded debt capacity or request approval from Cook County voters through a referendum ahead of issuing additional bonds.

### **Civic Federation Recommendations**

The Civic Federation offers the following **recommendations** to support the Forest Preserve District in addressing its financial challenges.

#### ***Restructure Forest Preserve District Governance***

The Forest Preserve District acknowledges that it is facing severe financial challenges and that all easy solutions have already been implemented. The Civic Federation believes that structural changes are needed to help the District implement the difficult initiatives it will need to consider to reduce expenditures and generate enough revenue to address its three major funding needs.

The Civic Federation has long recommended that the Forest Preserve District establish a separate governing board from that of Cook County because commissioners' attention and meeting availability is often consumed by the extraordinary demands of the County's many fiscal and policy needs. The creation of the Conservation and Policy Council has helped provide oversight and policy direction to the Forest Preserve District for its long-term vision of land restoration and direction of the Next Century Conservation Plan. However, the Policy Council does not have governing authority and cannot approve the District's budget or make other binding financial decisions.

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<sup>7</sup> Forest Preserves of Cook County 2019 Budget Overview provided by Forest Preserve District staff on October 23, 2018.

In 2008 the Civic Federation and the Friends of the Forest Preserves issued a report calling for legislation creating a separate board to oversee the operations of the Forest Preserve District of Cook County. The report highlighted the conflict of interest that arises from asking the same commissioners to consider economic development issues in one capacity and land preservation issues in another. The report stated that due to an organizational structure that creates an inherent conflict of interest and inhibits proper oversight, the District suffers from numerous problems that may be mitigated by installing a separate governing body.

The Civic Federation still strongly supports the creation of a separate governing board because it would provide the necessary governance and oversight required for operating one of the largest forest preserve districts in the nation. This recommendation is not a criticism of the current management. The Civic Federation acknowledges the substantial improvements made to the District in recent years that have enhanced the District's professionalism and preservation efforts. The Civic Federation is concerned that without an accountable governance structure, there is no assurance that the improvements made to date would continue under a different Board President or management team. The District's independent Board should be unpaid, countywide elected officials with an interest in land conservation.

After a decade of proposing this idea with no traction, the Civic Federation offers an alternative idea for consideration. If Cook County does not work with the Forest Preserve District and the General Assembly to create a separate governing board, then the Civic Federation encourages the Forest Preserve District to consider pursuing opportunities for merging with other governments with the same mission and purpose. The Forest Preserves District could consider merging with forest preserve districts in the collar counties of the northeastern Illinois region to form a consolidated regional forest preserve district.

### ***Consider Downsizing Administrative Real Estate Footprint***

The Forest Preserve District has two administrative offices – one in downtown Chicago and one in the near western suburb of River Forest. The River Forest general headquarters serves as the primary office for 74 of the District's 629.8 full-time equivalent staff, including 57 full-time and 17 part-time staff.

In recent years, local governments including City Colleges of Chicago and the Chicago Park District have sold their headquarters. These sales have allowed for large one-time revenue gains as well as restructurings that can result in efficiencies and savings.

Given the Forest Preserve District's critical need for additional resources, the Civic Federation believes downsizing to a single administrative location is worth consideration. The Forest Preserve District should explore savings that could be achieved by selling its general headquarters in River Forest and relocating the staff and services provided there to the downtown offices or other forest preserve locations.

### ***Achieve Savings by Restructuring Police Force***

The District's largest area of personnel spending is in the Law Enforcement Department. The Law Enforcement Department oversees the Forest Preserve District police force. The police

officers serve a dual role as law enforcement officers and conservation officers. Law enforcement officers account for nearly a quarter of the total amount spent on salaries and wages across the District, or \$8.6 million out of \$38.9 million. The District has 94 police officers and 16 sergeants.

As previously noted, the Forest Preserve District is out of easy options for achieving the level of savings or new resources needed to address capital needs, conservation needs and pension funding needs. Finding sufficient resources will require the District to consider significant and controversial structural changes. The Civic Federation recommends that the District consider rethinking the way it protects the forest preserves.

The Civic Federation recognizes the need for the forest preserves and trails to be safe and for rules to be enforced. Forest Preserve District police officers routinely patrol on foot and complete conservation tasks that typical police forces would not. However, municipal police from surrounding communities are often the first responders to arrive at the forest preserves when emergency calls for help are made.

The Civic Federation believes it would be more efficient for the District to shift the focus of its police force away from law enforcement and toward protecting forest preserve land. Instead of having its own police force respond to calls for emergency help, the District should instead form intergovernmental agreements with the municipalities immediately surrounding each forest preserve. This would formalize the arrangement that often occurs between municipal police departments and the forest preserves. The size of the law enforcement department could be reduced significantly with patrol officers focusing on conservation and land protection rather than general policing duties.

The FY2019 proposed budget says the District is expanding its Trail Watch Volunteer program in 2019.<sup>8</sup> The Civic Federation encourages the District to continue working to find ways for volunteers to supplement the forest preserve law enforcement.

### ***Continue to Work with the General Assembly and Cook County to Implement Pension Funding Reform***

The Civic Federation supported the Cook County and Forest Preserve District pension reform legislation introduced in 2014 and 2015, which both stalled in the Illinois General Assembly. The District indicated that it planned to work with Cook County to introduce a pension reform bill during the veto session in Springfield in 2016, but this did not materialize. It is critical for the District to acquire the statutory authorization to increase contributions to its pension fund and acquire a funding source in order to reverse the downward trajectory of the pension fund's fiscal health and prevent it from becoming insolvent in 2040.

In order to meet the actuarial funding needs of the pension fund, the Forest Preserve District needs an extra \$10 million per year in pension funding in addition to the \$4 million it is already required to contribute based on State statute. The Civic Federation believes that Cook County shares partial responsibility for the Forest Preserves' pension funding crisis because the County

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<sup>8</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 83.

acts as the Forest Preserve District's main negotiator in collective bargaining negotiations and therefore contributes to the District's rising personnel and therefore pension costs. For this reason, the Civic Federation suggests the Forest Preserve District might seek pension funding from Cook County.

In 2016 Cook County increased its sales tax by one percentage point from 0.75% to 1.75% and dedicated the revenue from the 1.0% increase primarily to fund Cook County employees' pensions. In FY2019, the County plans to make a supplemental pension contribution of approximately \$350 million using funding from the sales tax revenue increase. The County could share a fair portion of the sales tax revenue with the Forest Preserve District so it can make the actuarially necessary contribution to the pension fund and prevent its insolvency.

The Civic Federation urges the District to be persistent in working with Cook County and the Illinois General Assembly to pursue whatever course of action necessary to make pension benefit and contribution reforms until a plan is in place.

### ***Provide Additional Information in Budget Book***

The Forest Preserve District budget includes current year proposed revenues and expenditures and prior year adopted revenues and expenditures. It is common among other local governments such as Cook County and the City of Chicago to provide actual revenues and expenditures for previous years, typically the five years prior. This data allows for trend comparisons to be made over time. The Civic Federation recommends that the District include revenues and expenditures for the past five years in the budget and that the data provided be actual revenue and expense levels when available rather than adopted levels.

Another common practice among local governments is to include a forecast of revenues and expenditures in the annual budget or in a mid-year forecast analysis. This can be helpful to providing governing board members and the public with information about known upcoming financial challenges so that solutions can begin to be discussed. For example, the City of Chicago releases a mid-year financial analysis annually with a three-year forecast of operating revenues and expenditures and projections related to debt and pensions. Cook County includes a five-year forecast in the annual budget. The Chicago Transit Authority includes a two-year forecast of revenues and expenditures for the two years following the upcoming proposed budget year. These revenue and expenditure forecasts are helpful when governments project budget deficits, so that governing board members can anticipate actions that could be necessary to close future gaps, either through cuts or new revenue sources. The Civic Federation recommends that the Forest Preserve District include a forecast projection of revenues and expenditures of at least a two-year period beyond the proposed budget year in the annual budget book.

The Civic Federation also recommends that the Forest Preserve District provide more information about district wide expenses. Each department has a description in the budget which includes prior year accomplishments, upcoming year goals and data on the number of full-time equivalent positions and appropriations. The district wide expenses only include a list of appropriations. The Civic Federation recommends that the District include a description of what district wide expenses include and how many staff are accounted for within this category.

### ***Improve Access to Board and Committee Meeting Materials***

The Forest Preserve District has a legislative website called Legistar,<sup>9</sup> where governing board meeting materials and videos are made available to the public. Legistar serves as a valuable resource for finding Board of Commissioners' meeting agendas, minutes, videos, and supplemental meeting materials. The District live-streams all of its Board of Commissioners and committee meetings via Legistar, with the exception of meetings that are held at locations other than the County Board room located in the Chicago Loop.

The District holds some of its Board of Commissioners and committee meetings at forest preserve sites around Cook County. While the Civic Federation supports holding meetings at locations where Board members have the opportunity to see the forest preserves firsthand, the Federation suggests that the Forest Preserve District improve access to summaries of off-site meetings through more detailed meeting minutes and/or video recordings of the meetings.

Additionally, the Civic Federation recommends that the Forest Preserve District improve access to meeting summaries and materials of the Next Century Conservation and Policy Council on the Legistar website. The Next Century Conservation and Policy Council serves as an advisory board to the Forest Preserve District Board of Commissioners and is charged with guiding the District through its Next Century Conservation Plan, an ambitious plan that is estimated to require \$2 billion over 25 years. The Conservation and Policy Council meeting materials are sometimes unavailable on Legistar and they are also not available on the Next Century Conservation and Policy Council website or the Forest Preserve District's website. While agendas of the Conservation and Policy Council meetings are typically made available on Legistar, meeting minutes and accompanying materials including agenda attachments and presentations are frequently not available. Of the four Conservation and Policy Council meetings held in 2018, two provided meeting minutes and none of the meetings included any of the accompanying meeting materials. When meeting minutes of the Conservation and Policy Council meetings are posted to Legistar, they are thorough and informative.

The Civic Federation recognizes the importance of the work of the Next Century Conservation and Policy Council as key to the success of the Forest Preserve District meeting its vision and goals. Therefore the Civic Federation recommends that the Forest Preserve District post all meeting minutes and supplemental materials of the Conservation and Policy Council to Legistar.

### ***Communicate the District's Objectives for Excess Reserves***

The Forest Preserve District has maintained a relatively high fund balance for several years. As of the end of FY2017, the District had an unassigned Corporate Fund reserve of 56.6% of operating expenditures. This is a very high level of fund balance, totaling nearly seven months of reserves, compared to the best practice of maintaining at least a two-month reserve according to the Government Finance Officers Association. The excess reserves could potentially be used as a one-time boost to address pension funding, capital funding or Next Century Conservation Plan funding challenges.

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<sup>9</sup> <https://fpdcc.legistar.com>

While the Civic Federation does not aim to discourage the District from maintaining a healthy reserve, we encourage the District to disclose why it continues to maintain such a large operating reserve and communicate a plan for how and when the District intends to use the excess reserve. If the District does plan to spend down part of its reserves, the Board of Commissioners should approve a formal commitment to maintaining a minimum level of General Fund reserves.

### ***Promote Incorporation of Forest Preserve Land***

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

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

The Federation identified several long-term and short-term recommendations to facilitate incorporation through a two-part research series.<sup>10</sup> As a long-term goal, the portions of the Cook County Forest Preserves that are currently unincorporated should be incorporated by a neighboring municipality, but should continue to be managed by the Forest Preserve District of Cook County.

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

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<sup>10</sup> See the Civic Federation's "[Unincorporated Cook County: A Profile of Six Townships and Preliminary Recommendations to Facilitate Incorporation.](#)" December 9, 2014, and "[Unincorporated Cook County: A Profile of Unincorporated Areas in Cook County and Recommendations to Facilitate Incorporation.](#)" September 22, 2016.



Unincorporated Forest Preserves

### **ACKNOWLEDGEMENTS**

The Civic Federation would like to express its appreciation to the Forest Preserve District's General Superintendent Arnold Randall and Chief Financial Officer Stephen Hughes for providing the Civic Federation with a briefing of the proposed budget and for answering our questions.

## APPROPRIATIONS

This section provides an analysis of the Forest Preserve District's proposed FY2019 appropriations and a comparison to appropriations over the five-year period beginning in FY2015.<sup>11</sup> Data used in this section include adopted budget figures from the Annual Appropriations Ordinances approved by the Board of Commissioners for FY2015 through FY2018, and proposed budget figures in the FY2019 Executive Budget Recommendation.

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

Forest Preserve appropriations for all funds from FY2015 to FY2019 are shown in the following table. The District is proposing total appropriations of \$119.1 million from all funds in the FY2019 budget. This is a 3.4%, or \$3.9 million, increase from the adopted FY2018 budget appropriation of \$115.2 million.

In the FY2019 budget, the Forest Preserve District changed the way it accounts for total appropriations by excluding the portion of the Chicago Botanic Garden and the Brookfield Zoo budgets that include non-tax revenue generated by the Zoo and Garden through sources such as program fees, memberships and sponsorships. The Brookfield Zoo and the Chicago Botanic Garden operate as independent nonprofit agencies that receive funding support from the Forest Preserve District in the form of property tax revenue and personal property replacement tax (PPRT). The Brookfield Zoo is administered and operated by the Chicago Zoological Society and the Botanic Garden by the Chicago Horticultural Society. Both are located on District land and operate as cooperative functions of the District.

Previously, the Forest Preserve District included the full Brookfield Zoo and Chicago Botanic Garden budgets as part of the District's total appropriations by fund.<sup>12</sup> In the FY2019 budget, the Forest Preserve District is accounting only for appropriations controlled by the Forest Preserve District, which are funds appropriated on the Zoo and Botanic Garden's behalf through the property tax revenue and personal property replacement tax (PPRT) and exclude non-tax resources generated directly by the Zoo and Garden. Therefore, a direct trend comparison cannot be made. Over the five-year period from FY2015 to FY2019, there appears to be a 36.5%, or \$68.3 million, decrease in total appropriations. This is due to the fact that appropriations now only account for the resources available for appropriation by the Forest Preserve District, which include the property tax levy and personal property replacement tax (PPRT) but not program fees generated by the Zoo and Garden. These funding levels for the Zoo and the Garden have actually remained fairly consistent over time. For more information about the full budgets of the Brookfield Zoo and Botanic Garden and the tax subsidy they receive from the Forest Preserve District, see the Resources section of this report on page 24.

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<sup>11</sup> Adopted expenditures are used because actual appropriations are not provided in the budget documents.

<sup>12</sup> Total revenues and expenditures for the Brookfield Zoo and Chicago Botanic Garden are still available in the Forest Preserve District's FY2019 Executive Budget recommendation in Attachment A-1 on page 106 and in the departmental budget details for the Zoological Fund and the Botanic Garden Fund. However, they are no longer available in the annual appropriation comparative summary by fund (Schedule 11).

Including the full Brookfield Zoo and Chicago Botanic Garden budgets, the Forest Preserve District's total budget is \$204.8 million.<sup>13</sup> Compared to a total budget of \$198.2 million in FY2018, this is an increase of 3.3%.

The following table shows the appropriations made by fund over the five-year period from FY2015 to FY2019, including the change within the Zoological and Botanic Garden Funds described above.

Proposed Corporate Fund appropriations for FY2019 are \$61.7 million, a \$2.9 million, or 5.0% increase, from \$58.8 million in FY2018. However, this FY2018 Corporate Fund level excludes a \$1.0 million appropriation that went unspent because of collective bargaining negotiations that continued from FY2018 into FY2019. Therefore, when accounting for the additional \$1.0 million appropriation in FY2018 resulting in a total of \$59.8 million, the FY2019 total Corporate Fund appropriation is actually a 3.3% increase over the prior year. The Corporate Fund is the District's general operating fund. Over the five-year period from FY2015 to FY2019, Corporate Fund spending is expected to increase by 10.0% or \$5.6 million. Corporate Fund appropriations are discussed further below.

The Self-Insurance Fund appropriation is increasing by \$1.1 million, or 20.9%, in FY2019 from the prior year. The Self-Insurance Fund accounts for the District's payments for settlements, workers' compensation claims and other legal fees. The District is increasing the budget for this fund to rebuild a self-insurance reserve in anticipation of potential legal settlements.<sup>14</sup>

The Bond and Interest Fund appropriation will increase by 3.2% from \$15.6 million in FY2018 (this was net of a \$500,000 million abatement)<sup>15</sup> to \$16.1 million in FY2019. The appropriation to the Bond and Interest Fund is based on the District's debt service schedule to pay off outstanding bonds.<sup>16</sup>

The Employee Annuity and Benefit Fund (pension fund) appropriation for the District's employee pensions will be \$4.3 million in FY2019. This represents an increase of 3.6% from the FY2018 pension contribution of \$4.1 million. The annual property tax levy that funds the pension fund appropriation is set by state statute at 1.3 times the annual employee contribution made two years prior.<sup>17</sup> The property tax levy for the pension fund appropriation in FY2019 will be \$3.9 million, up from the \$3.7 million pension fund property tax levy in FY2018.<sup>18</sup> The remaining pension fund appropriations will come from personal property replacement tax (PPRT) revenue in the amount of \$429,458.<sup>19</sup>

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<sup>13</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, Attachment A-1, p. 106.

<sup>14</sup> Forest Preserves of Cook County 2019 Budget Overview provided by Forest Preserve District staff on October 23, 2018.

<sup>15</sup> The District previously factored in an abatement, or reduction, to its debt service payments within the Bond and Interest Fund. The District backs Bond and Interest payments through a property tax levy pledge of nearly \$4.0 million, but then reduces the Bond and Interest appropriation when sufficient Personal Property Replacement Tax (PPRT) revenue is received to cover debt service payments. There is no abatement for FY2019.

<sup>16</sup> See the Forest Preserve District FY2019 Executive Budget Recommendation, p. 100.

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

<sup>18</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 161.

<sup>19</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 16.

Over a five-year period, the Employee Annuity and Benefit Fund appropriation has increased by 22.8% from \$3.5 million in FY2015.

The District will allocate \$850,000 from Corporate Fund reserves to the Real Estate Acquisition Fund and \$223,000 to the Resident Watchmen Fund in FY2019, level with FY2018.

Capital funds include the Construction and Development Fund and Capital Improvement Fund. The proposed FY2019 appropriations for the capital funds total \$6.1 million, which is a decrease of 11.2%, or \$767,200, from the approved FY2018 capital appropriations. This is a decrease of 36.5% over the five-year period beginning in FY2015.

The District proposes \$6.1 million in appropriations in the Construction and Development Fund for landscape restoration, an increase of 4.0%, or \$232,800, compared to FY2018. Over the five-year period from FY2015 to FY2019, appropriations within the Construction and Development Fund will increase by \$3.1 million or 108.0%.

The District is not budgeting for any spending in the Capital Improvement Fund in FY2019. In FY2018 the District appropriated \$1.0 million for capital improvements. This level is compared to \$6.0 million in FY2015 and \$8.0 million in FY2016.

Again the significant decrease in total appropriations of 36.5% over the five-year period from FY2015 to FY2019 is primarily due to the change in the way the Forest Preserve began accounting for Zoological Fund and Botanic Garden Fund appropriations in FY2018.

