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**CIVIC FEDERATION SUPPORTS FY2008
COOK COUNTY FOREST PRESERVE DISTRICT SPENDING PLAN
Advocates Separate Board for Forest Preserves to End Conflicts of Interest**

Citing the Cook County Forest Preserve District's development of a publicly available Capital Improvement Plan (CIP), the Civic Federation gave its support to the proposed FY2008 district budget today. However, the Federation reaffirmed its stance that **the forest preserves deserve a separately elected board** that will focus solely on the district and promote its mission.

The Civic Federation was encouraged by the release of the district's second CIP this year and that the plan is available for the first time on the district's website. The website also urges the public to submit comments on the CIP. Several of the recommendations the Federation made for the improvement of last year's capital plan were incorporated into the new provisional plan and have made it more transparent and accessible to the public. The Federation has long criticized the district for its failure to provide a capital plan when it issued \$100 million in bonds in 2004. A capital improvement plan is critical to ensure taxpayers remain informed and involved in how millions of their dollars will be used improve and repair their forest preserves.

The Federation's 33-page analysis included several more recommendations as to how the district can further improve its CIP to ensure maximum transparency and incorporate best practices for government planning. It is especially important that the district hold public hearings on the CIP and include input from both the public and commissioners as to the priorities for spending.

The Federation's analysis found that the proposed budget of \$175.2 million represents an increase of 4.6% over last year and is funded by an increase in the district's property tax levy of 2.8%. While this is an acceptable level of tax increase, it may not have even been necessary had the double-duty Board of Commissioners not voted to transfer \$13.3 million in Forest Preserve District funds to plug Cook County's budget deficit earlier this year. The history of the Cook County Forest Preserves contains too many examples of conflicts of interest between the two sister governments. "The Forest Preserves and the taxpayers that fund it deserve a board that will act to protect and extend natural lands, not imitate an absentee landlord, neglecting the district and squeezing it for every penny," said Laurence Msall, president of the Civic Federation. Legal separation of the two governments would allow the taxpayers of Cook County to elect individuals who would run as Forest Preserve Commissioners, on platforms related to the forest preserves, rather than electing county commissioners who then give scant attention to the district and often ignore its mission.

The Civic Federation's full report, including detailed financial analysis and recommendations is available today on the Federation's website, www.civicfed.org.

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



**FOREST PRESERVE DISTRICT OF COOK COUNTY
FY2008 PROPOSED BUDGET**

Analysis and Recommendations

**Prepared By
The Civic Federation
October 29, 2007**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
OVERVIEW OF ANALYSIS.....	4
CIVIC FEDERATION POSITION: SUPPORT	4
ACKNOWLEDGEMENTS	6
FY2008 BUDGET HIGHLIGHTS.....	6
FINANCIAL ISSUES AND TRENDS	7
ALL FUND APPROPRIATIONS	7
CORPORATE FUND APPROPRIATIONS.....	10
RESOURCE AND REVENUE TRENDS.....	11
CORPORATE FUND	13
PROPERTY TAX LEVY	14
UNRESERVED CORPORATE FUND BALANCE	17
PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS	17
PERSONAL SERVICES APPROPRIATION TRENDS	19
FOREST PRESERVE DISTRICT EMPLOYEE BENEFIT EXPENSES: FY2007 AND FY2008	19
DEBT TRENDS	20
PENSION TRENDS	20
FUNDED RATIOS	20
UNFUNDED LIABILITIES.....	21
INVESTMENT RATES OF RETURN	22
CAPITAL IMPROVEMENT PLAN	23
FUNDING HIGHLIGHTS	27
RECOMMENDATIONS	28
END THE LEGAL RELATIONSHIP BETWEEN THE FOREST PRESERVE DISTRICT AND COOK COUNTY	28
IMPROVE THE CAPITAL IMPROVEMENT PLAN AND PROCESS	29
TRANSFER OWNERSHIP OF SWIMMING POOLS	30
ELIMINATE FOREST PRESERVE DISTRICT POLICE DEPARTMENT.....	31
SET RENT FOR RESIDENT DISTRICT EMPLOYEES LIVING ON DISTRICT LAND AT MARKET RATES.....	31
IMPLEMENT A LONG-TERM FINANCIAL PLANNING PROCESS	31
DEVELOP AND UTILIZE PERFORMANCE MEASURES.....	32
PROVIDE MORE COMPLETE INFORMATION IN BUDGET DOCUMENT	32
INCREASE THE TIME ALLOWED FOR PUBLIC REVIEW AND COMMENT	33