Forest Preserve District All Funds Appropriations: FY2015-FY2019 (in \$ thousands)									
Fund	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
<b>Non-Capital</b>									
Corporate	\$ 56,097.2	\$ 57,452.0	\$ 57,545.4	\$ 58,787.8	\$ 61,712.2	\$ 2,924.3	5.0%	\$ 5,615.0	10.0%
Self-Insurance	\$ 3,000.0	\$ 3,000.0	\$ 7,000.0	\$ 5,350.0	\$ 6,470.0	\$ 1,120.0	20.9%	\$ 3,470.0	115.7%
Bond & Interest*	\$ 14,916.4	\$ 13,608.5	\$ 14,348.2	\$ 15,640.2	\$ 16,147.0	\$ 506.8	3.2%	\$ 1,230.6	8.2%
Employee Annuity & Benefit	\$ 3,493.4	\$ 3,438.7	\$ 3,603.0	\$ 4,139.3	\$ 4,290.3	\$ 151.0	3.6%	\$ 796.9	22.8%
Resident Watchmen	\$ -	\$ -	\$ -	\$ 223.0	\$ 223.0	\$ -	0.0%	\$ 223.0	N/A
Real Estate Acquisition	\$ -	\$ -	\$ -	\$ 850.0	\$ 850.0	\$ -	0.0%	\$ 850.0	N/A
Zoological**	\$ 67,179.1	\$ 65,948.4	\$ 70,041.8	\$ 14,417.6	\$ 14,389.5	\$ (28.1)	-0.2%	\$ (52,789.6)	-78.6%
Botanic Garden**	\$ 33,807.8	\$ 34,361.4	\$ 36,257.3	\$ 8,946.1	\$ 8,932.8	\$ (13.3)	-0.1%	\$ (24,875.0)	-73.6%
<b>Subtotal Non-Capital</b>	<b>\$ 178,493.9</b>	<b>\$ 177,809.0</b>	<b>\$ 188,795.6</b>	<b>\$ 108,353.9</b>	<b>\$ 113,014.7</b>	<b>\$ 4,660.8</b>	<b>4.3%</b>	<b>\$ (65,479.2)</b>	<b>-36.7%</b>
<b>Capital</b>									
Construction & Development	\$ 2,910.0	\$ 3,910.0	\$ 3,665.6	\$ 5,820.0	\$ 6,052.8	\$ 232.8	4.0%	\$ 3,142.8	108.0%
Capital Improvement	\$ 6,000.0	\$ 8,000.0	\$ 3,910.0	\$ 1,000.0	\$ -	\$ (1,000.0)	-100.0%	\$ (6,000.0)	-100.0%
<b>Subtotal Capital</b>	<b>\$ 8,910.0</b>	<b>\$ 11,910.0</b>	<b>\$ 7,575.6</b>	<b>\$ 6,820.0</b>	<b>\$ 6,052.8</b>	<b>\$ (767.2)</b>	<b>-11.2%</b>	<b>\$ (2,857.2)</b>	<b>-32.1%</b>
<b>Grand Total</b>	<b>\$ 187,403.9</b>	<b>\$ 189,719.0</b>	<b>\$ 196,371.3</b>	<b>\$ 115,173.9</b>	<b>\$ 119,067.5</b>	<b>\$ 3,893.6</b>	<b>3.4%</b>	<b>\$ (68,336.4)</b>	<b>-36.5%</b>

Note: Actual expenditures were not used because they were not provided in the budget documents. Totals may differ slightly from budget documents due to rounding. The Corporate Fund appropriation in FY2018 excludes a \$1.0 million appropriation that was carried forward to FY2019 due to ongoing collective bargaining negotiations. Therefore, the two-year change from FY2018 to FY2019 is actually 3.3%.

\* The Bond and Interest Fund reflects the net of the Bond and Interest Abatement.

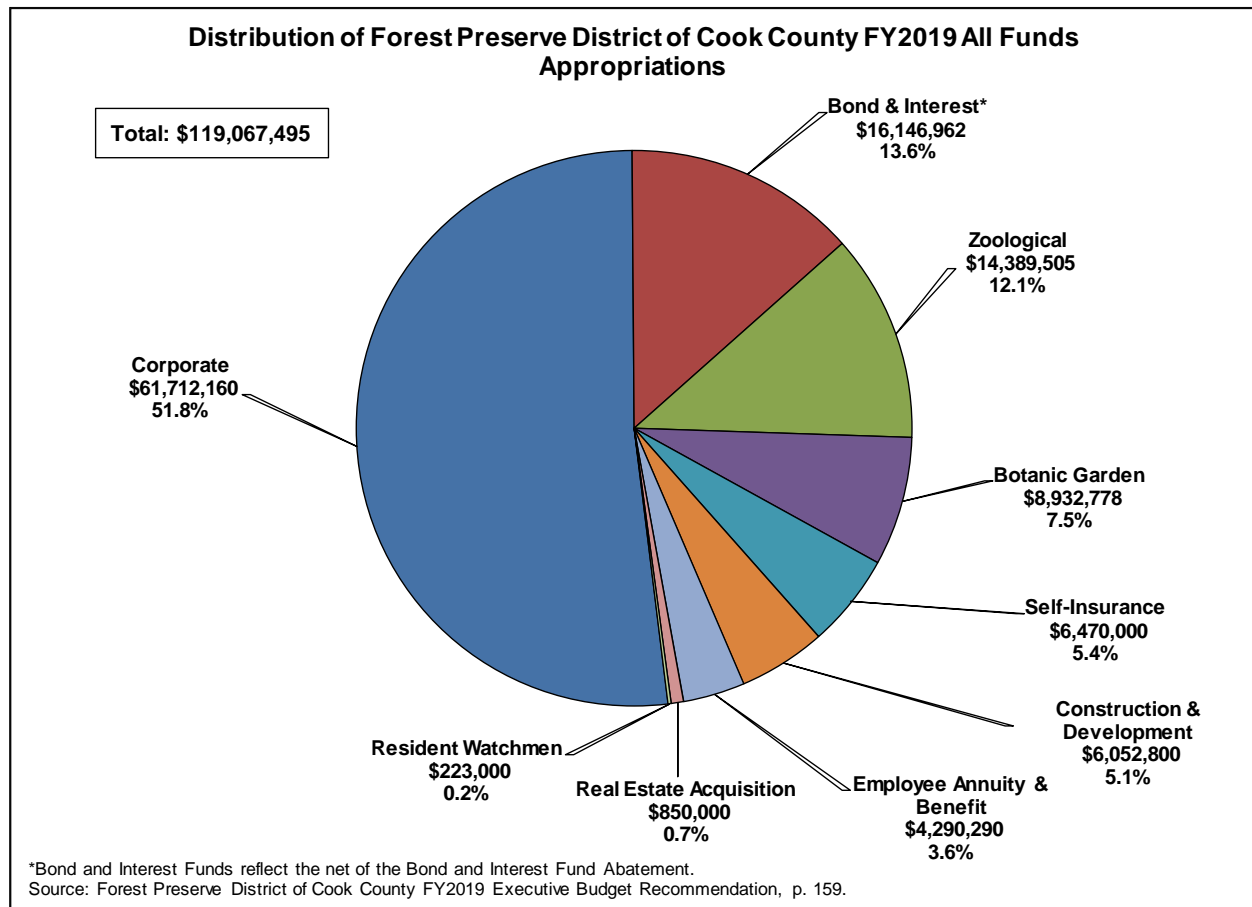
\*\*The District changed the way it accounts for the Zoological Fund and Botanic Garden Fund beginning with FY2018 appropriations by including only funds appropriated on the Zoo and Botanic Garden's behalf through the property tax and personal property replacement tax and excluding program-funded appropriations.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2015-FY2018, Schedule 11 Annual Appropriation Comparative Summaries, and FY2019 Executive Budget Recommendation, p. 159.

## All Funds Appropriations: FY2019

The distribution of Forest Preserve District FY2019 appropriations by fund is shown in the next chart. The largest appropriation is for the Corporate Fund at 51.8%. The Bond and Interest fund will account for 13.6% of appropriations. The Zoological and Botanic Garden funds represent

12.1% and 7.5% of appropriations respectively. However, again it is important to note that these appropriations exclude the portion of the Brookfield Zoo and Chicago Botanic Garden budgets that are funded through non-tax revenues. Capital funding through the Construction and Development Fund will account for 5.1% of proposed FY2019 appropriations. Funding for the Employee Annuity and Benefit (pension) fund will account for 3.6% of appropriations.



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

The Corporate Fund accounts for the Forest Preserve District’s general operations. The FY2019 proposed Corporate Fund budget totals \$61.7 million. The Corporate Fund’s FY2019 total appropriations represent an increase of 3.3%, or \$1.9 million, from \$59.8 million adopted in FY2018. The FY2018 appropriation includes \$1.0 million budgeted for anticipated personnel increases from collective bargaining agreements. The collective bargaining negotiations are still ongoing, so the \$1.0 million was carried forward into FY2018.<sup>20</sup>

Over the five-year period from FY2015 to FY2019, Corporate Fund appropriations are expected to decrease by \$385,000 or 0.6%. The following table shows the Corporate Fund appropriations by department over the five-year period.

<sup>20</sup> Forest Preserves of Cook County 2019 Budget Overview provided by Forest Preserve District staff on October 23, 2018.

In the two-year period between FY2018 and FY2019, appropriations within nearly all departments are projected to increase. The only department that will see a decrease in FY2019 is Landscape Maintenance. Landscape Maintenance is projected to decrease slightly by 0.9%, from an adopted appropriation of \$11.3 million to \$11.2 million in FY2019. Landscape Maintenance makes up the largest portion of Corporate Fund appropriations.

The largest dollar increase among all departments will occur in the Law Enforcement Department, increasing by \$547,900 from \$10.0 million in FY2018 to \$10.6 million in FY2019. This represents an increase of 5.5%. Law Enforcement makes up the second largest appropriation within the Corporate Fund.

The largest percentage increase will occur in the Legal Department. The Legal Department appropriation is proposed to increase by 18.4%, or \$256,600, from \$1.4 million in FY2018 to \$1.7 million in FY2019. The increase is largely due to an increase in legal services contracts for additional outside counsel to represent the District in legal matters for incidents that occurred in FY2018, as well as the District budgeting for professional services related to legal investigations involving personnel matters through the Corporate Fund instead of the Self Insurance Fund as it had previously.<sup>21</sup>

The District expects an increase in District Wide Programs between FY2018 and FY2019 from \$7.4 million to \$9.2 million. This is an increase of \$1.7 million or 23.4%. District Wide Programs includes professional contractual services, employee benefits, combined services (telephone service, office equipment and furniture and computer equipment), other expenses such as education programs and volunteer development and intergovernmental agreements. Several of these categories were previously accounted for as Fixed Charges.

In previous years, the District has transferred funds out of the Corporate Fund to the Capital Improvement, Real Estate Acquisition and Landscape Restoration Funds. The District is not planning on making any transfers from the Corporate Fund to these funds in FY2019.

In the five-year period between FY2015 and FY2019, the appropriation for the Office of the General Superintendent will increase by 67.1% or \$1.1 million. The majority of this increase took place in FY2016 due to moving Volunteer Resources from the Permits, Concessions and Volunteer Resources Department<sup>22</sup> to the Office of the General Superintendent. The largest dollar increase within any departments will be for Landscape Maintenance, at an increase of \$1.4 million or 13.7% over the five-year period. District Wide Programs will also increase significantly from \$7.0 million in FY2015 to \$9.2 million in FY2019, an increase of \$2.2 million

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<sup>21</sup> Information provided by the Forest Preserve District budget office on November 6, 2018.

<sup>22</sup> Now called the Permits, Rentals and Concessions Department.

or 31.4%. Overall, the changes over the five-year period balance out to a net decrease in total appropriations of 0.6%.

Forest Preserve District Corporate Fund Appropriations: FY2015-FY2019 (in \$ thousands)									
Category/Department	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Office of the General Superintendent	\$ 1,646.9	\$ 2,471.4	\$ 2,595.5	\$ 2,645.9	\$ 2,751.2	\$ 105.3	4.0%	\$ 1,104.3	67.1%
Finance and Administration	\$ 1,954.0	\$ 1,966.4	\$ 2,113.6	\$ 2,058.7	\$ 2,138.2	\$ 79.5	3.9%	\$ 184.3	9.4%
Human Resources	\$ 709.3	\$ 892.9	\$ 778.5	\$ 761.1	\$ 800.2	\$ 39.1	5.1%	\$ 90.9	12.8%
Resource Management	\$ 4,358.2	\$ 4,395.7	\$ 4,711.8	\$ 4,845.0	\$ 4,932.4	\$ 87.4	1.8%	\$ 574.2	13.2%
Conservation and Experiential Programming	\$ 5,503.4	\$ 5,768.1	\$ 5,276.5	\$ 5,405.3	\$ 5,440.1	\$ 34.8	0.6%	\$ (63.3)	-1.2%
Resident Watchman Facilities*	\$ 257.5	\$ 257.5	\$ -	\$ -	\$ -	\$ -	N/A	\$ (257.5)	-100.0%
Permits, Rentals and Concessions**	\$ 2,099.7	\$ 1,297.8	\$ 1,399.3	\$ 1,635.9	\$ 1,650.6	\$ 14.7	0.9%	\$ (449.1)	-21.4%
Landscape Maintenance	\$ 9,874.7	\$ 10,127.3	\$ 11,015.4	\$ 11,335.5	\$ 11,228.9	\$ (106.6)	-0.9%	\$ 1,354.1	13.7%
Facilities & Fleet Maintenance	\$ 9,987.0	\$ 9,443.5	\$ 9,372.3	\$ 9,262.3	\$ 9,400.3	\$ 138.0	1.5%	\$ (586.7)	-5.9%
Law Enforcement	\$ 9,281.7	\$ 8,989.4	\$ 9,523.5	\$ 10,025.6	\$ 10,573.5	\$ 547.9	5.5%	\$ 1,291.8	13.9%
Legal Department	\$ 1,323.1	\$ 1,178.8	\$ 1,259.0	\$ 1,393.5	\$ 1,650.1	\$ 256.6	18.4%	\$ 327.0	24.7%
Planning and Development	\$ 1,934.1	\$ 1,813.7	\$ 1,962.0	\$ 1,978.2	\$ 1,990.5	\$ 12.3	0.6%	\$ 56.4	2.9%
District Wide Programs***	\$ 6,967.6	\$ 8,849.6	\$ 7,538.0	\$ 7,420.9	\$ 9,156.2	\$ 1,735.4	23.4%	\$ 2,188.6	31.4%
Operating Transfer to Capital for Landscape Restoration	\$ 6,000.0	\$ 6,000.0	\$ 3,910.0	\$ 1,000.0	\$ -	\$(1,000.0)	-100.0%	\$(6,000.0)	-100.0%
Operating Transfer to Real Estate Acquisition	\$ 200.0	\$ 200.0	\$ -	\$ -	\$ -	\$ -	N/A	\$ (200.0)	-100.0%
Operating Transfer to Capital for Capital Improvement Fund	\$ -	\$ 2,000.0	\$ -	\$ -	\$ -	\$ -	N/A	\$ -	N/A
<b>Total</b>	<b>\$62,097.2</b>	<b>\$65,652.0</b>	<b>\$61,455.4</b>	<b>\$59,767.8</b>	<b>\$61,712.2</b>	<b>\$ 1,944.3</b>	<b>3.3%</b>	<b>\$ (385.0)</b>	<b>-0.6%</b>

Note: Adopted appropriation figures were used because actual expenditures were not available for all years. Totals may differ from budget documents due to rounding.  
 \*In FY2017, the District created a separate Special Revenue Fund to account for non-tax revenues from land use fees that are used to fund the Resident Watchman program.  
 \*\*This department formerly included Volunteer Resources. In FY2016, Volunteer Resources was moved to the Office of the General Superintendent.  
 \*\*\* District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service, Office Equipment and Furniture and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Previously, Professional Contractual Services, Other Expenses and some employee benefits were included under Fixed Charges. Beginning in FY2012 budget, Fixed Charges are now accounted for through District Wide Programs.  
 Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2015-FY2018, Corporate Fund Budgeted Expenditures, and FY2019 Executive Budget Recommendation, p. 20.

## RESOURCES

The following Forest Preserve District resource and revenue exhibits show two- and five-year trends in the District’s operating funds, as well as the Zoological and Botanic Funds. Data used in this section include prior year figures from the Annual Appropriations Ordinances for FY2015 through FY2018, which were approved by the Board of Commissioners, and recommended figures from the FY2019 Executive Budget Recommendation.

The District also maintains a Self-Insurance Fund, Construction & Development Fund, Resident Watchman Fund and Real Estate Acquisition Fund. The Self-Insurance Fund functions as an internal service fund to account for future estimated claims and judgments. The Self-Insurance Fund is actuarially funded on a biannual basis.<sup>23</sup> In FY2019 the budgeted premium for the Self-Insurance Fund will increase from \$5.4 million in FY2018 to \$6.5 million. The Construction and Development Fund accounts for land acquisitions and major capital facilities projects that are funded by annual tax levies or other revenues. In FY2019 the budget amount allocated to the Construction and Development Fund totals \$6.1 million. The Resident Watchman Fund accounts for revenues collected from the Watchman Program to maintain and improve the District’s Resident Watchmen Facilities and totals \$223,000 in FY2019.

### Corporate, Pension and Bond & Interest Funds

The Forest Preserve District total resources for the Corporate Fund, Pension Fund and Bond and Interest Fund are projected to be \$82.1 million in FY2019. This is an increase of 3.2%, or \$2.6

<sup>23</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 148.



million, above FY2018 adopted resources of \$79.6 million. Over the five-year period beginning in FY2015, these resources will increase by 2.0% or \$1.6 million.

Corporate Fund resources will increase by 3.2%, or \$1.9 million, from \$59.8 million in FY2018 to \$61.7 million in FY2019. This is primarily due to a \$1.6 million increase in non-tax revenues. Although \$59.8 million was appropriated to the Corporate Fund in FY2018, \$1.0 million budgeted for collective bargaining increases was not spent and will be carried over to FY2019 as Corporate Fund reserves.

The Pension Fund resources will increase by 3.6%, or \$151,000, in FY2019 from \$4.1 million in FY2018. The property tax levy for the Pension Fund is increasing \$136,000 or 3.6%. PPRT revenues distributed to the Pension Fund will also increase by 3.6%, from \$414,000 in FY2018 to \$429,000 in FY2019. These increases are due to the statutory funding schedule of the pension fund.

The Bond and Interest Fund (debt service fund) resources will increase by approximately \$507,000, or 3.2%, over the two-year period. The property tax levy for the Bond and Interest Fund is increasing by 4.4% or \$507,000. In FY2019 debt service payments are increasing and there is no projected abatement of the Bond and Interest levy. PPRT revenues in the Bond and Interest Fund will remain flat over the two-year period at nearly \$4.0 million.

Forest Preserve District Total Budgeted Resources for Corporate, Pension and Bond & Interest Funds: FY2015-FY2019 (in \$ thousands)									
	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
<b>Corporate Fund</b>									
Property Tax Levy (Net)	\$ 46,937	\$ 47,609	\$ 48,318	\$ 48,318	\$ 49,094	\$ 776	1.6%	\$ 2,157	4.6%
PPRT	\$ 3,052	\$ 3,090	\$ 2,104	\$ 2,316	\$ 2,200	\$ (116)	-5.0%	\$ (852)	-27.9%
Non-Tax Revenues	\$ 4,308	\$ 6,352	\$ 6,624	\$ 7,654	\$ 9,218	\$ 1,564	20.4%	\$ 4,910	114.0%
Fund Balance Contribution	\$ 7,400	\$ 8,200	\$ 3,910	\$ 1,000	\$ 1,000	\$ -	-	\$ (6,400)	-86.5%
TIF Surplus	\$ 400	\$ 400	\$ 500	\$ 500	\$ 200	\$ (300)	-60.0%	\$ (200)	-50.0%
<b>Corporate Fund Total</b>	<b>\$ 62,097</b>	<b>\$ 65,652</b>	<b>\$ 61,455</b>	<b>\$ 59,788</b>	<b>\$ 61,712</b>	<b>\$ 1,924</b>	<b>3.2%</b>	<b>\$ (385)</b>	<b>-0.6%</b>
<b>Pension Fund</b>									
Property Tax Levy	\$ 3,144	\$ 3,094	\$ 3,242	\$ 3,725	\$ 3,861	\$ 136	3.6%	\$ 717	22.8%
PPRT	\$ 350	\$ 344	\$ 361	\$ 414	\$ 429	\$ 15	3.6%	\$ 80	22.8%
<b>Pension Fund Total</b>	<b>\$ 3,493</b>	<b>\$ 3,439</b>	<b>\$ 3,603</b>	<b>\$ 4,139</b>	<b>\$ 4,290</b>	<b>\$ 151</b>	<b>3.6%</b>	<b>\$ 797</b>	<b>22.8%</b>
<b>Bond &amp; Interest Fund</b>									
Property Tax Levy	\$ 10,918	\$ 9,611	\$ 10,351	\$ 11,645	\$ 12,152	\$ 507	4.4%	\$ 1,233	11.3%
PPRT	\$ 3,998	\$ 3,997	\$ 3,997	\$ 3,995	\$ 3,995	\$ -	0.0%	\$ (3)	-0.1%
<b>Bond &amp; Interest Fund Total</b>	<b>\$ 14,916</b>	<b>\$ 13,608</b>	<b>\$ 14,348</b>	<b>\$ 15,640</b>	<b>\$ 16,147</b>	<b>\$ 507</b>	<b>3.2%</b>	<b>\$ 1,231</b>	<b>8.2%</b>
<b>Total</b>	<b>\$ 80,507</b>	<b>\$ 82,699</b>	<b>\$ 79,407</b>	<b>\$ 79,567</b>	<b>\$ 82,149</b>	<b>\$ 2,582</b>	<b>3.2%</b>	<b>\$ 1,642</b>	<b>2.0%</b>

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2014-FY2018, Attachment A; FY2019 Executive Budget Recommendation, Attachment A, p. 16.