EXECUTIVE SUMMARY

The Civic Federation **supports** the FY2008 Forest Preserve District of Cook County budget of \$175.2 million. The proposed FY2008 budget represents an increase of \$7.8 million, or 4.6%, over the proposed FY2007 budget. Shortly after the FY2008 budget proposal was released, the District produced an updated Capital Improvement Plan (CIP) that was released on its website in advance of the budget hearings.

Issues the Civic Federation Supports

- The District has produced a Capital Improvement Plan for the second year in a row and made it available to the public on its website. The plan is an effective response to past Civic Federation calls for a CIP, going back to the District's issuance of \$100 million in capital improvement bonds in 2004;
- The District has ended the practice of appropriating unreserved fund balance as part of its annual budget, demonstrating fiscal prudence;
- The Board of Commissioners voted in October 2007 to demolish the District's defunct toboggan slides, returning the hills to natural areas that can be used for sledding. The Civic Federation has long urged the District not to leave the slides idle, but to privatize or demolish them;
- The property tax levy increase of 2.8% is acceptable, but may not have been necessary if the District had not transferred \$13.3 million to Cook County in February 2007; and
- The budget document includes a number of new activity report tables on items such as picnic permits issued, pool attendance, and law enforcement arrests and citations. This is a positive step towards providing the public with meaningful data on District activities.

Civic Federation Concerns

- The Civic Federation is troubled by recent conflicts of interest, such as the transfer of \$13.3 million from the Forest Preserve District to Cook County, which have arisen from the fact that the Cook County Commissioners also serve as Forest Preserve District Commissioners. The District deserves a separately elected Board that will focus solely on the District and promote its mission.
- The District is spending over \$9.5 million to renovate two swimming pools and will hire personnel for an additional 14 full-time equivalent positions to staff the pools. Operating pools is not a core function of a forest preserve district, therefore the District should privatize the pools or transfer ownership to municipalities or park districts.
- After two years of releasing its budget document separately from that of Cook County, the District has reverted to the old practice of releasing its budget at nearly the same time as Cook County. This is unfortunate because it does not allow Forest Preserve Commissioners, who are also Cook County Commissioners, sufficient time to devote to the analysis of the Forest Preserve Budget.
- Nearly eleven months after the close of the fiscal year, the District has still not released its FY2006 Comprehensive Audited Financial Report (CAFR). CAFRs should be completed within six months of the close of a fiscal year and made available on the District website in order to provide the public with meaningful information with which to assess the budget proposal for the coming year.
- The District should implement a performance management system to monitor the financial and staff resources allocated for attaining the District's goals, as well as the progress made in attaining each goal. Accountability requires that the District explain its goals and accomplishments, as well as demonstrate effective use of taxpayer dollars through a consistent and thoughtful measurement system.

Key FY2008 Budget Findings

- Total appropriations will increase by 4.6%, from \$167.4 million to \$175.2 million.
- The District's total property tax levy will increase by 2.8%, from \$85.3 million to \$87.6 million.
- The number of full-time equivalent (FTE) positions will increase by 22, from 503 to 525.

OVERVIEW OF ANALYSIS

The Civic Federation recently concluded an analysis of financial issues related to the Forest Preserve District of Cook County's proposed FY2008 \$175.2 million budget. Based upon our review of the budget, we offer the following comments. The full text of our analysis follows this summary and is also available on our website at www.civicfed.org.

Civic Federation Position: Support

The Civic Federation **supports** the Forest Preserve District of Cook County's proposed FY2008 budget of \$175.2 million. While there are several positive features of this budget, there are also numerous areas where the District should improve its financial management and accountability.

The Civic Federation is encouraged by the following developments:

1. The Forest Preserve District released its 2008 Preliminary Capital Improvement Plan (CIP) on October 23, 2007, one week after releasing its FY2008 budget proposal. This is the second year that the District has produced a CIP. The CIP includes projects funded by \$100 million in bonds the District issued in 2004;
2. The CIP is available on the District website for the first time, including an invitation encouraging the public to submit comments to the Director of Planning and Development;
3. The District has ended the practice of appropriating unreserved fund balance as part of its annual budget. The Civic Federation supports this change because it prudently treats the unreserved fund balance as the separate, "rainy day" resource it is meant to be, rather than an annual appropriation source;
4. Forest Preserve District Board of Commissioners voted on October 3, 2007 to demolish the District's remaining toboggan slides and restore those areas to natural lands amenable to sledding. The slides have been closed for several years due to a lack of maintenance, and the Civic Federation has repeatedly urged the District to either remove or privatize the slides. The District's 2001 *Cost of Services* study by Deloitte and Touche found that the toboggan slides generated \$20,965 in revenue in 2000 at a cost of \$892,748.¹ The net cost to the District per toboggan slide user was \$54.26 in 2000, when the slides were open for 24 days. Clearly, the toboggan slides were a tremendous operating burden when they were still in use, and they would become a tremendous capital burden if they were to be restored. The Civic Federation is pleased that rather than continuing to leave the slides idle, the District has decided to demolish them and return the land they occupy to productive uses for public recreation;
5. The FY2008 property tax levy increase of 2.8% is acceptable. However, it may not have been necessary if the Board of Commissioners of the Forest Preserve District had not

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

transferred \$13.3 million to Cook County in February 2007. The applicable rate of inflation for tax year 2008 will not be available until January 2008, which means we are unable to discern whether the District will be levying the maximum amount allowable under the Property Tax Extension Limitation Law; and

6. The budget document includes a number of new activity report tables on items such as picnic permits issued, pool attendance, and law enforcement arrests and citations. This is a step in the right direction toward providing the public with meaningful data on District activities. The District also continues to publish the accomplishments and goals of each department in its budget book.

The Civic Federation is **concerned** about the following issues:

1. The Civic Federation is troubled by the conflicts of interest inherent in having the same elected officials serve as Commissioners of both Cook County and the Forest Preserve District. The 2005 debate over whether to allow Mittal Steel to do a land swap with the District in its Riverdale location presented an obvious conflict of interest between the County Commissioners' desire to promote economic development and the District Commissioners' responsibility to reject land transfers, which contradict the District's purpose of acquiring, preserve, and protecting natural lands. The February 7, 2007 transfer of \$13.3 million from the Forest Preserve District capital funds to Cook County government to help plug the County deficit was only the latest demonstration of the urgent need to elect a separate Board of Commissioners for the Forest Preserve District that would defend and promote the mission of the District. This would allow the taxpayers of Cook County to elect individuals who would run as Forest Preserve Commissioners, on platforms related to the Forest Preserves, rather than electing County Commissioner who then give limited attention to the preserves;
2. The District will re-open two pools in FY2008 and hire personnel for an additional 14 full-time equivalent positions to staff the pools. Maintaining and operating swimming pools is not a core function of the Forest Preserve District of Cook County. Public pools are more appropriately maintained by local park districts and community organizations. The money the Forest Preserve has spent, and proposes to spend, on pool maintenance and operation would be far better spent on core activities and much-needed preserve restoration and improvements;
3. After two years of releasing its budget document separately from that of Cook County, the District has reverted to the old practice of releasing its budget at nearly the same time as Cook County. This is unfortunate because it does not allow Forest Preserve Commissioners, who are also Cook County Commissioners, will be able to devote sufficient attention to the Forest Preserve Budget;
4. Nearly eleven months after the close of the fiscal year, the District has still not released its FY2006 Comprehensive Audited Financial Report. Financial reports should be completed within six months of the close of a fiscal year in order to provide the public with meaningful information with which to assess the budget proposal for the coming

year. The District should also make its financial reports available on its web site in order to make them accessible to the public;