### *Corporate Fund Resources*

The next exhibit presents adopted Corporate Fund resources for FY2015 through FY2018 and proposed resources for FY2019. Total Corporate Fund resources will be \$61.7 million in FY2019, an increase of 3.2%, or \$1.9 million, from FY2018 adopted resources of approximately \$59.8 million. The overall increase in resources from FY2018 is due to a \$660,000 increase in tax revenues and \$1.6 million in non-tax revenues. It should be noted that the FY2018 Corporate Fund resources of \$59.8 million include a \$1.0 million appropriation anticipated for needed personnel increases associated with collective bargaining agreements that was not used because negotiations continued into FY2019.

Non-tax Corporate Fund revenues will increase from the adopted FY2018 budget level of \$7.7

million by \$1.6 million, or 20.4%, to \$9.2 million in FY2019. Investment Earnings will see the largest dollar and percentage increase over the two year period, increasing by \$610,000, or 305.0%. This increase is due to the District investing in Illinois Funds, which is an investment fund established by the Illinois State Treasurer's Office.<sup>24</sup> Other revenues are projected to increase by \$538,000, or 89.2%, over the two-year period. Other Revenues include miscellaneous income, revenue from cell towers, parking and intergovernmental sources. Permits and Fees will both increase between FY2018 and FY2019, rising by \$209,000, or 9.0% and \$200,000, or 8.0%, respectively.

The District proposes to appropriate \$1.0 million of fund balance as available resources in FY2019. This represents 1.6% of total Corporate Fund resources. This is much smaller than the \$8.2 million in fund balance used in FY2016, which represented 12.5% of total Corporate Fund resources.

The District expects to receive approximately \$200,000 in tax increment financing (TIF) surplus, which is declared by the City of Chicago and distributed by Cook County to several overlapping local governments including the Cook County Forest Preserve District.

Forest Preserve District Corporate Fund Resources: FY2015-FY2019									
(in \$ thousands)									
Resources	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Revenue	\$ 46,937	\$ 47,609	\$ 48,318	\$ 48,318	\$ 49,094	\$ 776	1.6%	\$ 2,157	4.6%
PPRT	\$ 3,052	\$ 3,090	\$ 2,104	\$ 2,316	\$ 2,200	\$ (116)	-5.0%	\$ (852)	-27.9%
<b>Subtotal Tax Revenues</b>	<b>\$ 49,989</b>	<b>\$ 50,700</b>	<b>\$ 50,422</b>	<b>\$ 50,634</b>	<b>\$ 51,294</b>	<b>\$ 660</b>	<b>1.3%</b>	<b>\$ 1,305</b>	<b>2.6%</b>
Permits*	\$ 1,711	\$ 1,942	\$ 1,929	\$ 2,319	\$ 2,528	\$ 209	9.0%	\$ 817	47.7%
Fines	\$ 316	\$ 332	\$ 385	\$ 424	\$ 401	\$ (23)	-5.3%	\$ 85	26.9%
Fees	\$ 876	\$ 2,193	\$ 2,444	\$ 2,495	\$ 2,695	\$ 200	8.0%	\$ 1,819	207.7%
Golf Courses	\$ 990	\$ 760	\$ 700	\$ 712	\$ 684	\$ (28)	-3.9%	\$ (306)	-30.9%
Campgrounds**	\$ -	\$ 425	\$ 425	\$ 481	\$ 530	\$ 49	10.2%	\$ 530	-
Concessions	\$ 190	\$ 350	\$ 390	\$ 420	\$ 428	\$ 8	1.9%	\$ 238	125.3%
Investment Earnings	\$ 75	\$ 50	\$ 50	\$ 200	\$ 810	\$ 610	305.0%	\$ 735	980.0%
Other Revenue	\$ 150	\$ 301	\$ 301	\$ 604	\$ 1,142	\$ 538	89.2%	\$ 992	661.2%
<b>Subtotal Non-Tax Revenue</b>	<b>\$ 4,308</b>	<b>\$ 6,352</b>	<b>\$ 6,624</b>	<b>\$ 7,654</b>	<b>\$ 9,218</b>	<b>\$ 1,564</b>	<b>20.4%</b>	<b>\$ 4,910</b>	<b>114.0%</b>
<b>Total Appropriated Revenues</b>	<b>\$ 54,297</b>	<b>\$ 57,052</b>	<b>\$ 57,045</b>	<b>\$ 58,288</b>	<b>\$ 60,512</b>	<b>\$ 2,224</b>	<b>3.8%</b>	<b>\$ 6,215</b>	<b>11.4%</b>
Fund Balance Contribution	\$ 7,400	\$ 8,200	\$ 3,910	\$ 1,000	\$ 1,000	\$ -	0.0%	\$ (6,400)	-86.5%
TIF Surplus	\$ 400	\$ 400	\$ 500	\$ 500	\$ 200	\$ (300)	-60.0%	\$ (200)	-50.0%
<b>Total Resources</b>	<b>\$ 62,097</b>	<b>\$ 65,652</b>	<b>\$ 61,455</b>	<b>\$ 59,788</b>	<b>\$ 61,712</b>	<b>\$ 1,924</b>	<b>3.2%</b>	<b>\$ (385)</b>	<b>-0.6%</b>

\*Permits include picnic permit/special use fees, equestrian licenses, winter sport fees, pool fees and land use fees from FY2015 to FY2016. In FY2017 a new special revenue fund was established to better track land use fees. Therefore land use fee revenues are not included in FY2017-FY2019 budgeted and proposed figures.

\*\*Campgrounds began operations in May 2015.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2015, p. 21; FY2016 p. 23; FY2017, p. 19; FY2018, p. 18; and FY2019 Executive Budget Recommendation, p. 19.

## Fee Schedule

The table below shows Corporate Fund revenues generated from fees, permits and fines compared to revenues generated from the property tax levy and Personal Property Replacement Tax (PPRT). Total revenue sources will increase by 11.4% over the five-year period, rising from \$54.3 million in FY2015 to approximately \$60.5 million in FY2019. The District's FY2019 proposed budget includes increased revenues from investment earnings, county reimbursements and aquatic centers.<sup>25</sup> Revenues generated from fees, fines and permits – which include picnic/special use fees, golf fees, equestrian licenses, winter sport fees, pool fees, campground

<sup>24</sup> Communication with the Forest Preserve District budget staff, November 6, 2017 and October 23, 2018.

<sup>25</sup> Forest Preserve District of Cook County FY2019 Executive Budget Overview, p. 2, October 23, 2018.

fees and land use fees – will increase from 7.2% of total Corporate Fund revenues in FY2015 to 11.3% in FY2019. Tax revenues will decrease from 92.1% of total revenues in FY2015 to 84.8% in FY2019. Other Revenues – which include revenues earned from concessions, investment earnings, and other revenues – will increase from 0.8% in FY2015 to 3.9% of total revenues in FY2019.

Forest Preserve District Corporate Fund Revenues: FY2015-FY2019									
(in \$ thousands)									
Revenues	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Fees and Permits*	\$ 3,577	\$ 5,320	\$ 5,498	\$ 6,007	\$ 6,437	\$ 430	7.2%	\$ 2,860	80.0%
Fines	\$ 316	\$ 332	\$ 385	\$ 424	\$ 401	\$ (23)	-5.3%	\$ 85	26.9%
<b>Subtotal Fees and Fines</b>	<b>\$ 3,893</b>	<b>\$ 5,652</b>	<b>\$ 5,883</b>	<b>\$ 6,431</b>	<b>\$ 6,838</b>	<b>\$ 408</b>	<b>6.3%</b>	<b>\$ 2,945</b>	<b>75.6%</b>
<b>Percent of Total</b>	<b>7.2%</b>	<b>9.9%</b>	<b>10.3%</b>	<b>11.0%</b>	<b>11.3%</b>				
Tax Revenues	\$ 49,989	\$ 50,700	\$ 50,422	\$ 50,634	\$ 51,294	\$ 660	1.3%	\$ 1,305	2.6%
<b>Percent of Total</b>	<b>92.1%</b>	<b>88.9%</b>	<b>88.4%</b>	<b>86.9%</b>	<b>84.8%</b>				
Other Revenues**	\$ 415	\$ 701	\$ 741	\$ 1,224	\$ 2,380	\$ 1,156	94.5%	\$ 1,965	473.4%
<b>Percent of Total</b>	<b>0.8%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>2.1%</b>	<b>3.9%</b>				
<b>Total Revenues</b>	<b>\$ 54,297</b>	<b>\$ 57,052</b>	<b>\$ 57,045</b>	<b>\$ 58,288</b>	<b>\$ 60,512</b>	<b>\$ 2,224</b>	<b>3.8%</b>	<b>\$ 6,215</b>	<b>11.4%</b>

\*Fees and permits include picnic permit/special use fees, equestrian licenses, winter sport fees, pool fees and land use fees from FY2015 to FY2016. In FY2017 a new special revenue fund was established to better track land use fees. Therefore land use revenues are not included in FY2017-FY2019 budgeted and proposed figures.

\*\*Other Revenues include revenues earned from license agreements, concessions, investment earnings, miscellaneous income, intergovernmental sources and YELAR from FY2015 to FY2017. In FY2018 revenues were recategorized and Other Revenues include concessions, investment earnings and other revenues.

Note: Revenues do not include TIF surplus or fund balance contributions.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2015, p. 21; FY2016, p. 23; FY2017, p. 19; FY2018, p. 18; and Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 19.

## Zoological Fund and Botanic Fund Resources

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

Between FY2018 and FY2019 Zoological Fund resources will increase by \$2.7 million, or 3.9%, due to projected increases in non-tax revenues generated from programs offered by the Zoo. In FY2019 the District is proposing to keep the property tax levy allocated to the Zoo flat at \$14.3 million. The Botanic Fund resources will decrease by 0.5%, or \$184,000, from FY2018 adopted figures, due to declines in non-tax revenues generated through program fees. The property tax allocation to the Botanic Garden in FY2019 will remain flat from the FY2018 level of \$8.9 million.

Between FY2015 and FY2019, total Zoological Fund and Botanic Fund resources will grow by 8.3% or \$8.3 million. The net property tax levy allocation provided by the Forest Preserve District to the Zoological Fund and Botanic Fund will decline by \$970,000 over the five-year

period. During the same time, PPRT revenue for the Zoological Fund will decrease by \$28,000, or 5.0%, and \$13,000, or 5.0%, for the Botanic Fund.

Forest Preserve District Total Budgeted Resources Zoological and Botanic Funds: FY2015-FY2019									
(in \$ thousands)									
	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
<b>Zoological Fund</b>									
Gross Property Tax Levy	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,285	\$ 14,285	\$ -	0.0%	\$ (600)	-4.0%
Reserves for Deferred Collections and Refunds	\$ (547)	\$ (547)	\$ (547)	\$ (529)	\$ (529)	\$ -	0.0%	\$ 18	-3.3%
<b>Net Property Tax Levy</b>	<b>\$ 14,338</b>	<b>\$ 14,338</b>	<b>\$ 14,338</b>	<b>\$ 13,756</b>	<b>\$ 13,756</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ (582)</b>	<b>-4.1%</b>
PPRT	\$ 749	\$ 749	\$ 510	\$ 561	\$ 533	\$ (28)	-5.0%	\$ (216)	-28.9%
Zoo Program Income	\$ 51,789	\$ 50,861	\$ 55,193	\$ 54,158	\$ 56,868	\$ 2,710	5.0%	\$ 5,079	9.8%
Deferred Collections	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	0.0%	\$ -	0.0%
<b>Zoological Fund Total</b>	<b>\$ 66,976</b>	<b>\$ 66,048</b>	<b>\$ 70,142</b>	<b>\$ 68,576</b>	<b>\$ 71,257</b>	<b>\$ 2,682</b>	<b>3.9%</b>	<b>\$ 4,281</b>	<b>6.4%</b>
<b>Botanic Fund</b>									
Gross Property Tax Levy	\$ 9,348	\$ 9,348	\$ 9,348	\$ 8,948	\$ 8,948	\$ -	0.0%	\$ (400)	-4.3%
Reserves for Deferred Collections and Refunds	\$ (280)	\$ (280)	\$ (280)	\$ (268)	\$ (268)	\$ -	0.0%	\$ 12	-4.3%
<b>Net Property Tax Levy</b>	<b>\$ 9,068</b>	<b>\$ 9,068</b>	<b>\$ 9,068</b>	<b>\$ 8,680</b>	<b>\$ 8,680</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ (388)</b>	<b>-4.3%</b>
PPRT	\$ 356	\$ 356	\$ 242	\$ 266	\$ 253	\$ (13)	-5.0%	\$ (103)	-28.9%
Garden Program Income	\$ 24,309	\$ 24,938	\$ 26,947	\$ 29,006	\$ 28,835	\$ (171)	-0.6%	\$ 4,526	18.6%
<b>Botanic Fund Total</b>	<b>\$ 33,732</b>	<b>\$ 34,361</b>	<b>\$ 36,257</b>	<b>\$ 37,952</b>	<b>\$ 37,768</b>	<b>\$ (184)</b>	<b>-0.5%</b>	<b>\$ 4,035</b>	<b>12.0%</b>
<b>Total</b>	<b>\$ 100,709</b>	<b>\$ 100,410</b>	<b>\$ 106,399</b>	<b>\$ 106,528</b>	<b>\$ 109,025</b>	<b>\$ 2,497</b>	<b>2.3%</b>	<b>\$ 8,316</b>	<b>8.3%</b>

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2014, pp. 110 and 127; FY2016, pp. 103 and 115; FY2017, pp. 103 and 116; FY2018, pp. 115 and 130; and FY2019 Executive Budget Recommendation, pp. 113 and 128.

## Property Tax Levy

This section shows the distribution of gross property tax revenues by fund from FY2015 to FY2019.

The Forest Preserve District proposes to increase the revenue from its gross property tax levy by \$2.7 million, or 2.8%, from \$94.4 million in FY2018 to \$97.1 million in FY2019. The increase is attributable to increased home values, new property and a maximum levy increase under the Property Tax Extension Limitation Law.<sup>26</sup>

Over the two-year period, the share of the property tax levy distributed to the Corporate Fund will increase by \$800,000 or 1.6%. The share distributed to the Bond and Interest Fund will increase by \$506,807, or 4.4%, over the two-year period to cover increased debt service payments. The \$12.2 million in property tax revenues allocated to the Bond and Interest Fund does not include any abatements in FY2019. The property tax allocation to the Construction and Development Fund will increase by nearly \$240,000, or 4.0%, over the two-year period. The Pension Fund property tax levy will see a \$136,335, or 3.6% increase in pension contributions due to an increase in the statutorily required payment to the pension fund.

Over the five-year period, the share of the gross property tax levy distributed to the Corporate Fund will increase by approximately \$2.2 million, or 4.6%, from \$48.4 million in FY2015 to \$50.6 million in FY2019. The gross property tax levy distributed to the Bond and Interest Fund will increase by \$1.2 million or 11.3%, over the five-year period. Construction and Development will see a \$3.2 million, or 108.0% increase over the five-year period, rising from \$3.0 million in FY2015 to \$6.2 million in FY2019. The levy for the Pension fund will increase by 22.8%, or \$717,000 over the five-year period. Levies for the Brookfield Zoo and the Chicago Botanic

<sup>26</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 12.

Garden were held flat from FY2014 to FY2017 before being reduced in FY2018 by \$600,000 and \$400,000, respectively. The combined levies for the Zoo and Garden will remain flat between FY2018 and FY2019 at \$23.2 million. As previously noted, the funding reduction in the Zoo and Garden levy was redirected to land restoration projects.<sup>27</sup>

Forest Preserve District Gross Property Tax Levy Recommendations by Fund: FY2015-FY2019									
(in \$ thousands)									
Fund	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Corporate	\$ 48,388	\$ 49,082	\$ 49,812	\$ 49,812	\$ 50,612	\$ 800	1.6%	\$ 2,224	4.6%
Zoological and Botanic	\$ 24,233	\$ 24,233	\$ 24,233	\$ 23,233	\$ 23,233	\$ -	0.0%	\$ (1,000)	-4.1%
Bond & Interest*	\$ 10,918	\$ 9,611	\$ 10,351	\$ 11,645	\$ 12,152	\$ 507	4.4%	\$ 1,233	11.3%
Construction & Development	\$ 3,000	\$ 4,000	\$ 3,750	\$ 6,000	\$ 6,240	\$ 240	4.0%	\$ 3,240	108.0%
Pension	\$ 3,144	\$ 3,094	\$ 3,242	\$ 3,725	\$ 3,861	\$ 136	3.6%	\$ 717	22.8%
Self Insurance	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	-	-	-
<b>Total</b>	<b>\$ 89,683</b>	<b>\$ 90,021</b>	<b>\$ 91,388</b>	<b>\$ 94,415</b>	<b>\$ 97,098</b>	<b>\$ 2,683</b>	<b>2.8%</b>	<b>\$ 7,415</b>	<b>8.3%</b>

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

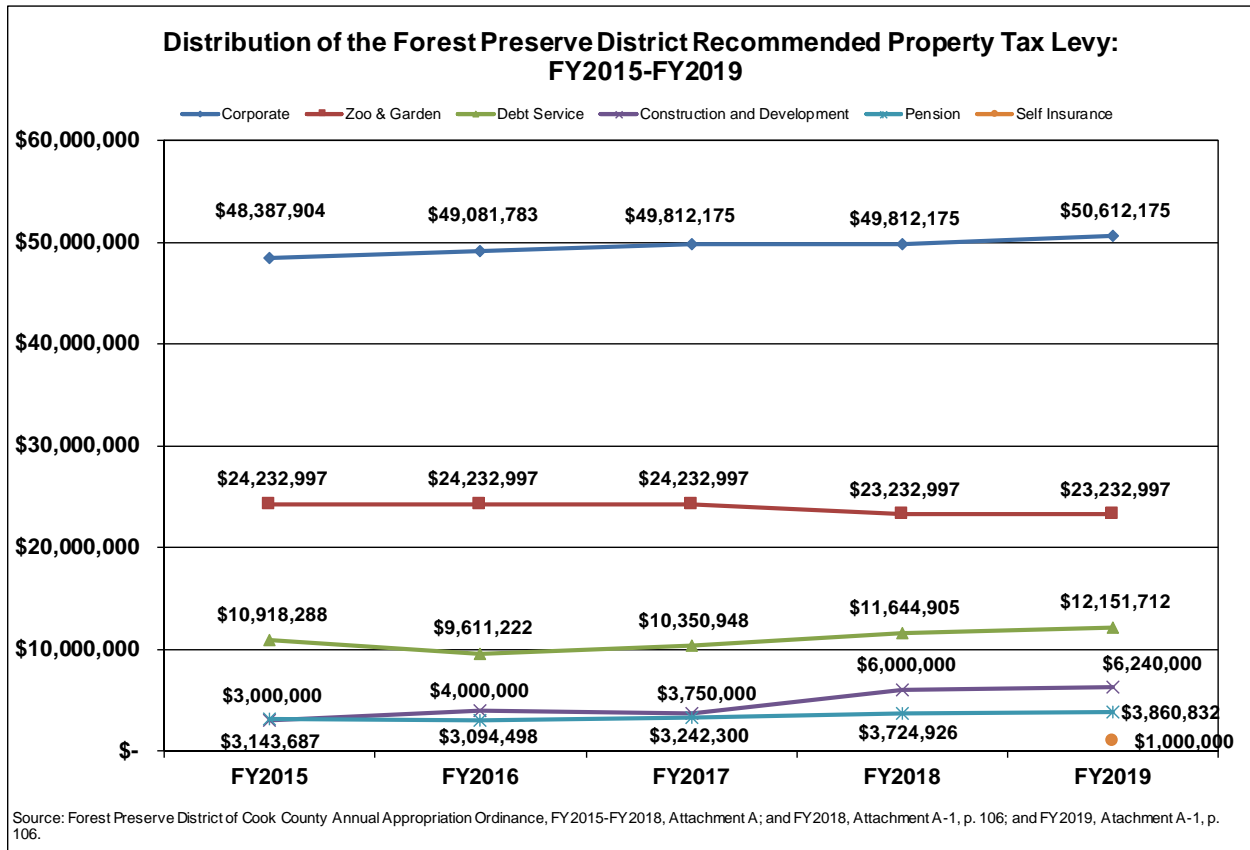
\*The FY2015, FY2016, FY2017 and FY2018 portion of the property tax levy allocated to the Bond & Interest fund includes Bond and Interest Escrow Abatement of \$1.2 million, \$1.6 million, \$1.5 million and \$0.5 million, respectively. There is no abatement proposed for FY2019.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2015-FY2018, Attachment A; and Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, Attachment A-1, p. 106.