5. Some activity reports on functions such as picnic permitting and law enforcement are provided in the budget book for the first time this year. However, these statistics do not provide the public or decision-makers with an assessment of the efficiency and effectiveness of District operations and management. True performance measurements would provide information about the District's measurable goals, financial and staff resources dedicated to those goals, measurable accomplishments, and the efficiency with which those accomplishments were met. Accountability requires that the District explain its goals and accomplishments and demonstrate effective use of taxpayer dollars through a consistent and thoughtful measurement system; and
6. The Forest Preserve District released its budget just eight working days before its one day of scheduled public testimony. While this is an improvement over the mere five days provided last year, it is still an unreasonably short amount of time for public review and comment. The District should allow a minimum of ten working days for the public to have sufficient time for meaningful review of the budget before they have an opportunity to testify at the public hearing.

ACKNOWLEDGEMENTS

The Civic Federation would like to express its appreciation to General Superintendent Steven Bylina, Chief Financial Officer Marlo Kemp, and Public Information Officer Steve Mayberry for providing us with a briefing and answering our questions about the proposed budget.

FY2008 BUDGET HIGHLIGHTS

The Forest Preserve District proposes a \$175.2 million total appropriation for FY2008. Some of the highlights of the FY2008 District budget are summarized below.

Total Appropriations: \$175.2 Million

- Total appropriations increased by 4.6%, or \$7.8 million, from \$167.4 million to \$175.2 million.
- Corporate Fund appropriations will increase by 5.7%, from \$47.2 million to \$50.0 million.
- Capital Improvement Fund appropriations will increase by \$40.1 million, or by 89.0%.

Funding for Brookfield Zoo and Chicago Botanic Garden: 50.2% of Total District budget

- The Zoo and Garden Funds, which include tax subsidies for the Brookfield Zoo and the Chicago Botanic Garden, will total 50.2% of the Forest Preserve District budget, or \$87.8 million.
- The Botanic Garden Fund, totaling \$28.3 million, will increase \$0.9 million, or by 3.1%.
- The Zoological Fund will increase by 6.6%, from \$55.9 million to \$59.5 million.

Revenues: Property Tax Levy up 2.8%

- The District's property tax levy will increase by 2.8%, from \$85.3 million to \$87.6 million.
- The Corporate Fund tax levy will increase 5.0%, or \$2.0 million, over the recommended FY2007 levy.
- Total operating funds resources will decline by 3.1% in FY2008, from \$69.2 million to \$67.0 million.

Personnel: Increase of 22 FTEs

- The number of full-time equivalent (FTE) positions will increase from 503 to 525.
- Six FTEs will be added to Law Enforcement.
- Five FTEs will be added to Resource Management.
- The new department of Human Resources created in FY2007 will be dissolved and the positions returned to the Finance & Administration Department.
- Fourteen positions will be added to Permit & Recreation Activities, primarily to staff the new Green Lake and Cermak Family Aquatic Centers that will open in 2008.

Capital Improvement Plan

- The District has updated its multi-year Capital Improvement Plan, produced for the first time in FY2007, and made it available to the public on its website.

FINANCIAL ISSUES AND TRENDS

This section provides summaries of key expenditure and revenue issues and trends likely to impact the Forest Preserve District's financial situation in FY2008.

All Fund Appropriations

The District proposes a \$175.2 million total appropriation for FY2008. This is an increase of 4.6%, or \$7.8 million, over the FY2007 original budget of \$167.4 million. The final FY2007 appropriation, as reported in the FY2008 budget book, is \$158.7 million due to decreases in prior year carryover for capital. The Civic Federation analysis compares the original FY2007 budget to the proposed FY2008 budget for consistency.

Of the \$175.2 million FY2008 appropriations, \$153.3 million is designated for operating and \$21.9 million is for capital.