The chart below shows the District's distribution of property tax revenues over the five-year period beginning in FY2015. The share of the levy dedicated to the Corporate Fund has averaged 53.6%, over the five-year period, with a high 54.5%, in FY2016 and FY2017 and a low of 52.1% in FY2019. The share of property tax revenues for Debt Service averaged 11.8% over the five-year period, totaling 10.7%, or \$9.6 million of the total levy in FY2016 and 12.5%, or \$12.2 million of the total levy in FY2019. The portion of the levy fluctuates annually depending on the dollar amount abated each year. The share of the levy dedicated to pension payments will increase slightly over the five-year period, from 3.5%, or \$3.1 million of the total levy in FY2015 to 4.0%, or \$3.9 million of the total levy in FY2019. Levies for the Brookfield Zoo and the Chicago Botanic Garden were held flat between FY2015 and FY2017 before being reduced

<sup>27</sup> Forest Preserve District of Cook County FY2018 Executive Budget Recommendation, p. 11.

in FY2018. The share of the levy dedicated to the Zoo and Garden Funds will decline in FY2019 from 27.0% of the total levy in FY2015 to 23.9% of the total levy in FY2019.



## PERSONNEL AND PERSONNEL SERVICES APPROPRIATIONS

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

The FY2019 proposed budget includes a total of 629.8 full- and part-time FTEs. The District is proposing to increase the number of full-time employees by 2.0 FTEs and reduce the number of part-time/seasonal employees by 7.2 FTEs. This is a net decrease of 0.8%, or 5.2 FTEs from FY2018 appropriated FTEs. The majority of the reductions (7.8 FTEs) will be with part-time/seasonal positions within the Permits, Rentals & Concessions. This is primarily due to the District outsourcing room rental management responsibilities.<sup>28</sup>

<sup>28</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, pp. 58-59.

The table below shows the net change in FTE positions between the FY2018 adopted budget and proposed FY2019 budget by department, including the net change in full-time and part-time/seasonal positions.

<b>Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2018 &amp; FY2019</b>				
<b>Department</b>	<b>FY2018 Adopted</b>	<b>FY2019 Proposed</b>	<b># Change</b>	<b>% Change</b>
Landscape Maintenance	145.0	145.0	-	-
Part-Time/Seasonal	42.5	42.0	(0.5)	-1.2%
Law Enforcement	125.0	129.0	4.0	3.2%
Part-Time/Seasonal	0.7	0.5	(0.2)	-28.6%
Resource Management	59.0	59.0	-	-
Part-Time/Seasonal	2.9	2.9	-	-
Conservation & Experiential Programming	52.0	52.0	-	-
Part-Time/Seasonal	36.2	36.5	0.3	0.8%
Facilities & Fleet Maintenance	57.0	57.0	-	-
Part-Time/Seasonal	4.5	3.9	(0.6)	-13.3%
Permits, Rentals & Concessions	11.0	11.0	-	-
Part-Time/Seasonal	12.8	5.0	(7.8)	-60.9%
Finance & Administration	19.0	19.0	-	-
Part-Time/Seasonal	0.0	0.3	0.3	-
Planning & Development	18.0	18.0	-	-
Part-Time/Seasonal	1.7	2.2	0.5	29.4%
Office of the General Superintendent	25.0	24.0	(1.0)	-4.0%
Part-Time/Seasonal	3.2	4.0	0.8	25.0%
Legal	11.0	10.0	(1.0)	-9.1%
Part-Time/Seasonal	0.7	1.0	0.3	42.9%
Human Resources	7.0	7.0	-	-
Part-Time/Seasonal	0.8	0.5	(0.3)	-37.5%
<b>Sub-Total Full-Time FTEs</b>	<b>529.0</b>	<b>531.0</b>	<b>2.0</b>	<b>0.4%</b>
<b>Sub-Total Part-Time/Seasonal FTEs</b>	<b>106.0</b>	<b>98.8</b>	<b>(7.2)</b>	<b>-6.8%</b>
<b>Total</b>	<b>635.0</b>	<b>629.8</b>	<b>(5.2)</b>	<b>-0.8%</b>

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

Source: Forest Preserve District of Cook County FY2018 Annual Appropriation Ordinance, p. 17; and FY2019 Executive Budget Recommendation, p. 18.

Over the five-year period from FY2015 to FY2019, the District's staff will decline by 40.5 FTEs, which is a 6.0% decrease in the District's workforce. Much of the decrease over the five-year period is due to the reduction of staff within the Conservation & Experiential Programming Department and the Permits, Rentals & Concessions Department. In FY2016 the Volunteer

Resources program was transferred from the Permits, Rental and Concessions department to the Office of the General Superintendent.<sup>29</sup>

Forest Preserve District Corporate Fund									
Total Full-Time Equivalent Positions Summary: FY2015-FY2019									
Department	FY2015 Adopted	FY2016 Adopted	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year # Change	Two-Year % Change	Five-Year # Change	Five-Year % Change
Landscape Maintenance	186.8	188.8	187.8	187.5	187.0	(0.5)	-0.3%	0.2	0.1%
Law Enforcement	128.0	127.0	126.0	125.7	129.5	3.8	3.0%	1.5	1.2%
Resource Management	64.1	64.1	64.4	61.9	61.9	0.0	0.0%	(2.2)	-3.4%
Conservation & Experiential Programming	113.0	114.2	92.6	88.2	88.5	0.3	0.3%	(24.5)	-21.7%
Facilities & Fleet Management	62.5	62.5	63.0	61.5	60.9	(0.6)	-1.0%	(1.6)	-2.6%
Permits, Rentals & Concessions*	34.2	23.0	24.0	23.8	16.0	(7.8)	-32.8%	(18.2)	-53.2%
Finance & Administration	21.0	21.0	21.5	19.0	19.3	0.3	1.6%	(1.7)	-8.1%
Planning & Development	21.2	20.2	20.5	19.7	20.2	0.5	2.5%	(1.0)	-4.7%
Office of the General Superintendent	15.0	27.5	27.5	28.2	28.0	(0.2)	-0.7%	13.0	86.7%
Legal	13.0	11.0	11.0	11.7	11.0	(0.7)	-6.0%	(2.0)	-15.4%
Human Resources	11.5	14.8	9.2	7.8	7.5	(0.3)	-3.8%	(4.0)	-34.8%
<b>Total</b>	<b>670.3</b>	<b>674.1</b>	<b>647.5</b>	<b>635.0</b>	<b>629.8</b>	<b>(5.2)</b>	<b>-0.8%</b>	<b>(40.5)</b>	<b>-6.0%</b>

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

\*Volunteer Resources was transferred to the Office of the General Superintendent in FY2016. It was previously included in the Permits, Rentals & Concessions Department.

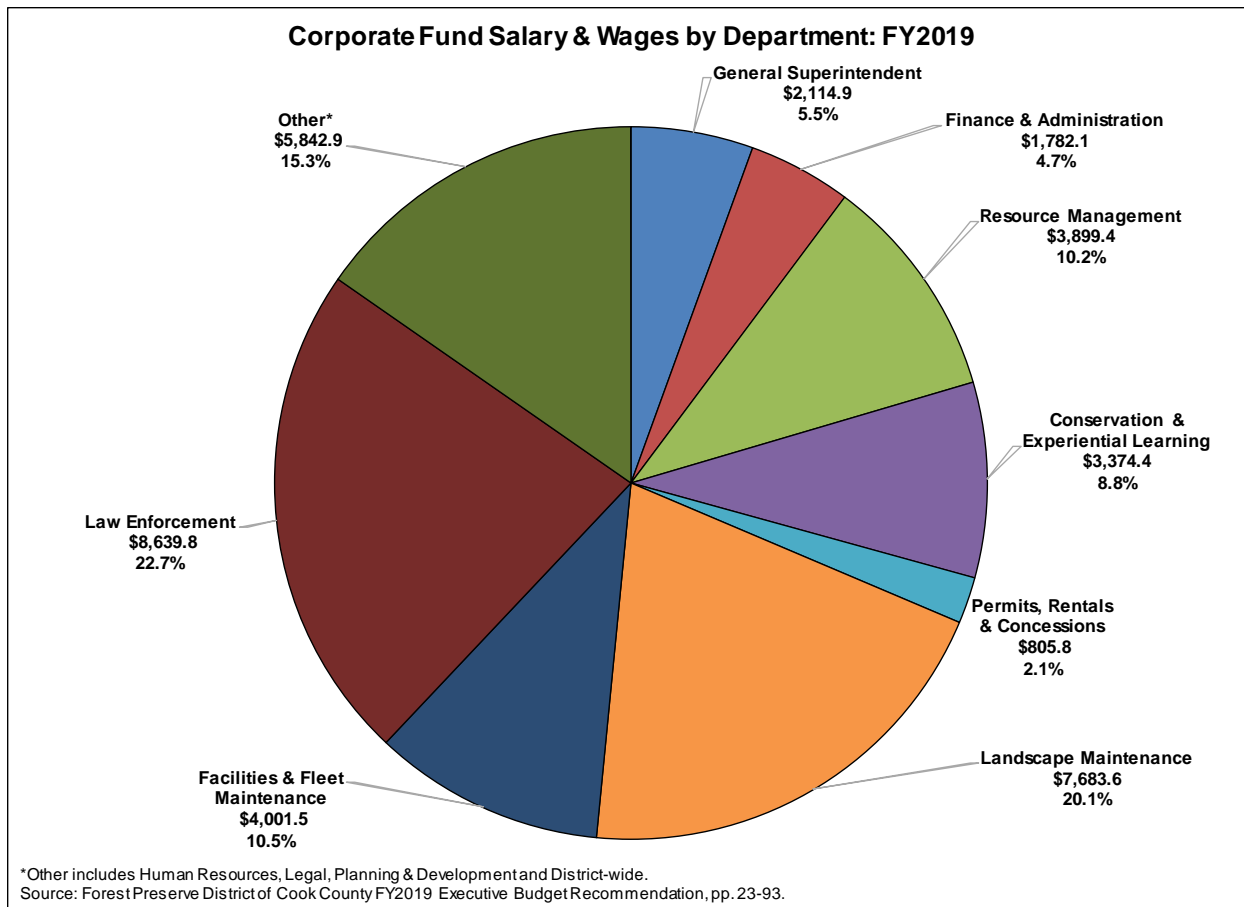
Source: Forest Preserve District of Cook County FY2015 Appropriation Ordinance, p. 20; FY2016, p. 22; FY2017, p. 18; FY2018, p. 17; and Forest Preserve District of Cook County FY2019 Executive Budget Recommendations, p. 18.

## Personnel Services Appropriations

The next chart displays the proposed distribution of salary and wages in the Corporate Fund by department in FY2019. Law enforcement represents the largest portion of Corporate Fund salaries and wages at \$8.6 million or 22.7%. The Landscape Maintenance department is the second largest and represents \$7.7 million, or 20.1%, of total salaries and wages in the Corporate Fund. Salaries and wages in the Office of the General Superintendent represent 5.5% or \$2.1 million. Other departments, which include Human Resources, Legal, Planning and Development and District-wide compose \$5.8 million, or 15.3%, of total salaries and wages in the Corporate Fund.

<sup>29</sup> Forest Preserve District of Cook County, FY2017 Annual Appropriation Ordinance, p. 29.





The following exhibit presents Corporate Fund appropriations for salaries and wages from FY2015 through proposed FY2019. The FY2019 budget recommends \$38.9 million be appropriated for Corporate Fund salaries and wages, a 0.4%, or \$172,368 increase from the FY2018 adopted budget. The increase in FY2019 is primarily due to related to cost-of-living adjustments tied to collective bargaining agreements.<sup>30</sup> The largest year-to-year increase occurred between FY2014 and FY2015 when appropriated salaries and wages grew by \$2.4 million, or 7.1%, to \$35.8 million from \$33.4 million. Salaries and wages also increased significantly in FY2017 and FY2018. Salaries will increase by approximately \$3.1 million, or 8.7%, over the five-year period.

<sup>30</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 12.

<b>Forest Preserve District Corporate Fund Salaries and Wages: FY2015-FY2019</b>			
	<b>Total</b>	<b>Two-Year \$ Change</b>	<b>Two-Year % Change</b>
FY2015 Adopted	\$ 35,780,363	\$ 2,377,407	7.1%
FY2016 Adopted	\$ 35,869,244	\$ 88,881	0.2%
FY2017 Adopted	\$ 37,451,641	\$ 1,582,397	4.4%
FY2018 Adopted	\$ 38,708,019	\$ 1,256,378	3.4%
FY2019 Proposed	\$ 38,880,387	\$ 172,368	0.4%
<b>Five-Year Change</b>		<b>\$ 3,100,024</b>	<b>8.7%</b>

Source: Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2014-FY2017; and FY2018 President's Executive Budget Recommendations, p. 18.

The following table shows personnel services appropriations as a percentage of total Corporate Fund appropriations compared to program expenses. In FY2019 personnel services appropriations will represent approximately 76.0% of total recommended Corporate Fund expenditures. Personnel services appropriations include salaries, health and life insurance, dental and vision plans and personnel service adjustments.<sup>31</sup> They do not include the District's costs for employee pensions because those are accounted for in the Employee Annuity and Benefit Fund. Personnel services are increasing by approximately \$1.6 million above FY2018 adopted appropriations due to cost-of-living adjustments and increasing health care costs.<sup>32</sup> The District plans to pay 2018 retroactive pay increases in FY2019 with 2018 reserves.<sup>33</sup> In Program expenses are also increasing over the two-year period by \$346,000, or 2.4%.

During the five-year period from FY2015 through FY2019, personnel services appropriations will increase by \$6.6 million, or 16.2%, while program expenses will decrease by \$6.9 million or 31.9%. Total Corporate Fund appropriations will decrease by \$385,000, or 0.6%, over the five year period.

<b>Forest Preserve District Corporate Fund Personnel Services Appropriations: FY2015-FY2019</b>									
<b>(in \$ thousands)</b>									
	<b>FY2015 Adopted</b>	<b>FY2016 Adopted</b>	<b>FY2017 Adopted</b>	<b>FY2018 Adopted</b>	<b>FY2019 Proposed</b>	<b>Two-Year \$ Change</b>	<b>Two-Year % Change</b>	<b>Five-Year \$ Change</b>	<b>Five-Year % Change</b>
Personnel Services	\$ 40,324	\$ 42,255	\$ 43,815	\$ 45,298	\$ 46,876	\$ 1,578	3.5%	\$ 6,552	16.2%
Program Expenses	\$ 21,773	\$ 23,397	\$ 17,640	\$ 14,490	\$ 14,836	\$ 346	2.4%	\$ (6,938)	-31.9%
<b>Total Corporate Fund</b>									
<b>Appropriations</b>	<b>\$ 62,097</b>	<b>\$ 65,652</b>	<b>\$ 61,455</b>	<b>\$ 59,788</b>	<b>\$ 61,712</b>	<b>\$ 1,924</b>	<b>3.2%</b>	<b>\$ (385)</b>	<b>-0.6%</b>
<b>Personnel as % of Total</b>	<b>64.9%</b>	<b>64.4%</b>	<b>71.3%</b>	<b>75.8%</b>	<b>76.0%</b>		<b>0.0%</b>		<b>0.0%</b>

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2014, p. 21; FY2015, p. 22; FY2016, p. 24; FY2017, p. 20; FY2018, p. 18; and FY2019 Executive Budget Recommendation, p. 20.

### **Forest Preserve District Employee Benefit Expenses**

The following table shows benefit expenses over a five year period, using actual benefit expenses for FY2015 through FY2016; FY2017 and FY2018 adopted benefit expenses and FY2019 proposed benefit expenses.

<sup>31</sup> Personnel Service Adjustments is a term the District uses to budget estimated reserve amounts for anticipated salary and wage increases which may occur during the course of the fiscal year.

<sup>32</sup> Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 12.

<sup>33</sup> Information provided by Forest Preserve District of Cook County Budget Staff, October 23, 2018.

Between FY2018 and FY2019, total benefit expenses are projected to increase by 0.7% or \$60,373. This is primarily due to an increase in health insurance expenses of \$147,843. At the same time life, dental and vision insurance are projected to decline. Over the five-year period beginning in FY2015, total employee benefit expenses will increase by approximately \$1.5 million, or 21.2%, from nearly \$7.0 million in FY2015 to \$8.5 million in FY2019. During this five-year period, all benefit expenses will increase, with the exception of life insurance. Health insurance will see the largest dollar and percentage increase at \$1.5 million or 21.7%. Dental insurance will increase by \$31,152, or 16.7%, and vision care expenses will increase by \$2,393, or 4.2%, over the five-year period.

Forest Preserve District Benefit Expenses*: FY2015-FY2019									
	FY2015 Actual	FY2016 Actual	FY2017 Adopted	FY2018 Adopted	FY2019 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Health Insurance	\$ 6,674,607	\$ 7,001,179	\$ 7,872,000	\$ 7,972,472	\$ 8,120,315	\$ 147,843	1.9%	\$ 1,445,708	21.7%
Life Insurance	\$ 56,989	\$ 51,048	\$ 102,421	\$ 102,421	\$ 55,767	\$ (46,654)	-45.6%	\$ (1,222)	-2.1%
Dental Care Plan	\$ 186,930	\$ 190,019	\$ 162,441	\$ 247,219	\$ 218,082	\$ (29,137)	-11.8%	\$ 31,152	16.7%
Vision Plan	\$ 56,664	\$ 58,270	\$ 41,240	\$ 70,736	\$ 59,057	\$ (11,679)	-16.5%	\$ 2,393	4.2%
<b>Total Benefits</b>	<b>\$ 6,975,190</b>	<b>\$ 7,300,517</b>	<b>\$ 8,178,102</b>	<b>\$ 8,392,848</b>	<b>\$ 8,453,221</b>	<b>\$ 60,373</b>	<b>0.7%</b>	<b>\$ 1,478,031</b>	<b>21.2%</b>

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

Source: Forest Preserve District of Cook County Executive Budget Recommendations, Corporate Fund detail pages, FY2015-FY2019.

## FUND BALANCE

Fund balance is a term commonly used to describe the net assets of a governmental fund and serves as a measure of financial resources.<sup>34</sup> It is an important financial indicator for local governments. Fund balance is the difference between the assets and liabilities in a governmental fund. A governmental fund differs from other funds typically included in non-governmental financial reporting in that it includes only a subset of assets and liabilities. Fund balance is a measure of liquidity and can be thought of as the savings account of the local government.<sup>35</sup>

This section discusses the fund balance definitions and policies and analyzes the Forest Preserve District's fund balance levels.

### Fund Balance Definitions and Components

The Forest Preserve District reports fund balance according to guidelines set by the Governmental Accounting Standards Board (GASB). Previously, governments reported fund balance in two categories: *reserved*, meaning not available for appropriation, and *unreserved*, or resources available for appropriation without any external legal restrictions or constraints.<sup>36</sup> GASB Statement No. 54 shifted the focus of fund balance reporting from the availability of fund resources for budgeting purposes to fund balance classifications that place different levels of constraint on the use of the resources.<sup>37</sup> Starting in FY2011, the District's audited financial statements report fund balance according to GASB Statement No. 54.

<sup>34</sup> Government Finance Officers Association, Fund Balance Guidelines for the General Fund, approved by the GFOA Executive Board in September 2015, available at <http://www.gfoa.org/fund-balance-guidelines-general-fund>.

<sup>35</sup> Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

<sup>36</sup> Steven Gauthier, "Fund Balance: New and Improved," *Government Finance Review*, April 2009.

<sup>37</sup> Governmental Accounting Standards Board, Summary of Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions (issued February 2009).

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

- *Nonspendable fund balance* – resources that inherently cannot be spent such as pre-paid rent or the long-term portion of loans receivable. In addition, this category includes resources that cannot be spent because of legal or contractual provisions, such as the principal of an endowment;
- *Restricted fund balance* – net fund resources subject to legal restrictions that are externally enforceable, including restrictions imposed by constitution, creditors or laws and regulations of non-local governments;
- *Committed fund balance* – net fund resources with self-imposed limitations set at the highest level of decision-making which remain binding unless removed by the same action used to create the limitation;
- *Assigned fund balance* – the portion of fund balance reflecting the government’s intended use of resources, with the intent established by government committees or officials in addition to the governing board. Appropriated fund balance, or the portion of existing fund balance used to fill the gap between appropriations and estimated revenues for the following year, would be categorized as assigned fund balance; and
- *Unassigned fund balance* – in the General or Corporate Fund, the remaining surplus of net resources after funds have been identified in the four categories above.<sup>38</sup>

The current method of measuring fund balance per GASB Statement No. 54 is through *unrestricted* fund balance in the general operating fund, which includes the combined total of *committed fund balance*, *assigned fund balance* and *unassigned fund balance*.

### **Fund Balance Policy**

The Government Finance Officers Association (GFOA) recommends “at a minimum, those general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”<sup>39</sup> Two months of operating expenditures is approximately 17%.