Corporate Fund budgeted appropriations will increase by 5.7%, or \$2.7 million, from \$47.2 million in FY2007 to \$49.9 million in FY2008. This is primarily the result of increasing capital improvement and land acquisition appropriations.²

A separate Self Insurance Fund, funded through Corporate Fund transfers, was created in FY2004. Previously, the District budgeted Corporate Fund reserves to cover insurance needs; but claims, judgments, and settlements are now paid out of the actuarially-funded Self Insurance Fund. In FY2005, the Self Insurance Fund was appropriated as a Special Revenue Fund, but

² *Forest Preserve District of Cook County FY2008 Executive Budget Recommendation*, p. 6.

beginning in FY2006 it was budgeted as an Internal Service Fund.³ Consequently, there are no Special Revenue appropriations for the Self Insurance Fund in FY2006 and FY2007. Instead, the Self Insurance Fund is funded through a “premium” paid by the Corporate Fund. The FY2008 premium is \$1 million, a \$3.6 million decrease from the FY2007 premium of \$4.6 million. This decline reflects both the number of cases outstanding and the other financial needs of the District. For FY2008, savings from the reduced premium for Self Insurance were applied to capital improvement.⁴

The Bond and Interest Fund appropriation will remain flat at \$13.3 million.

The Employee Annuity and Benefit Fund appropriation will decrease by \$1.2 million, or 35.3%, from \$3.4 million in FY2007 to \$2.2 million in FY2008. The annual property tax levy for the Fund is set by state statute at 1.3 times the annual employee contribution made two years prior.⁵

Real Estate Acquisition Fund appropriations will remain constant at approximately \$8.6 million. This fund is not supported by a property tax levy, but appropriates from debt proceeds, contributions, grants, fund transfers, fund balance, and investment income. The total available for appropriation in FY2008 is \$20.1 million, of which \$8.7 million will be appropriated. The remaining amount is not appropriated because reserve funds must be maintained in anticipation of the potential litigation costs associated with real estate acquisition.⁶ The District currently owns over 68,000 acres and is authorized to acquire up to 75,000 acres.

The Brookfield Zoo and Botanic Garden appropriations will increase by 6.6% and 3.1%, respectively.

Forest Preserve District All Funds Appropriations: FY2007 & FY2008				
Fund	FY2007 Recommended	FY2008 Recommended	\$ Change	% Change
Corporate	\$ 47,228,449	\$ 49,914,878	\$ 2,686,429	5.7%
Construction & Development	\$ 6,951,000	\$ 4,638,200	\$ (2,312,800)	-33.3%
Capital Improvements	\$ 4,550,000	\$ 8,600,000	\$ 4,050,000	89.0%
Bond & Interest	\$ 13,321,953	\$ 13,308,743	\$ (13,210)	-0.1%
Employee Annuity & Benefit	\$ 3,416,000	\$ 2,198,000	\$ (1,218,000)	-35.7%
Real Estate Acquisition	\$ 8,650,000	\$ 8,650,000	\$ -	0.0%
Zoological	\$ 55,856,212	\$ 59,515,921	\$ 3,659,709	6.6%
Botanic Garden	\$ 27,474,380	\$ 28,336,462	\$ 862,082	3.1%
Total	\$ 167,447,994	\$ 175,162,204	\$ 7,714,210	4.6%

Source: Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 4, and Forest Preserve District of Cook County FY2008 Executive Budget Recommendation, p. 3.

³ Forest Preserve District, in a communication to The Civic Federation, November 25, 2006.

⁴ Marlo Kemp (Chief Financial Officer of the Finance and Administration Department, Cook County Forest Preserve District), in an e-mail to the Civic Federation, October 22, 2007.

⁵ 40 ILCS 5/10-107.

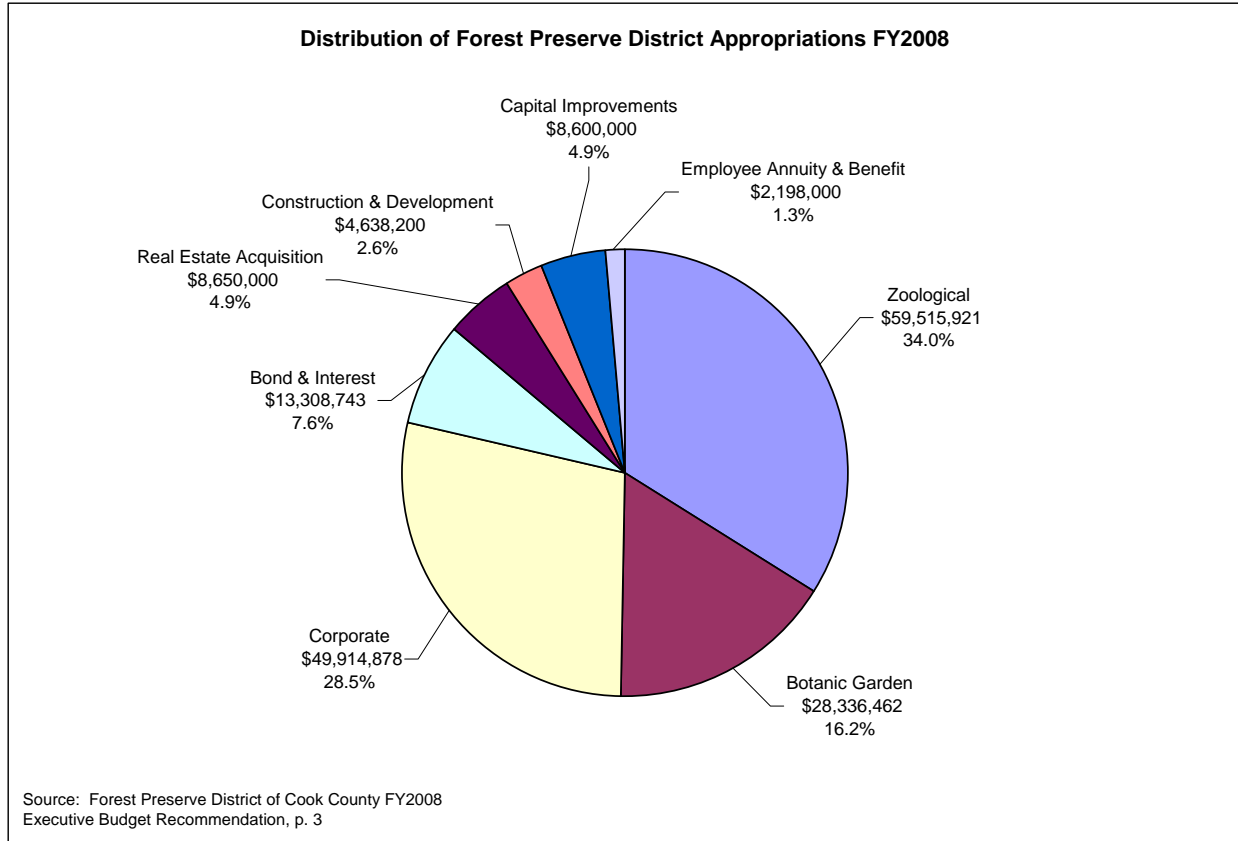
⁶ Lenny Moore (Chief Financial Officer, Forrest Preserve District), in a communication to the Civic Federation, January 18, 2005.

The next exhibit shows five-year appropriation trends for all Forest Preserve District funds between FY2004 and FY2008. Total appropriations during this period increased by 24.3% or \$34.3 million. When the Capital Improvements Fund is excluded, the increase was 18.2% or \$25.7 million.

Forest Preserve District All Funds Appropriations: FY2004 & FY2008				
Fund	FY2004 Recommended	FY2008 Recommended	\$ Change	% Change
Corporate	\$ 40,494,700	\$ 49,914,878	\$ 9,420,178	23.3%
Construction & Development	\$ 4,237,111	\$ 4,638,200	\$ 401,089	9.5%
Capital Improvements	\$ -	\$ 8,600,000	\$ 8,600,000	100.0%
Bond & Interest	\$ 4,282,625	\$ 13,308,743	\$ 9,026,118	210.8%
Employee Annuity & Benefit	\$ 4,152,000	\$ 2,198,000	\$ (1,954,000)	-47.1%
Real Estate Acquisition	\$ 12,877,978	\$ 8,650,000	\$ (4,227,978)	-32.8%
Zoological	\$ 50,808,452	\$ 59,515,921	\$ 8,707,469	17.1%
Botanic Garden	\$ 24,009,939	\$ 28,336,462	\$ 4,326,523	18.0%
Total	\$ 140,862,805	\$ 175,162,204	\$ 34,299,399	24.3%

Source: Forest Preserve District of Cook County FY2004 Executive Budget Recommendation p. 4, and Forest Preserve District of Cook County FY2008 Executive Budget Recommendation p. 3.