The Forest Preserve District has a fund balance policy that specifies the level of Corporate Fund fund balance to be budgeted annually. It is meant to ensure that the District will have adequate operating cash in case of revenue fluctuations, unexpected emergency expenditures or temporary

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<sup>38</sup> Stephen J. Gauthier. “Fund Balance: New and Improved,” Government Finance Review, April 2009.

<sup>39</sup> Government Finance Officers Association, “Appropriate Level of Unrestricted Fund Balance in the General Fund” (Adopted September 2015).

periods of negative cash flow.<sup>40</sup> The fund balance policy requires the District to annually budget a minimum unreserved<sup>41</sup> fund balance totaling the sum of:

- 5.5% of Corporate Fund gross revenues to account for revenue fluctuations;
- 1.0% of Corporate Fund expenditures to account for unexpected expenditures; and
- 8.0% of Corporate Fund expenditures to account for insufficient operating cash.<sup>42</sup>

This policy was introduced in FY2005 with \$6.5 million earmarked as unreserved Corporate Fund balance. The structure of the policy implemented by the District is based on the revenue fluctuations it experienced prior to 2005. The levels of fund balance directed by the Forest Preserve District's fund balance policy equal a total of 14.5% of Corporate Fund expenditures, which is slightly below the 17% GFOA recommendation. In practice, the District has maintained a high level of fund balance well beyond the District's own policy or the GFOA standard.

### **Unassigned Corporate Fund Balance FY2011 through FY2017**

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

The following table presents the District's unassigned Corporate Fund<sup>43</sup> fund balance as a percentage of actual operating expenditures for FY2011 through FY2017, which is the most recent audited data available. Throughout these seven years, the District's level of fund balance has greatly exceeded the District's own fund balance policy and the GFOA standard of 17% of expenditures, or two months-worth of reserves. The fund balance ratio grew from 57.3% in

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<sup>40</sup> Corporate Fund Balance Policy, Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 17.

<sup>41</sup> The Forest Preserve considers unassigned and unreserved to be interchangeable terms representing fund balance that has not been committed or reserved for a specific purpose. Communication between the Forest Preserve District and the Civic Federation, November 16, 2015.

<sup>42</sup> Corporate Fund Balance Policy, Forest Preserve District of Cook County FY2019 Executive Budget Recommendation, p. 17.

<sup>43</sup> The Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds.

FY2011 to 87.5% in FY2012, then gradually declined, ending FY2017 at 56.6%. The FY2017 ratio of 56.6% equals nearly seven months of reserves.

<b>Forest Preserve District of Cook County</b>				
<b>Corporate Fund Balance Ratio: FY2011 - FY2017</b>				
	<b>Unassigned Corporate Fund Balance</b>		<b>Operating Expenditures</b>	<b>Ratio</b>
FY2011	\$	23,874,253	\$ 41,646,735	57.3%
FY2012	\$	39,918,256	\$ 45,597,442	87.5%
FY2013	\$	37,286,352	\$ 50,557,997	73.7%
FY2014	\$	37,543,100	\$ 49,596,157	75.7%
FY2015	\$	34,359,189	\$ 55,464,143	61.9%
FY2016	\$	33,346,574	\$ 57,730,810	57.8%
FY2017	\$	33,848,311	\$ 59,789,633	56.6%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 6; FY2012, pp. 24 and 29; FY2013, pp. 27 and 29; FY2014, pp. 27 and 29; FY2015, pp. 24 and 27; FY2016, pp. 24 and 27; and FY2017, pp. 24 and 27.

### **Unassigned Corporate Fund Balance and Transfers Out FY2011 through FY2017**

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

Compared to the unassigned fund balance ratio shown above, the ratio of Corporate Fund unassigned fund balance to operating expenditures plus transfers out changes slightly, but still remains very high. Between FY2011 and FY2017, the ratio fluctuated between a low of 46.0% in FY2011 and a high of 80.2% in FY2012, eventually declining to 53.1% in FY2017.

<b>Forest Preserve District of Cook County</b>						
<b>Corporate Fund Balance Ratio &amp; Transfers Out: FY2011 - FY2017</b>						
	<b>Unassigned Corporate Fund Balance</b>	<b>Operating Expenditures</b>	<b>Transfers Out</b>	<b>Operating Expenditures + Transfers Out</b>		<b>Alternative Ratio</b>
FY2011	\$ 23,874,253	\$ 41,646,735	\$ 10,220,375	\$ 51,867,110		46.0%
FY2012	\$ 39,918,256	\$ 45,597,442	\$ 4,206,338	\$ 49,803,780		80.2%
FY2013	\$ 37,286,352	\$ 50,557,997	\$ 1,933,837	\$ 52,491,834		71.0%
FY2014	\$ 37,543,100	\$ 49,596,157	\$ 6,550,000	\$ 56,146,157		66.9%
FY2015	\$ 34,359,189	\$ 55,464,143	\$ 6,200,000	\$ 61,664,143		55.7%
FY2016	\$ 33,346,574	\$ 57,730,810	\$ 8,200,000	\$ 65,930,810		50.6%
FY2017	\$ 33,848,311	\$ 59,789,633	\$ 3,910,000	\$ 63,699,633		53.1%

Source: Forest Preserve District of Cook County, Comprehensive Annual Financial Reports, FY2011, p. 6; FY2012, pp. 24 and 29; FY2013, pp. 27 and 29; FY2014, pp. 27 and 29; FY2015, pp. 24 and 27; FY2016, pp. 24, 27 and 29; and FY2017, pp. 24, 27 and 29.

## **PENSION FUND**

The Civic Federation analyzes four indicators in its evaluation of the fiscal health of the Forest Preserve District's pension fund: funded ratios, unfunded actuarial accrued liabilities, investment rate of return and annual required employer contributions. This section presents multi-year data for those indicators up to FY2017, the most recent year for which audited data are available, and describes Forest Preserve District pension benefits. There is also a discussion of the Fund's liabilities as reported according to accounting standards required by Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67 and 68). Unless otherwise stated, the numbers used in this chapter are statutorily required numbers used for funding purposes.

### **Plan Description**

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan for full-time employees of the Forest Preserve District of Cook County. It was created in 1931 by Illinois State statute to provide retirement, death and disability benefits for employees and their dependents.<sup>44</sup> Plan benefits and contribution amounts can only be amended through state legislation.<sup>45</sup>

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

### **Benefits**

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

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

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

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<sup>44</sup> Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2017, p. 8.

<sup>45</sup> The Forest Preserve District pension article is 40 ILCS 5/10, but the fund is also governed by other parts of the pension code, such as 40 ILCS 5/1-160 which defines the changes to benefits for new employees enacted in Public Act 96-0889.

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

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

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

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

Sources: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Actuarial Valuation as of December 31, 2016; 40 ILCS 5/9; Comprehensive Annual Financial Report for the Year Ending December 31, 2016; and Public Act 96-0889.

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

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

The County reintroduced the reform package, including changes to current employees' retiree benefits and an increase to employee and employer contributions to the fund, Senate Bill 843, House Amendment 1, in the final days of the spring 2015 legislative session. The bill passed the House Personnel and Pensions Committee, but was not brought to a vote in the full House before adjournment.

In the Forest Preserve District's FY2019 budget, meeting pension obligations is listed as one of the District's critical budgetary challenges and says, "The FPCC will continue to work with all stakeholders including state and local elected officials to reach a long-term and sustainable



solution to pension underfunding.”<sup>46</sup> The Forest Preserve District Pension Fund actuary projects that if nothing is done to change the employer funding schedule, it will go insolvent in 2040.<sup>47</sup>

## Membership

In FY2017 the fund had 545 active employees and 530 beneficiaries for a ratio of 1.03 active members for every beneficiary. This ratio increased from 0.87 in FY2008 as the number of active members increased faster than the number of beneficiaries. An upward trend in this ratio reduces financial stress on the fund as there are more employees contributing to the fund to support current beneficiaries.

<b>Forest Preserve District Pension Fund Membership: FY2008-FY2017</b>			
<b>Fiscal Year</b>	<b>Active Employees</b>	<b>Beneficiaries</b>	<b>Ratio of Active to Beneficiary</b>
FY2008	442	506	0.87
FY2009	461	509	0.91
FY2010	448	514	0.87
FY2011	408	520	0.78
FY2012	460	518	0.89
FY2013	531	534	0.99
FY2014	522	538	0.97
FY2015	563	534	1.05
FY2016	566	536	1.06
FY2017	545	530	1.03
<b>Ten-Year Change</b>	<b>103</b>	<b>24</b>	<b>0.15</b>
<b>Ten-Year % Change</b>	<b>23.3%</b>	<b>4.7%</b>	<b>17.7%</b>

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2008-FY2017.

## Funded Ratios

This report uses two measurements of pension plan funded ratio: the actuarial value of assets measurement and the market value of assets measurement. These ratios show the percentage of pension liabilities covered by assets. The lower the percentage, the more difficulty a government may have in meeting future obligations. The best situation for any pension fund is to be fully funded, with 100% of accrued liabilities covered by assets because it means that the plan is doing a good job of maintaining intergenerational equity with current taxpayers appropriately paying for the cost of current public employees' benefits. There is no official industry standard or best practice for an acceptable funded ratio other than 100%.<sup>48</sup>

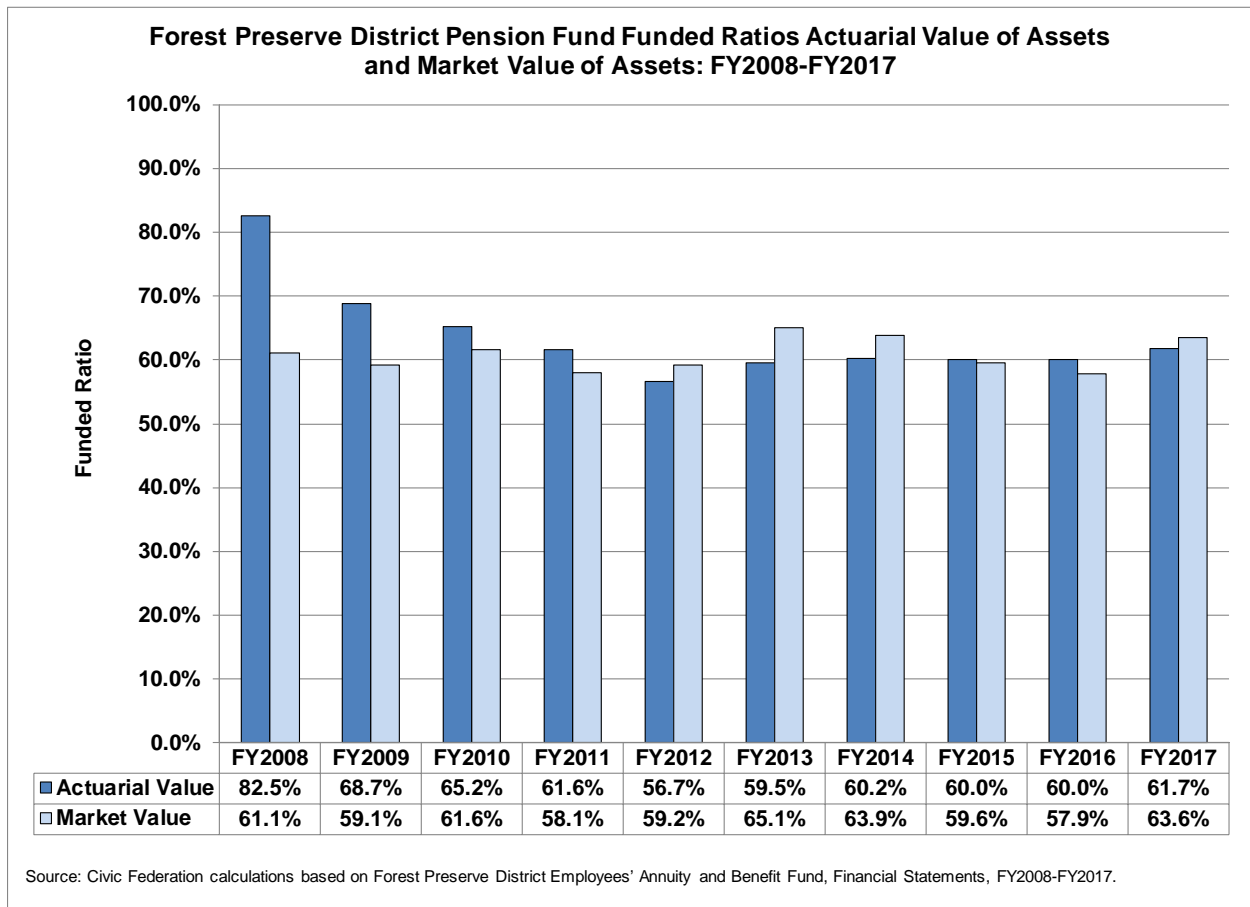
<sup>46</sup> Forest Preserve District of Cook County, Executive Budget Recommendation 2019, p. 11.

<sup>47</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County A Component Unit of the Forest Preserve District of Cook County, Illinois, Comprehensive Annual Financial Report for the Fiscal Years Ended December 31, 2016 and 2015, p. 11.

<sup>48</sup> American Academy of Actuaries, "Issue Brief: The 80% Pension Funding Standard Myth," July 2012. [http://actuary.org/files/80%25\\_Funding\\_IB\\_FINAL071912.pdf](http://actuary.org/files/80%25_Funding_IB_FINAL071912.pdf)

The actuarial value of assets measurement presents the ratio of assets to liabilities and accounts for assets by recognizing unexpected gains and losses over a period of three to five years.<sup>49</sup> The market value of assets measurement presents the ratio of assets to liabilities by recognizing investments only at current market value. Market value funded ratios are more volatile than actuarial funded ratios due to the smoothing effect of actuarial value. However, market value funded ratios represent how much money is actually available at the time of measurement to cover actuarial accrued liabilities.

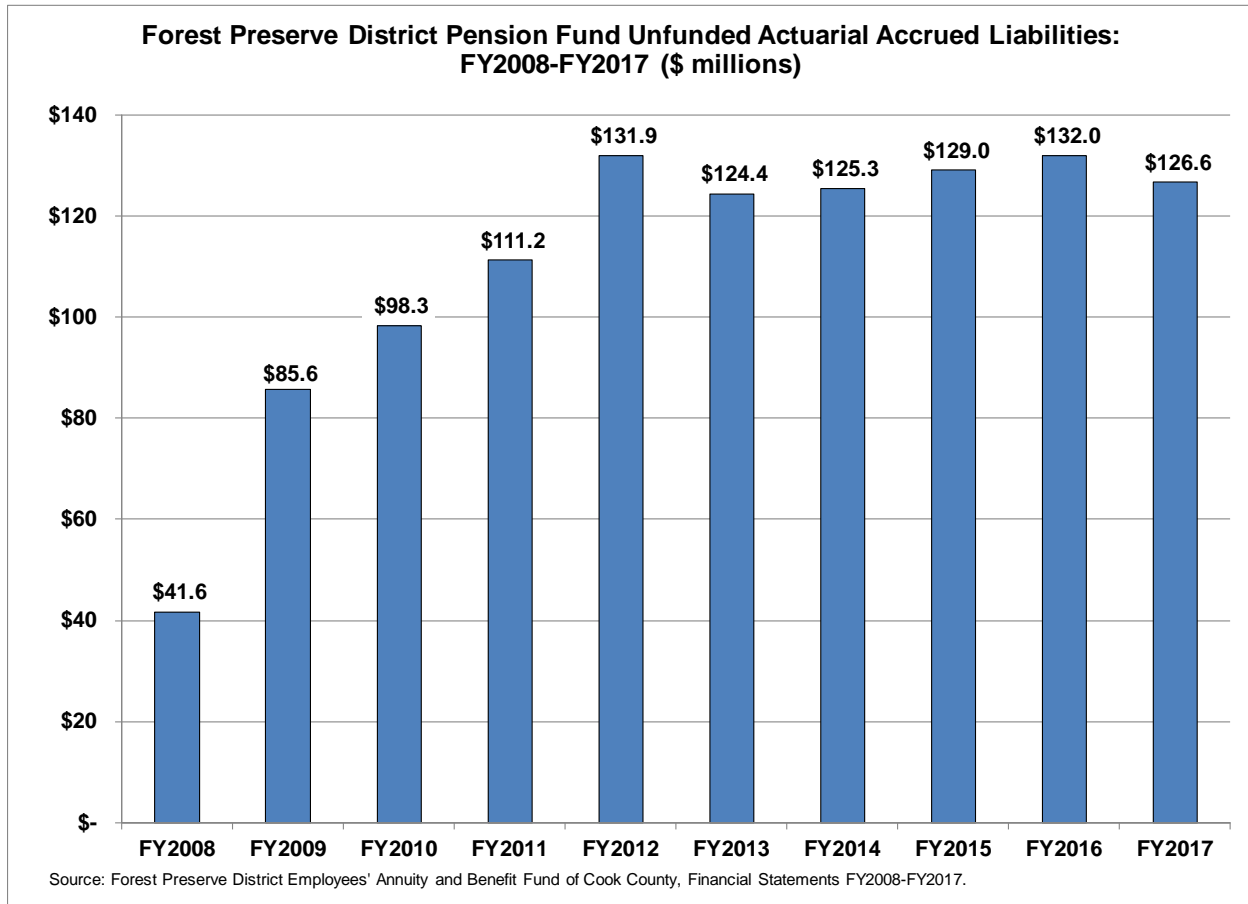
The following exhibit shows the actuarial and market value funded ratios for the Forest Preserve District pension fund over the last ten years. The actuarial value funded ratio declined from 82.5% in FY2008 to 56.7% in FY2012, rose to 59.5% in FY2013 and has remained relatively flat since then with a 61.7% ratio in FY2017. The market value funded ratio fell from 85.5% in FY2007 to 61.1% in FY2008 due to losses in the market collapse that year and has fluctuated with market returns over the next decade, hitting 63.6% in FY2017 based on high investment returns that year.



<sup>49</sup> For more detail on the actuarial value of assets, see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

## Unfunded Actuarial Accrued Liability

Unfunded actuarial accrued liability (UAAL) is the dollar value of accrued liabilities not covered by the actuarial value of assets. The unfunded liability for the Forest Preserve District pension fund totaled \$126.6 million in FY2017, up from \$41.6 million in FY2008, but down from \$132.0 million in FY2016.



The next exhibit adds together the contributing factors that have increased or decreased the unfunded liability since FY2008. The largest contributor to the \$92.3 million growth in unfunded liabilities between the beginning of FY2008 and the end of FY2017 was the shortfall in employer contributions as compared to the annual normal cost plus interest on the UAAL, which added nearly \$78.7 million to the UAAL over ten years. The second largest contributor was investment returns failing to meet the 7.5% expected rate of return.<sup>50</sup> This added \$24.5 million to

<sup>50</sup> The UAAL reflects investment gains and losses smoothed over a five-year period, so it does not match the annual investment results shown later in this report. For more information on asset smoothing see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

the UAAL, followed by the change in actuarial assumptions in FY2009, which added \$24.7 million, but was offset by actuarial changes in FY2017 that reduced the unfunded liability.<sup>51</sup>

Reasons for Change in Unfunded Actuarial Accrued Liability: FY2008-FY2017						
	Employer Contribution Lower/(Higher) than ARC	Investment Return Lower/(Higher) Than Assumed	Salary Increase (Lower)/Higher Than Assumed	Change in Actuarial Assumptions or Methods	Other	Total Net UAAL Change
<b>FY2008</b>	\$ 3,928,697	\$ 13,247,300	\$ 1,179,009	\$ -	\$ (7,782,032)	\$ 10,572,974
<b>FY2009</b>	\$ 4,512,235	\$ 14,363,849	\$ (1,015,614)	\$ 24,746,310	\$ 1,386,895	\$ 43,993,675
<b>FY2010</b>	\$ 7,483,382	\$ 9,729,368	\$ (3,394,112)	\$ -	\$ (1,140,818)	\$ 12,677,820
<b>FY2011</b>	\$ 7,734,557	\$ 11,541,394	\$ (3,690,231)	\$ -	\$ (2,704,346)	\$ 12,881,374
<b>FY2012</b>	\$ 5,369,563	\$ 5,369,563	\$ 1,939,324	\$ -	\$ 4,744,938	\$ 17,423,388
<b>FY2013</b>	\$ 10,855,083	\$ (17,264,428)	\$ (2,208,899)	\$ -	\$ 1,098,881	\$ (7,519,363)
<b>FY2014</b>	\$ 9,597,999	\$ (6,069,280)	\$ (2,333,548)	\$ -	\$ (243,006)	\$ 952,165
<b>FY2015</b>	\$ 9,379,058	\$ (1,528,781)	\$ (2,503,098)	\$ -	\$ (1,628,929)	\$ 3,718,250
<b>FY2016</b>	\$ 9,799,700	\$ (2,010,983)	\$ 2,722,397	\$ -	\$ (7,583,475)	\$ 2,927,639
<b>FY2017</b>	\$ 10,005,461	\$ (2,908,636)	\$ 1,473,961	\$ (8,134,544)	\$ (5,759,311)	\$ (5,323,069)
<b>Ten-Year Total</b>	<b>\$ 78,665,735</b>	<b>\$ 24,469,366</b>	<b>\$ (7,830,811)</b>	<b>\$ 16,611,766</b>	<b>\$ (19,611,203)</b>	<b>\$ 92,304,853</b>

Source: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Combined Actuarial Valuations FY2008-FY2017.

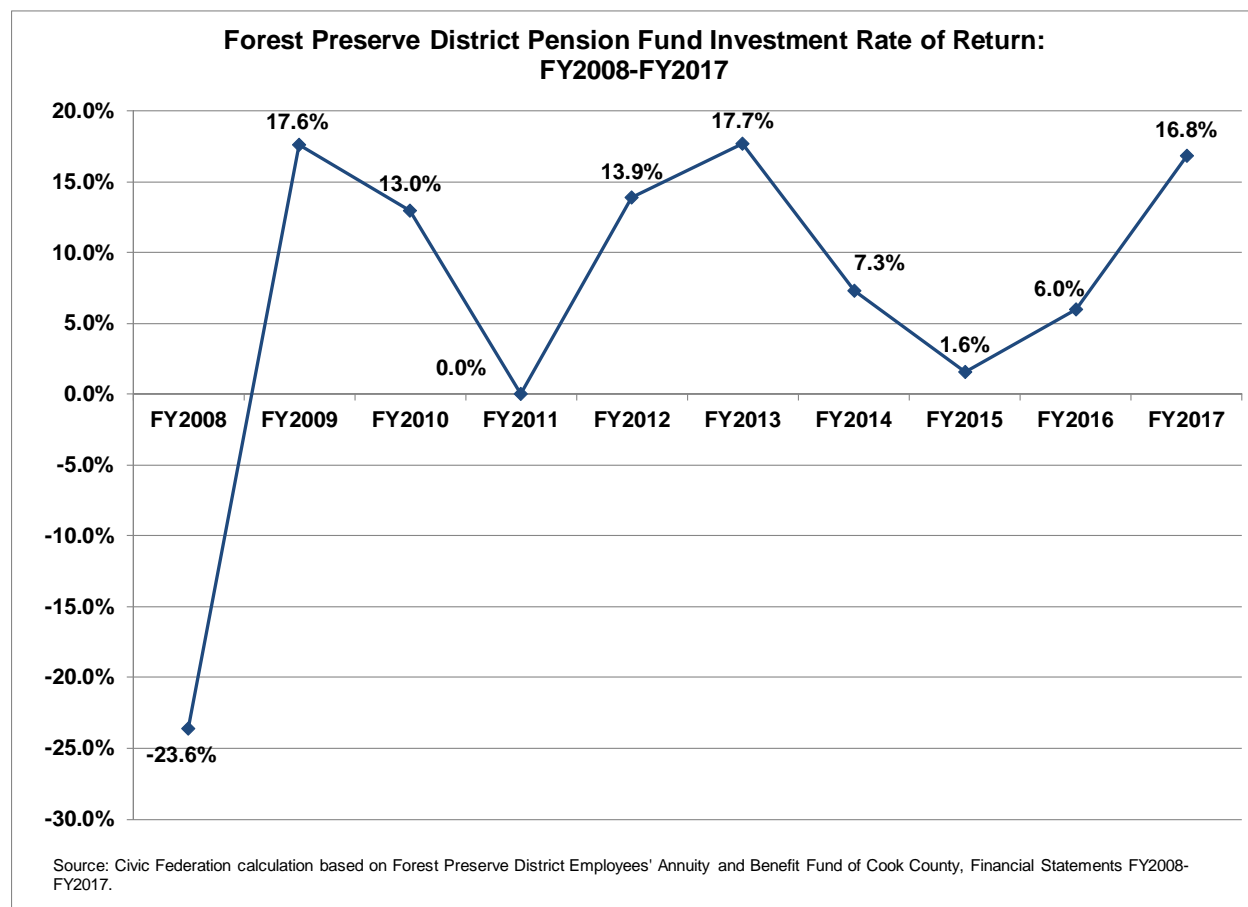
### Investment Rates of Return

Investment income typically provides a significant portion of the funding for pension funds. Thus, declines over a period of time can have a negative impact on pension assets. Between FY2008 and FY2017 the pension fund's average annual rate of return was 7.0%, compared to an assumed rate of return of 7.5% or 7.25% starting in FY2017.<sup>52</sup> Returns ranged from highs of

<sup>51</sup> See section entitled "Reconciliation of Change in Unfunded Liability" in the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County annual actuarial valuations.

<sup>52</sup> The Civic Federation calculates investment rate of return using the following formula: Current Year Rate of Return = Current Year Gross Investment Income/ (0.5\*(Previous Year Market Value of Assets + Current Year Market Value of Assets - Current Year Gross Investment Income)). This is not necessarily the formula used by the pension fund's actuary and investment managers, thus investment rates of return reported here may differ from those reported in a fund's actuarial statements. However, it is a standard actuarial formula. Gross investment income includes income from securities lending activities, net of borrower rebates. It does not subtract out related investment and securities lending fees, which are treated as expenses.

17.6% in FY2009 and 17.7% in FY2013 to a low of -23.6% in FY2008. Returns in FY2017 were well above assumptions at 16.8%.



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

In 2012 the Governmental Accounting Standards Board (GASB) issued new accounting and financial reporting standards for public pension plans and for governments, Statements No. 67 and 68. According to GASB, the new standards were intended to “improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations.”<sup>53</sup> Among other disclosures, pension funds and governments are now required to report total pension liability, fiduciary net position, net pension liability, pension expense and actuarially determined contribution (ADC), which are calculated on a different basis from previous GASB 25 and 27 pension disclosure requirements. Both pension funds and governments must also disclose additional information about pensions in the notes to the financial statements and in required supplementary information sections. It is important to note that GASB intended to separate pension reporting from pension funding. Thus, the numbers reported according to GASB 67 and 68 standards are not used to determine how

<sup>53</sup> Governmental Accounting Standards Board, Pension Standards for State and Local Governments. Available at: <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176163528472>.

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

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

The total pension liability, fiduciary net position, net pension liability and ADC<sup>54</sup> are all calculated on a different basis both from what used to be required by GASB and from the traditional public pension actuarial basis.

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

- Entry age normal actuarial cost method and level percent of payroll. The Forest Preserve District Pension Fund uses the entry age normal method for statutory reporting and funding purposes.
- A single blended discount rate, instead of basing the discount rate only on projected investment earnings. The discount rate is used to calculate the present value of the future obligations of a pension fund. The discount rate has an inverse relationship to actuarial liabilities, such that a lower discount rate will result in higher liabilities.
  - If a government is projected to have enough assets to cover its projected benefit payments to current and inactive employees, it can use the expected return on investments as its discount rate.
  - If a government is projected to reach a crossover point beyond which projected assets are insufficient to cover projected benefit payments, then a blended discount rate must be used. Benefit payments projected to be made from that point forward are discounted using a high-quality municipal bond interest rate. The blended rate is a single equivalent rate that reflects the investment rate of return and the high-quality municipal bond interest rate.
  - The Forest Preserve District Pension Fund is projected to run out of funding in 2042, so its GASB 67 and 68 reporting is discounted at a blend of the full 7.5% assumed rate of return and a lower municipal bond rate of 3.71%. The reported blended rate was 4.62%.<sup>55</sup>

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

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<sup>54</sup> Other differences and newly reported numbers are not central to the discussion here.

<sup>55</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, CAFR for the Fiscal Years Ended December 31, 2016 and 2015, p. 34.

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

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

***Difference between the ADC and ARC***

Depending on the employer’s funding plan, a pension fund’s ADC may be very similar to the previously reported ARC. The chart below summarizes the main assumptions behind the Forest Preserve District Pension Fund calculations of ADC and ARC. There is no difference between the main assumptions of the ADC and ARC, other than the investment rate of return which was changed in FY2017. The ADC uses the actuarially calculated UAAL number instead of the GASB 67 net pension liability number, which also makes it similar to the ARC. Additionally, the ADC need not follow the GASB 67 and 68 requirement of using the market value of assets. The Forest Preserve District Pension Fund uses a five-year smoothed valuation of assets.

<b>Calculation of the Actuarially Determined Contribution (ADC) vs the Annual Required Contribution (ARC)</b>		
	<b>ADC (FY2014 and After)</b>	<b>ARC (FY2013 and Earlier)</b>
<b>Amortization Period</b>	30-year open	30-year open
<b>Amortization Method</b>	Level Dollar	Level Dollar
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal
<b>Actuarial Value of Assets</b>	5-year smoothed	5-year smoothed
<b>Investment Rate of Return</b>	7.25%	7.50%

Source: Forest Preserve District of Cook County Pension Fund FY2017 and FY2013 Actuarial Valuations.

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

Before examining the ADC and actual employer contributions to the Forest Preserve District pension fund, it is important to note some differences in how the District reports other post-

employment benefits (OPEB) liabilities. GASB Statement No. 43 required the retirement systems of large governments—those with over \$100.0 million in annual revenue—to begin reporting any OPEB liability information separately for the fiscal year beginning after December 15, 2005. It also required that for those governments that fund retiree healthcare on a pay-as-you-go basis rather than through a designated trust fund, OPEB liabilities be valued using a discount rate assumption that reflects the rate of return earned on the actual assets used to pay the benefits. If OPEB is not prefunded in a designated trust, that discount rate is expected to reflect the interest rate earned on the plan sponsor’s assets, usually a money market rate. These requirements were updated with GASB Statement No. 74, as discussed in the next section.<sup>56</sup>

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

- A valuation of pension liabilities reflecting a GASB-determined blended discount rate introduced with GASB 67, which amounts to 4.45% in FY2017;
- Another valuation of OPEB liabilities reflecting a GASB-determined blended discount rate introduced with GASB 74, which amounts to 3.16% in FY2017; and
- A “combined” valuation using a 7.25% discount rate for both pension and OPEB liabilities.

The Forest Preserve District pension fund considers the “combined” valuation to be the best reflection of its assets and liabilities because the pension and OPEB benefits are paid from the same asset pool.<sup>57</sup> However, the separate pension and OPEB valuations calculated for GASB purposes are the ones used to compute the net pension liability and OPEB obligations of the Forest Preserve District government that appear on the government’s balance sheet.

The table below shows only the “combined” valuation comparison of the ARC to the actual Forest Preserve District contribution over the last ten years. The employer contribution fell short of equaling 100% of the ARC in all of the years FY2008 through FY2017. In FY2008 the \$2.0 million employer contribution represented 33.2% of the ARC, meaning that \$4.0 million more would need to have been contributed to meet the ARC that year. In FY2017 the \$3.5 million employer contribution represented only 25.8% of the ADC for the “combined” valuation of pension and OPEB, for a shortfall of nearly \$10.1 million that year. The cumulative ten-year difference between ARC and actual employer contribution for “combined” pension and OPEB is an \$87.0 million shortfall.

Expressing ADC/ARC as a percent of payroll provides a sense of scale and affordability. In FY2008 the ARC was 26.0% of payroll while the actual employer contribution was 8.6% of

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<sup>56</sup> Statement Number 75, providing for changes in OPEB reporting by governments in their own financial reporting, will go into effect for the 2018 fiscal year.

<sup>57</sup> Information provided by Daniel Degnan, Executive Director, Cook County Employees’ and Officers’ Annuity and Benefit Fund of Cook County, February 14, 2011.



payroll. In FY2017 the “combined” pension and OPEB ARC was 38.6% of payroll, while the actual employer contribution was 10.0% of payroll.

Forest Preserve District Pension Fund Schedule of Employer Contributions--COMBINED Pension and OPEB Valuation FY2008-FY2017							
Fiscal Year	Employer Actuarially Determined Contribution* (1)	Actual Employer Contribution (2)	Shortfall (1-2)	% of ADC* contributed	Payroll	ADC* as % of payroll	Actual Employer Contribution as % of payroll
2008	\$ 6,094,316	\$ 2,023,448	\$ 4,070,868	33.2%	\$ 23,474,621	26.0%	8.6%
2009	\$ 7,273,214	\$ 2,543,694	\$ 4,729,520	35.0%	\$ 24,967,115	29.1%	10.2%
2010	\$ 10,653,889	\$ 2,660,034	\$ 7,993,855	25.0%	\$ 24,397,376	43.7%	10.9%
2011	\$ 11,606,636	\$ 3,255,609	\$ 8,351,027	28.0%	\$ 22,678,566	51.2%	14.4%
2012	\$ 12,429,935	\$ 3,108,976	\$ 9,320,959	25.0%	\$ 26,252,071	47.3%	11.8%
2013	\$ 14,045,708	\$ 2,863,145	\$ 11,182,563	20.4%	\$ 29,485,857	47.6%	9.7%
2014	\$ 13,072,570	\$ 3,060,165	\$ 10,012,405	23.4%	\$ 29,811,912	43.9%	10.3%
2015	\$ 13,191,203	\$ 3,388,573	\$ 9,802,630	25.7%	\$ 32,007,657	41.2%	10.6%
2016	\$ 14,822,154	\$ 3,335,552	\$ 11,486,602	22.5%	\$ 34,509,011	43.0%	9.7%
2017	\$ 13,547,803	\$ 3,494,903	\$ 10,052,900	25.8%	\$ 35,078,173	38.6%	10.0%

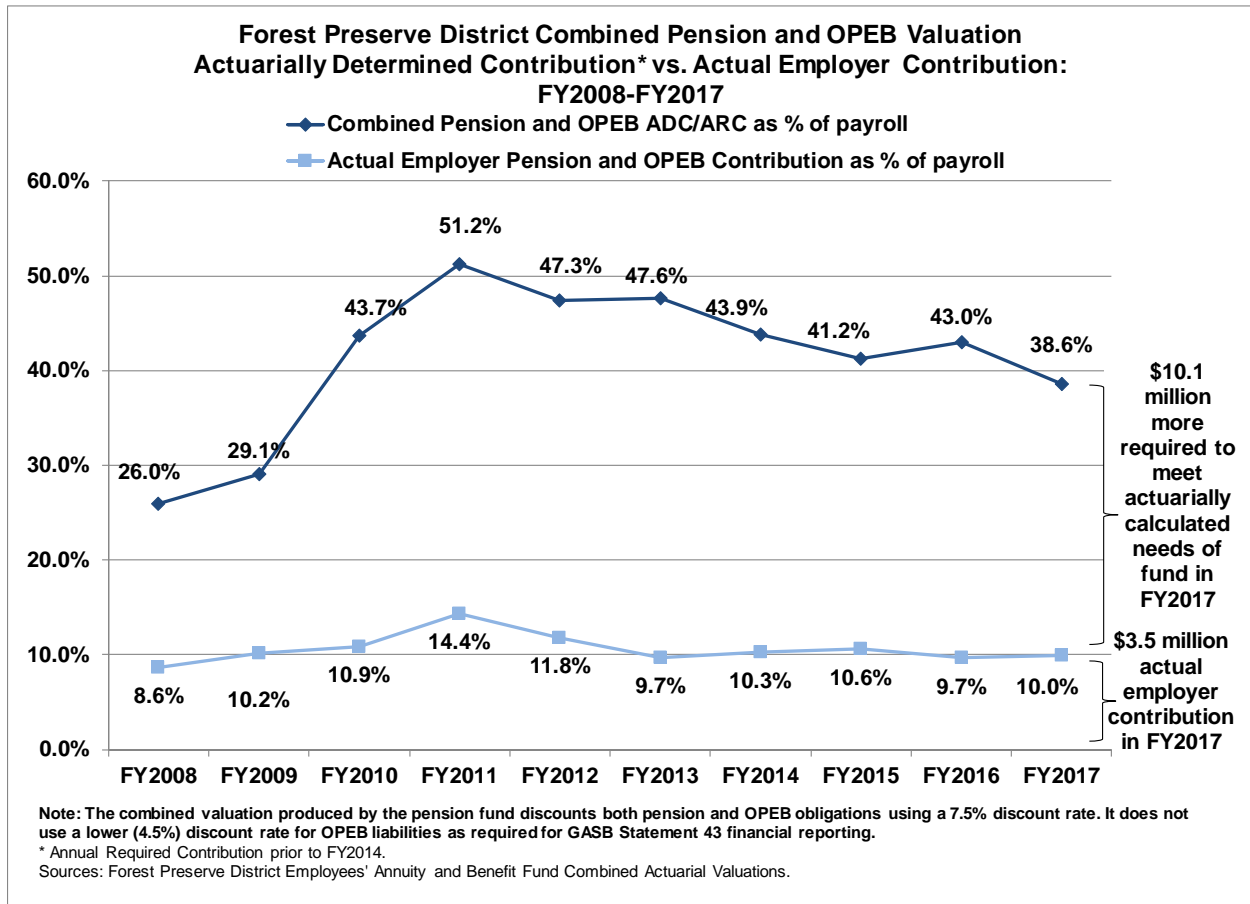
Note: This combined valuation produced by the pension fund discounts both pension and OPEB obligations using a 7.5% discount rate. It does not use a lower (4.5%) discount rate for OPEB liabilities as required for GASB Statement 43 financial reporting.

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

Source: Forest Preserve Employees' Annuity and Benefit Combined Actuarial Valuations.

The graph below illustrates the growing gap between the “combined” pension and OPEB ADC/ARC as a percent of payroll and the actual employer contribution as a percent of payroll. The spread between the two amounts has grown from 17.4% of payroll, or \$4.0 million, in FY2008 to 28.6% of payroll in FY2017. In other words, to fund the pension and retiree health care plans at a level that would both cover normal cost and amortize the unfunded liability over

30 years, the Forest Preserve District would have needed to contribute an additional 28.7% of payroll, or \$10.1 million, in FY2017.



The District has consistently levied and contributed its statutorily required amount of 1.30 times the employee contribution made two years prior. However, that amount has been less than the ARC for each of the last ten years. The pension fund actuary estimates that in order to contribute an amount sufficient to meet the ARC in FY2018, the District would need to levy property taxes equal to a tax multiple of 5.18 rather than 1.30.<sup>58</sup>

### Other Post Employment Benefits

State statute permits the Forest Preserve District pension fund to pay all or a portion of the health insurance premium for retirees who choose to participate in one of the District's employee health insurance plans.<sup>59</sup> The pension fund currently subsidizes roughly 50% of retiree premiums (including coverage for dependents) and 65% of surviving spouse premiums (including

<sup>58</sup> Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2017, p. 9.

<sup>59</sup> 40 ILCS 5/9-239. The statute also specifies that this group health benefit shall not be considered a pension benefit as defined by the Illinois Constitution, Section 5, Article XIII.

dependent coverage). The remaining premium amount is paid by the participant.<sup>60</sup> The subsidy is funded on a pay-as-you-go basis; an irrevocable trust or a 401(h) trust has not been established to pre-fund the retiree health insurance subsidy.

In FY2017 there were 273 retiree and surviving spouse participants whose health plan costs were subsidized by the pension fund. This is a slight decrease from 279 participants in FY2008.

Forest Preserve District Pension Fund Retiree Health Plan Participants:										
FY2008-FY2017										
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Retiree and Surviving Spouse Participants</b>	279	282	275	279	281	291	287	278	281	273

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2008, p. 17; FY2010, p. 18; and FY2016, p. 22. Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Retiree Health Insurance Plan Actuarial Valuation Report as of December 31, 2017 GASB 45 and GASB 74 OPEB, p. 1.

The Forest Preserve District government does not directly contribute to the retirees' premium costs. However, as the employer sponsor of the pension plan, the District is required to report other post employment benefit (OPEB) liabilities in its financial statements. The OPEB plan does not have a separate contribution rate or asset pool associated with it. The employer contribution for OPEB reported in the District's financial statements is assumed to equal the cost of the premium subsidy for that period.<sup>61</sup>

The actuarial accrued liability for District retiree healthcare benefits was \$43.4 million in FY2017, down from \$44.7 million in FY2016. The plan has no assets because it is funded on a pay-as-you-go basis; thus all liabilities are unfunded and the funded ratio is 0%.

## SHORT-TERM LIABILITIES

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

The Forest Preserve District reported the following short-term liabilities in the Governmental Funds Balance Sheet in its Comprehensive Annual Financial Reports (CAFRs) over the past five years:<sup>62</sup>

- *Accounts Payable*: unpaid bills owed to vendors for goods and services carried over into the new fiscal year;

<sup>60</sup> Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2017, p. 21.

<sup>61</sup> Forest Preserve District of Cook County Comprehensive Annual Financial Report for the Year Ended December 31, 2017, p. 111.

<sup>62</sup> Interfund and intergovernmental payables are not included in this analysis. Interfund payables are monies owed to other funds for services that have been rendered that are outstanding at the end of the fiscal year. Intergovernmental payables are funds to be paid to other governments or agencies carried over from the previous fiscal year. Remaining balances result from a time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded and payments between funds are made. Interfund balances owed within the governmental activities are netted and eliminated in the entity-wide statement of net position. See Forest Preserve District of Cook County FY2017 Comprehensive Annual Financial Report, Note III (D): Detailed Notes on All Funds, pp. 63-64.

- *Accrued Payroll*: employee compensation, related payroll taxes and benefits that have been earned by District employees but have not yet been paid or recorded in the District’s accounts;
- *Other Liabilities*: includes self-insurance funds, unclaimed property and other unspecified liabilities; and
- *Deposits*: funds held by the District or its agents to collateralize other investment risks.

In FY2017, the latest year for which audited data are available, the District’s total short-term liabilities decreased slightly from the prior year by \$123,821 or 1.6%. For the five-year period between FY2013 and FY2017, short-term liabilities fell by 13.7%, or \$1.2 million, decreasing from \$9.0 million to \$7.7 million. Most of that decrease was driven by a decline in accounts payable, which dropped by \$2.3 million or 33.7%. Much of the decrease is attributable to work completed on construction projects.<sup>63</sup>

Forest Preserve District of Cook County FY2013-FY2017 Short-Term Liabilities in the Governmental Funds									
Type	FY2013	FY2014	FY2015	FY2016	FY2017	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Accounts Payable	\$ 6,897,196	\$ 13,471,259	\$ 9,528,416	\$ 5,443,484	\$ 4,572,389	\$ (871,095)	-16.0%	\$ (2,324,807)	-33.7%
Accrued Payroll	\$ 1,376,629	\$ 2,723,698	\$ 3,307,067	\$ 2,011,953	\$ 2,686,541	\$ 674,588	33.5%	\$ 1,309,912	95.2%
Other Liabilities	\$ 601,466	\$ 290,849	\$ 635,644	\$ 288,147	\$ 458,428	\$ 170,281	59.1%	\$ (143,038)	-23.8%
Deposits	\$ 82,217	\$ 73,365	\$ 109,698	\$ 109,698	\$ 12,103	\$ (97,595)	-89.0%	\$ (70,114)	-85.3%
<b>Total</b>	<b>\$ 8,957,508</b>	<b>\$ 16,559,171</b>	<b>\$ 13,580,825</b>	<b>\$ 7,853,282</b>	<b>\$ 7,729,461</b>	<b>\$ (123,821)</b>	<b>-1.6%</b>	<b>\$ (1,228,047)</b>	<b>-13.7%</b>

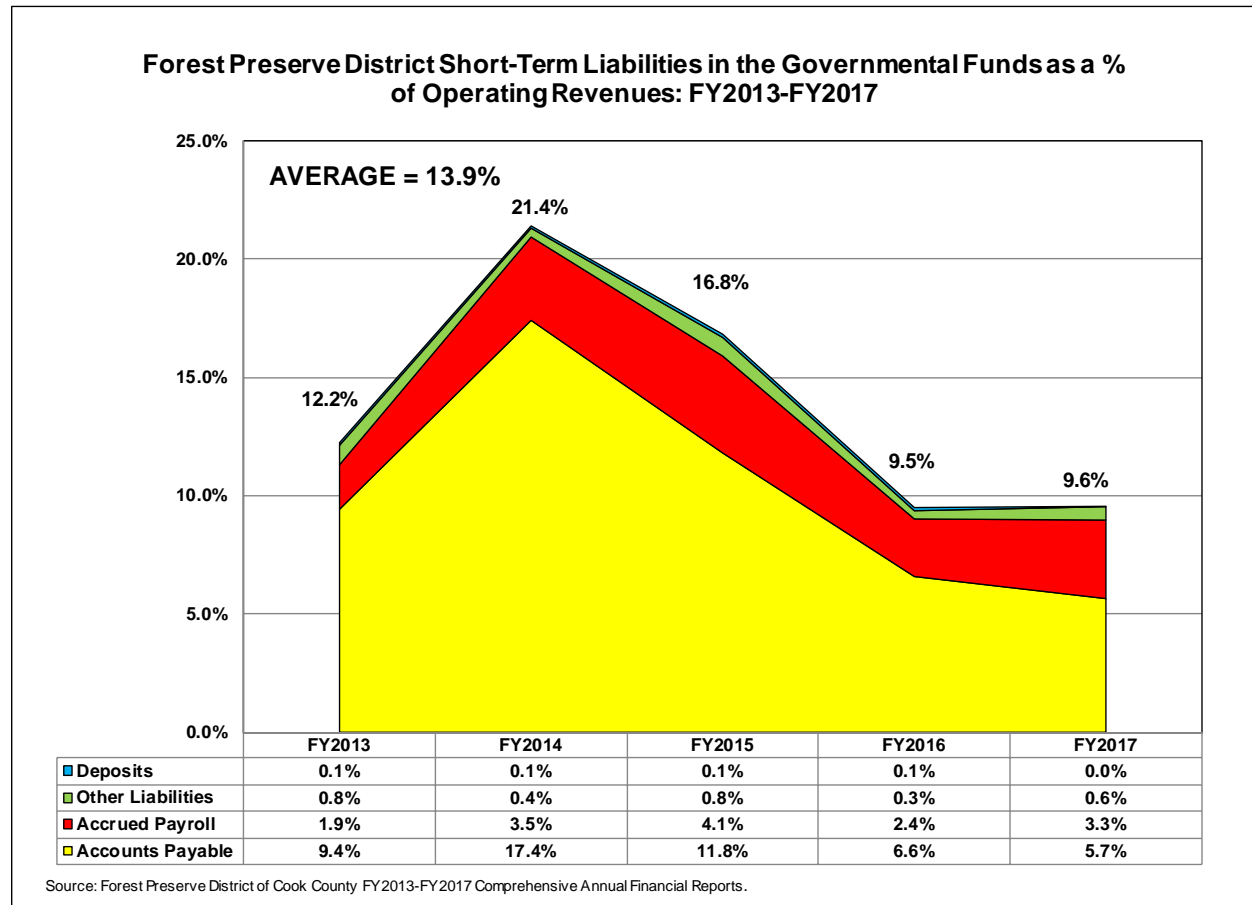
Source: Forest Preserve District of Cook County FY2013-FY2017 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

<sup>63</sup> Forest Preserve District of Cook County FY2017 Comprehensive Annual Financial Report, p. 114.

## Short-Term Liabilities as a Percentage of Operating Revenues

Increasing current liabilities in a government’s operating funds at the end of the year as a percentage of net operating revenues may be a warning sign of possible future financial difficulties.<sup>64</sup> This indicator, developed by the International City/County Management Association (ICMA), is a measure of budgetary solvency or a government’s ability to generate enough revenue over the course of a fiscal year to meet its expenditures and avoid deficit spending.

The short term liabilities to operating revenue ratio has fluctuated over time, rising from 12.2% in FY2013 to 21.4% in FY2014, before dropping to 16.8% in FY2015 and then 9.5% in FY2016 and 9.6% in the following year. The increase in FY2014 was due to a large increase in accounts payable due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.<sup>65</sup> The decreases since FY2014 were due primarily to declines in accounts payable as construction projects were paid for. The average ratio over this five-year period was 13.9%.

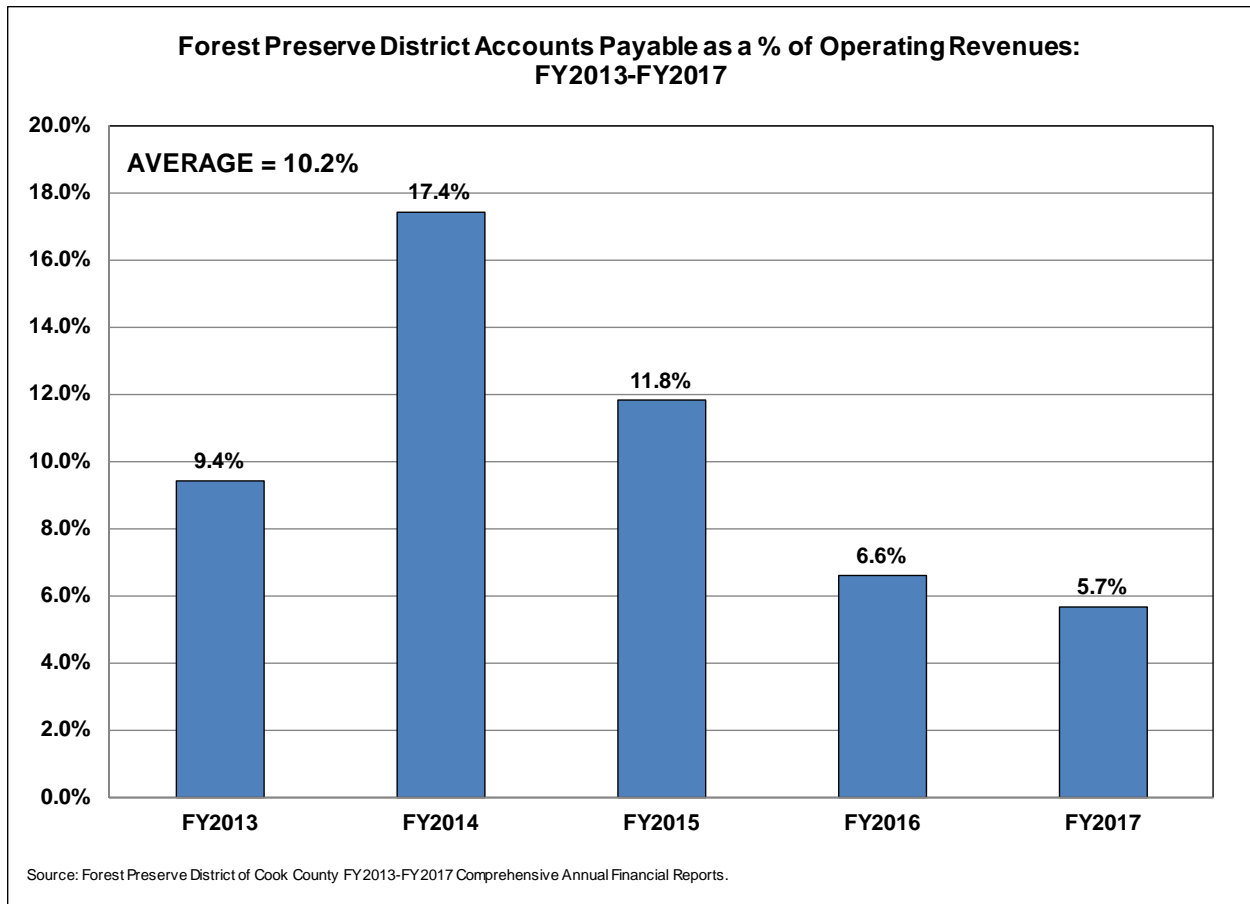


<sup>64</sup> Operating funds are those funds used to account for general operations – the General Fund, Special Revenue Funds and the Debt Service Fund. See Karl Nollenberger, Sanford Groves and Maureen G. Valente. *Evaluating Financial Condition: A Handbook for Local Government*, International City/County Management Association, 2003, p. 77 and 169.

<sup>65</sup> Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

## Accounts Payable as a Percentage of Operating Revenues

Over time, rising amounts of accounts payable may indicate a government's difficulty in controlling expenses or keeping up with spending pressures. Between FY2013 and FY2014, the Forest Preserve District's ratio of accounts payable to operating revenues made a steep increase to 17.4% primarily because of a \$6.6 million increase in accounts payables in the latter year. That increase was due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.<sup>66</sup> Since FY2014, the ratio has declined to 5.7% as outstanding construction costs were retired. The decreases are a positive trend. The average ratio over this five-year period was 10.2%.



<sup>66</sup> Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

## Current Ratio

The current ratio is a measure of liquidity. The ratio is calculated by dividing current assets by current liabilities. It assesses whether the government has enough cash and other liquid resources to meet its short-term obligations as they come due. A ratio of 1.0 means that current assets are equal to current liabilities and are sufficient to cover obligations in the near term. Generally, a government's current ratio should be close to 2.0 or higher.<sup>67</sup>

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

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

The Forest Preserve District's current ratio was 19.5 in FY2017, the most recent year for which audited data is available. In the past five years, the District's current ratio averaged 16.6, which is far above the preferred benchmark of 2.0 and thus demonstrates a very healthy level of liquidity.

Forest Preserve District Current Ratio in the Governmental Funds: FY2013-FY2017 (in \$ thousands)									
	FY2013	FY2014	FY2015	FY2016	FY2017	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
<b>Current Assets</b>									
Cash and cash equivalents	\$ 91,177	\$ 105,555	\$ 93,463	\$ 96,768	\$ 79,386	\$ (17,382)	-18.0%	\$ (11,791)	-12.9%
Short-term investments	\$ 3,161	\$ -	\$ -	\$ -	\$ -	\$ -	---	\$ (3,161)	-100.0%
Property taxes receivable	\$ 64,912	\$ 65,706	\$ 67,817	\$ 66,465	\$ 68,065	\$ 1,600	2.4%	\$ 3,153	4.9%
Intergovernmental receivables				\$ 1,266	\$ 868				
Grants receivable	\$ 519	\$ 1,231	\$ 1,557	\$ 1,607	\$ 1,821	\$ 214	13.3%	\$ 1,302	250.9%
Golf receivable	\$ 551	\$ 21	\$ 472	\$ 169	\$ 273	\$ 104	61.5%	\$ (278)	-50.5%
Concession Receivable	\$ 87	\$ 82	\$ 39	\$ 38	\$ 74	\$ 36	94.7%	\$ (13)	-14.9%
License Fees Receivable	\$ 2,544	\$ 63	\$ 63	\$ 63	\$ -	\$ (63)	-100.0%	\$ (2,544)	-100.0%
Accrued Interest Receivable	\$ 627	\$ 610	\$ 64	\$ -	\$ -	\$ -	---	\$ (627)	-100.0%
Loans Receivable	\$ 14,151	\$ -	\$ -	\$ -	\$ -	\$ -	---	\$ -	---
Other Receivables	\$ 7	\$ 192	\$ 4	\$ 285	\$ 49	\$ (236)	-82.8%	\$ 42	---
<b>Total Current Assets</b>	<b>\$ 177,736</b>	<b>\$ 173,460</b>	<b>\$ 163,479</b>	<b>\$ 166,661</b>	<b>\$ 150,536</b>	<b>\$ (16,125)</b>	<b>-9.7%</b>	<b>\$ (27,200)</b>	<b>-15.3%</b>
<b>Current Liabilities</b>									
Accounts Payable	\$ 6,897	\$ 13,471	\$ 9,528	\$ 5,443	\$ 4,572	\$ (871)	-16.0%	\$ (2,325)	-33.7%
Accrued Payroll	\$ 1,377	\$ 2,724	\$ 3,307	\$ 2,012	\$ 2,687	\$ 675	33.5%	\$ 1,310	95.1%
Other Liabilities	\$ 601	\$ 291	\$ 635	\$ 288	\$ 458	\$ 170	59.0%	\$ (143)	-23.8%
Deposits	\$ 82	\$ 73	\$ 110	\$ 110	\$ 12	\$ (98)	-89.1%	\$ (70)	-85.4%
<b>Total Current Liabilities</b>	<b>\$ 8,957</b>	<b>\$ 16,559</b>	<b>\$ 13,580</b>	<b>\$ 7,853</b>	<b>\$ 7,729</b>	<b>\$ (124)</b>	<b>-1.6%</b>	<b>\$ (1,228)</b>	<b>-13.7%</b>
<b>Current Ratio</b>	<b>19.8</b>	<b>10.5</b>	<b>12.0</b>	<b>21.2</b>	<b>19.5</b>				

Source: Forest Preserve District of Cook County FY2013-FY2017 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

<sup>67</sup> Steven A. Finkler. *Financial Management for Public, Health and Not-for-Profit Organizations*. Upper Saddle River, NJ, 2001, p. 476.

## LONG-TERM LIABILITIES

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

### Long-Term Liabilities

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

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

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<sup>68</sup> Governmental Accounting Standards Boards, "Summary of Statement No. 27 Accounting for Pensions by State and Local Governmental Employers (Issued 11/94)," <http://www.gasb.org/st/summary/gstsm27.html> (accessed November 7, 2018).



Between FY2016 and FY2017, total Forest Preserve District long-term liabilities fell by 7.7%, decreasing from \$448.3 million to \$413.7 million. Over the five-year period between FY2013 and FY2017 long-term obligations rose by 57.5%, or \$151.0 million. Most of the five-year increase was due to the change in pension reporting in FY2015. As noted above, the new pension liability reporting requirements of GASB Statement Number 68 present a more transparent approach to measuring these liabilities than the previous approach, rather than large increases in liabilities.

Forest Preserve District long-term debt includes tax supported debt issues of the Forest Preserve District as well as bond premium and issuance costs. All Forest Preserve District long-term debt is general obligation debt. Between FY2013 and FY2017, long-term debt for the Forest Preserve District decreased by 17.7%, or nearly \$35.4 million. In the two-year period between FY2016 and FY2017 long-term debt outstanding fell by 5.7%, or \$9.9 million.

Total other liabilities rose by 297.8%, or \$186.4 million, between FY2013 and FY2017. In the same period, net pension obligations/liabilities increased by 380.9% or \$174.3 million. This increase was due to the reporting changes required by GASB Statement No. 68; it does not represent an increase in liabilities. Net other post-employment obligations in this five-year period rose by 79.0%, or \$11.7 million.

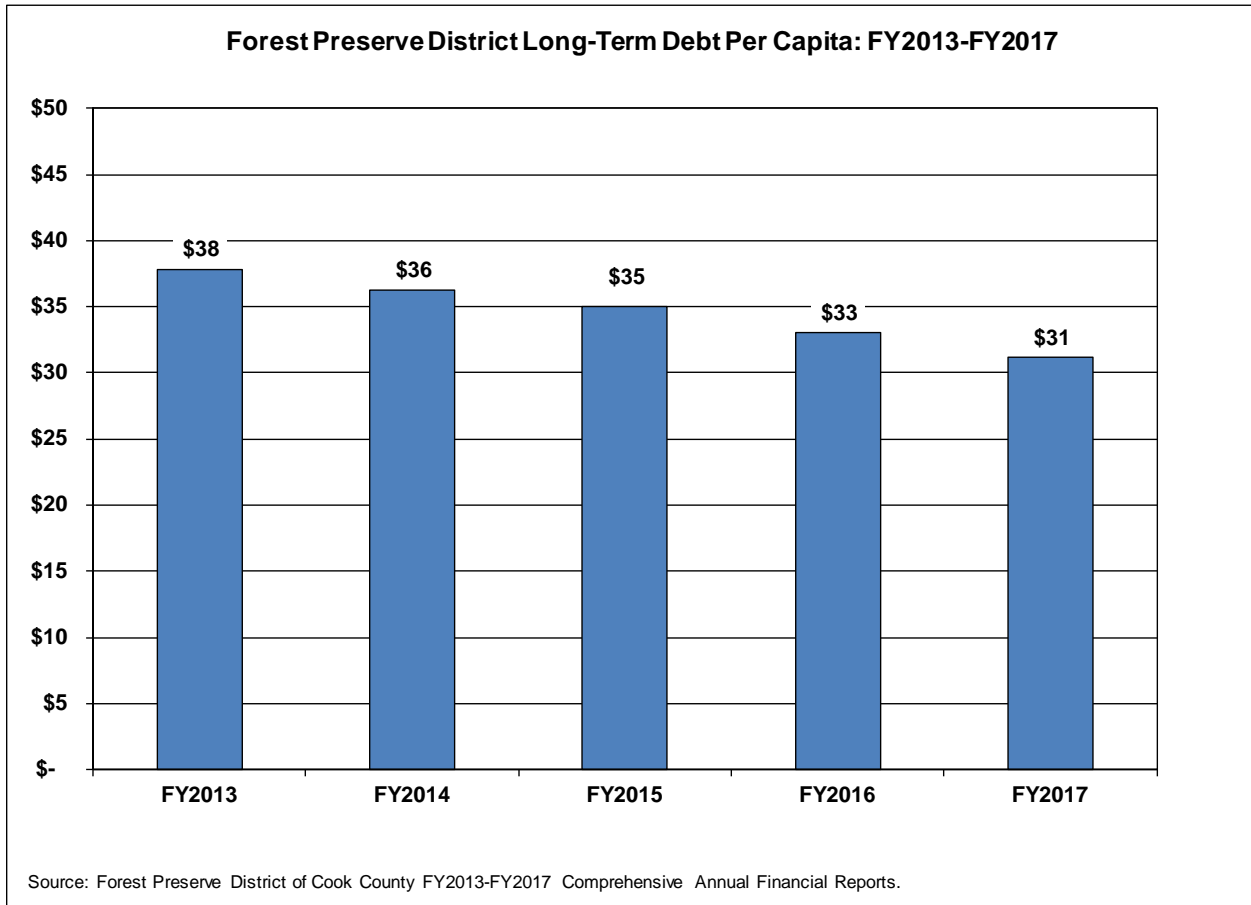
Forest Preserve District Long-Term Liabilities: FY2013-FY2017									
	FY2013	FY2014	FY2015	FY2016	FY2017	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
General Obligation Bonds	\$179,655,000	\$172,535,000	\$168,670,000	\$159,490,000	\$151,010,000	\$ (8,480,000)	-5.3%	\$ (28,645,000)	-15.9%
Bond Premium and Issuance Costs	\$ 20,517,164	\$ 19,163,444	\$ 16,608,693	\$ 15,175,299	\$ 13,741,905	\$ (1,433,394)	-9.4%	\$ (6,775,259)	-33.0%
Unamortized deferred amount on refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
<b>Subtotal Long-Term Debt</b>	<b>\$200,172,164</b>	<b>\$191,698,444</b>	<b>\$185,278,693</b>	<b>\$174,665,299</b>	<b>\$164,751,905</b>	<b>\$ (9,913,394)</b>	<b>-5.7%</b>	<b>\$ (35,420,259)</b>	<b>-17.7%</b>
Compensated Absences	\$ 1,973,026	\$ 2,040,862	\$ 2,333,266	\$ 2,304,435	\$ 2,306,876	\$ 2,441	0.1%	\$ 333,850	16.9%
Net Pension Obligation/Liability	\$ 45,763,389	\$214,835,999	\$265,255,593	\$247,657,068	\$220,081,673	\$ (27,575,395)	-11.1%	\$174,318,284	380.9%
Net Other Post Employment Obligations	\$ 14,854,307	\$ 17,635,537	\$ 20,285,290	\$ 23,632,915	\$ 26,588,061	\$ 2,955,146	12.5%	\$ 11,733,754	79.0%
<b>Subtotal Other Liabilities</b>	<b>\$ 62,590,722</b>	<b>\$234,512,398</b>	<b>\$287,874,149</b>	<b>\$273,594,418</b>	<b>\$248,976,610</b>	<b>\$ (24,617,808)</b>	<b>-9.0%</b>	<b>\$186,385,888</b>	<b>297.8%</b>
<b>Total</b>	<b>\$262,762,886</b>	<b>\$426,210,842</b>	<b>\$473,152,842</b>	<b>\$448,259,717</b>	<b>\$413,728,515</b>	<b>\$ (34,531,202)</b>	<b>-7.7%</b>	<b>\$150,965,629</b>	<b>57.5%</b>

Sources: Forest Preserve District of Cook County FY2013-FY2017 CAFRs. Net pension liabilities for FY2014 were re-stated in the FY2015 CAFR to reflect GASB Number 68 changes.

## Long-Term Debt Per Capita

A common ratio used by ratings agencies and other public finance analysts to evaluate long-term debt trends is direct debt per capita. This ratio reflects the premise that the entire population of a jurisdiction benefits from infrastructure improvements. Increases in this indicator bear watching as a potential sign of growing financial risk. This analysis takes the total long-term debt amount reported in the District's audited financial statements and divides it by the population of the District, which is coterminous with Cook County

The Forest Preserve District's long-term debt includes general obligation bonds payable and bond premium and issuance costs. The District's long-term debt burden per capita decreased from \$38 to \$31 between FY2013 and FY2017.



## Debt Service Appropriations as a Percentage of Total Appropriations

The ratio of debt service appropriations as a percentage of total Governmental Fund appropriations is frequently used by ratings agencies to assess debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the rating agencies.<sup>69</sup>

Forest Preserve District debt service appropriations in the proposed budget for FY2019 will constitute 7.9% of the District's \$204.8 million in total appropriations. The District proposes to appropriate \$16.1 million for debt service in FY2019.

Since FY2015 the percentage appropriated for debt service as a percentage of total appropriations has been consistently below the 15-20% threshold.

Forest Preserve District Debt Service Appropriations as a Percentage of Total Appropriations: FY2015-FY2019					
	FY2015	FY2016	FY2017	FY2018	FY2019 Proposed
Debt Service Appropriations	\$ 16,116,388	\$ 16,108,472	\$ 15,848,198	\$ 16,140,155	\$ 16,146,962
Bond and Interest Abatement	\$ (1,200,000)	\$ (2,500,000)	\$ (1,500,000)	\$ (500,000)	\$ -
<b>Subtotal Net Debt Service</b>	<b>\$ 14,916,388</b>	<b>\$ 13,608,472</b>	<b>\$ 14,348,198</b>	<b>\$ 15,640,155</b>	<b>\$ 16,146,962</b>
Total Appropriations	\$ 178,493,857	\$ 189,918,953	\$ 196,371,257	\$ 198,240,751	\$ 204,770,094
<b>Debt Service as a % of Total Appropriations</b>	<b>8.4%</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>7.9%</b>

Summaries.

## Bond Ratings

The Forest Preserve District had the following credit ratings as of November 2018:

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

Sources: Forest Preserve District of Cook County FY2017 Comprehensive Annual Financial Report, p. 16.

In 2017, Standard & Poor's downgraded its rating of Forest Preserve credit from AA to AA- because of concerns regarding the District's unfunded pension liabilities. Moody's and Fitch reaffirmed their ratings of A2 and AA- respectively.<sup>70</sup>

In 2016 both Fitch and Standard & Poor's downgraded the Forest Preserve District's credit rating from AA to AA- based on concerns over growing pension liabilities.<sup>71</sup>

In June 2016, Moody's Investors Services affirmed its A2 rating for the Forest Preserve District's general obligation debt, but upgraded the outlook from negative to stable. The change

<sup>69</sup> Standard & Poor's, *Public Finance Criteria 2007*, p. 64. See also Moody's, *General Obligation Bonds Issued by U.S. Local Governments*, October 2009, p. 18.

<sup>70</sup> Forest Preserve District FY2017 Comprehensive Annual Financial Report, p. 16.

<sup>71</sup> Forest Preserve District FY2016 Comprehensive Annual Financial Report, p. 16.

reflected the District's governance ties to Cook County, which has a stable outlook for its general obligation debt.<sup>72</sup>

On June 8, 2015, Moody's Investors Service downgraded the District's bond rating from A1 to A2 with a negative outlook. The rating downgrade was based on the agency's concern about the District's growing pension liabilities. The District's credit ratings with Standard and Poor's and Fitch remained at an AA rating.<sup>73</sup>

In May 2014, Fitch affirmed the District's AA credit rating, but revised its outlook from stable to negative. The rating agency cited the Forest Preserve District's unfunded pension liabilities and uncertainty over the future course of pension reform in the Illinois legislative and judicial arenas as a cause for concern.<sup>74</sup>

Standard & Poor's gave the District a credit rating upgrade from AA- to AA in June 2012, citing its strengthened corporate fund reserves, large property tax base, strong liquidity and moderate overall debt burden.<sup>75</sup> However, in August 2013, Moody's Investors Service downgraded the rating on the Forest Preserve District's general obligation debt from Aa2 to A1 with a negative outlook because of the government's growing pension liabilities. Moody's also expressed concern about the District's governance system under which the District shares the same Board of Commissioners as Cook County because of the interconnectedness between the finances of both entities.<sup>76</sup> Reflecting that concern, Moody's also concurrently downgraded Cook County's general obligation rating from Aa3 to A1 with a negative outlook in August 2013.<sup>77</sup>

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<sup>72</sup> Moody's Investors Services. "Moody's affirms Cook County Forest Preserve District, IL's GO at A2; outlook revised to stable," June 6, 2016.

<sup>73</sup> Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 110.

<sup>74</sup> Fitch Ratings. "Fitch Revises Cook County Forest Preserve, IL's Outlook to Negative; Affirms 'AA' GOs," May 30, 2014.

<sup>75</sup> Forest Preserve District of Cook County, "Forest Preserve District Secures Historically Low Interest Rate on Bond Sale," press release, June 14, 2012.

<sup>76</sup> Moody's Investors Service. "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013.

<sup>77</sup> Chicago Tribune. "Moody's cuts Cook County bond rating to A1: Rating service cites pension liabilities, maintains negative outlook," August 16, 2013.

## FOREST PRESERVE DISTRICT CAPITAL PLAN

The Forest Preserve District annually updates its five-year Capital Improvement Plan after the fiscal year has begun. The FY2018 update to the five-year Capital Improvement Plan (CIP) was published in January 2018 and is the most recent CIP available. The update includes information for FY2018 through FY2022.<sup>78</sup> The District proposes a total of \$121.6 million in funded and unfunded projects over that five-year period.

Forest Preserve District Capital Improvement Plan: FY2018-FY2022		
FY2018	\$	11,332,132
FY2019	\$	14,318,852
FY2020	\$	29,342,531
FY2021	\$	31,776,649
FY2022	\$	34,784,315
<b>Total</b>	<b>\$</b>	<b>121,554,479</b>

Source: Forest Preserve District of Cook County 2018 Update to the 5-Year Capital Improvement Plan, Table 2, p. 11.

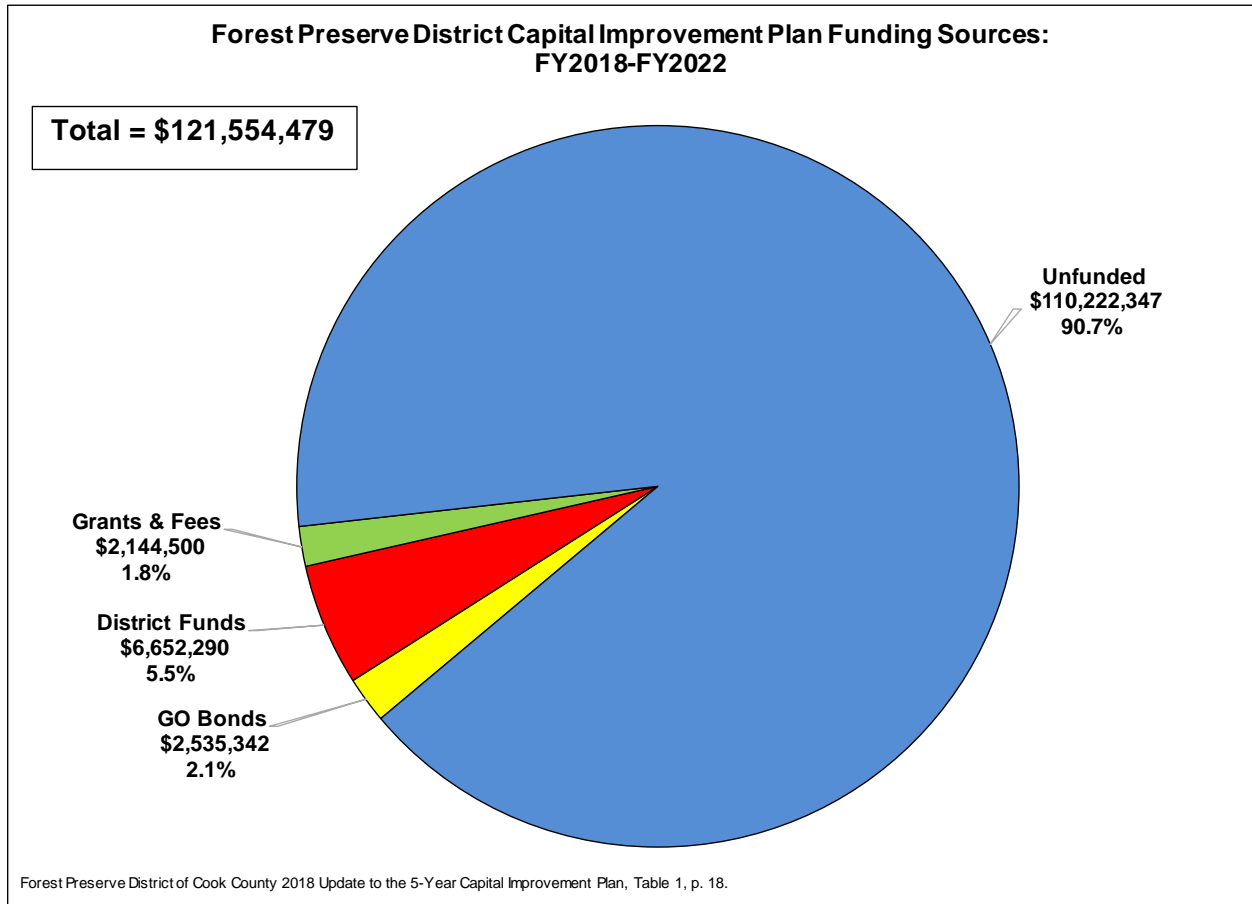
The CIP provides information on capital projects for FY2018-FY2022 by location, category and timing. Opportunities are provided for input on new projects from District staff, partner organizations, recreation groups and citizens. Members of the public and staff also can make requests for new or improved facilities, amenities and infrastructure by submitting a request form on the District's website.<sup>79</sup>

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<sup>78</sup> Forest Preserve District of Cook County, 2018 Update to the 5-Year Capital Improvement Plan, January 9, 2018 at <http://fpdcc.com/cip/>.

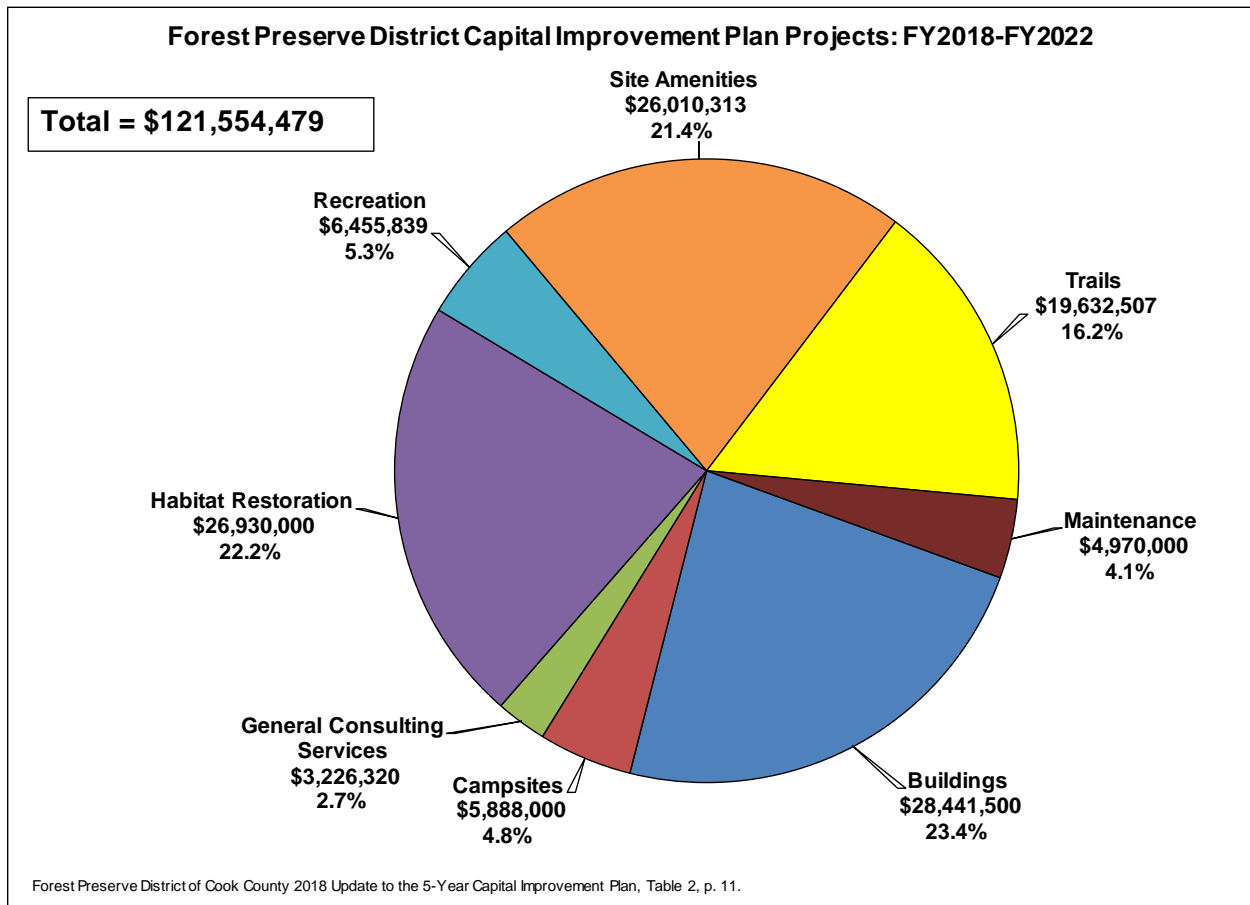
<sup>79</sup> See Forest Preserve District of Cook County website at <http://fpdcc.com/cip/>.

The next exhibit shows the sources of funding for the Forest Preserve District's FY2018-FY2022 CIP projects. At this time, 2.1% or \$2.5 million in funding will derive from general obligation (GO) bonds. District pay-as-you-go funding from current receipts will finance \$6.7 million, or 5.5%, of the projects. Another 1.8% or \$2.1 million will be paid for with grants and fee revenues. Approximately \$110.2 million in projects, or 90.7% of the total, do not yet have funding identified in the new FY2018 capital plan.



The FY2018-FY2022 Forest Preserve District CIP proposes to allocate funds for a wide variety of projects:

- 23.4% of the total, or \$28.4 million, will be set aside for buildings;
- 22.2%, or \$26.9 million, is reserved for habitat restoration;
- 21.4%, or \$26.0 million, is to be used for site amenities;
- 16.2%, or \$19.6 million will be used for trails;
- 5.3%, or roughly \$6.5 million, is earmarked for recreational facilities;
- 4.8%, or nearly \$5.9 million, will be used for campsites; and
- The remaining funding will be used for maintenance and general consulting services (i.e., planning, assessment and design activities).



According to best practices for capital budgeting, a complete capital improvement plan (CIP) includes the following elements:<sup>80</sup>

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

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

The checklist that follows assesses how well the District's CIP conforms to best practice guidelines. Overall, the CIP conforms to many of the guidelines. There are opportunities for stakeholder input into the CIP process for new projects. The Capital Development Committee of the Forest Preserve Board holds a public hearing on the CIP at which public testimony is taken and the full Board subsequently adopts the plan.<sup>81</sup> Information about individual projects, funding sources and timelines for project completion over the entire five-year timeframe of the CIP is provided.

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<sup>80</sup> National Advisory Council on State and Local Budgeting Recommended Practice 9.10: Develop a Capital Improvement Plan, p. 34; Government Finance Officers Association, Best Practices, Development of Capital Planning Policies, October 2011.

<sup>81</sup> Information provided by the Forest Preserve District of Cook County, November 1, 2013.



However, the CIP falls short of best practice guidelines. The District has developed several plans to guide capital investment decisions. They have included: a Next Century Conservation Plan that lays out four key goals related to nature, people, economic impact and leadership; a Natural & Cultural Resources Master Plan that provides a framework for investing in landscape restoration; and a Gateway Master Plan that was designed to increase public awareness of special forest preserve sites.<sup>82</sup> The Next Century Conservation Plan's implementation strategy identifies priority actions for the upcoming year and based on those priorities identifies the level of funding, staff time and other resources required to fulfill those actions.<sup>83</sup> But there is no narrative discussion in the CIP document of how the District identifies those priorities. Also, projects funded by public funds at the Brookfield Zoo and Chicago Botanic Garden continue to be missing from the CIP. Therefore, the CIP falls short of the best practice guidelines for a comprehensive document providing taxpayers with full information about District-funded capital projects.

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<sup>82</sup> Forest Preserve District of Cook County, 2018 Update to the 5-Year Capital Improvement Plan, p. 6.

<sup>83</sup> Forest Preserve District of Cook County, 2018 Update to the 5-Year Capital Improvement Plan, p. 6.

**Forest Preserve District of Cook County Capital Improvement Program Checklist**

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

Sources: National Advisory Council on State and Local Budgeting Recommended Practice 9.6: Develop a Capital Improvement Plan, the Government Finance Officers Association and Civic Federation Budget Analyses of Local Government Budget – various years and the Forest Preserve District of Cook County.