The distribution of Forest Preserve District appropriations by fund is shown in the next exhibit. In FY2008, half of all appropriations will go to the Brookfield Zoo and Chicago Botanic Garden. The Zoological Fund remains the largest of the District's funds. Its \$59.5 million will constitute 34.0% of the Forest Preserve's total appropriation in FY2008. The District Corporate Fund appropriation of \$49.9 million will make up 28.5% of all appropriations.



Corporate Fund Appropriations

The FY2008 proposed Corporate Fund appropriation is \$49.9 million, an increase of 5.7% or \$2.7 million over the FY2007 appropriation. After the initial creation of the Human Resources Department in FY2007, the District has decided to disband the department and shift the primary human resources duties back to the Finance and Administration department.⁷ Fixed Charges will decrease by \$4.2 million, or 58.2%, in FY2008 largely due to a \$3.6 million decrease in funding for Self-Insurance. The Corporate Fund will make a \$2.5 million transfer to the Real Estate Acquisition Fund in FY2008, an increase of \$1.5 million over FY2007.

⁷ Marlo Kemp (Chief Financial Officer of the Finance and Administration Department, Cook County Forest Preserve District), in a meeting with the Civic Federation, October 17, 2007.

Forest Preserve District Corporate Fund Appropriations: FY2007 & FY2008				
Category/Department	FY2007 Recommended	FY2008 Recommended	\$ Change	% Change
General Office	\$ 1,434,917	\$ 1,515,153	\$ 80,236	5.6%
Finance and Administration	\$ 1,660,746	\$ 1,699,428	\$ 38,682	2.3%
Human Resources	\$ 615,591	\$ -	\$ (615,591)	100.0%
Resource Management	\$ 6,134,004	\$ 6,536,188	\$ 402,184	6.6%
General Maintenance	\$ 14,822,261	\$ 15,386,815	\$ 564,554	3.8%
Permit & Rec. Activities Admin.	\$ 883,308	\$ 1,178,151	\$ 294,843	33.4%
Law Enforcement	\$ 8,105,381	\$ 8,476,229	\$ 370,848	4.6%
Legal Department	\$ 1,193,539	\$ 1,095,005	\$ (98,534)	-8.3%
Planning and Development	\$ 1,955,874	\$ 1,690,850	\$ (265,024)	-13.6%
Fixed Charges	\$ 7,272,829	\$ 3,037,059	\$ (4,235,770)	-58.2%
Operating Transfer to Capital	\$ 2,150,000	\$ 6,800,000	\$ 4,650,000	216.3%
Operating Transfer to Real Estate Acq.	\$ 1,000,000	\$ 2,500,000	\$ 1,500,000	150.0%
Total	\$ 47,228,450	\$ 49,914,878	\$ 2,686,428	5.7%

Source: Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 23 and Forest Preserve District of Cook County FY2008 Executive Budget Recommendation, p. 41.

The next exhibit shows five-year appropriation trends for the Corporate Fund between FY2004 and FY2008. Total appropriations during this period increased by 23.3%, or \$9.4 million. The largest increase was in the General Maintenance Department, which has risen by \$2.4 million or 18.9% since FY2004. Appropriations for the Legal Department are over five times larger than in FY2004, having grown from \$217,546 to \$1.1 million over that period. This increase reflects a personnel increase from 2.25 FTEs in FY2004 to 12 FTEs in FY2008.

Forest Preserve District Corporate Fund Appropriations: FY2004 & FY2008				
Category/Department	FY2004 Recommended	FY2008 Recommended	\$ Change	% Change
General Office	\$ 1,284,217	\$ 1,515,153	\$ 230,936	18.0%
Finance and Administration	\$ 1,679,982	\$ 1,699,428	\$ 19,446	1.2%
Human Resources	\$ -	\$ -	\$ -	0.0%
Resource Management	\$ 4,444,729	\$ 6,536,188	\$ 2,091,459	47.1%
General Maintenance	\$ 12,940,892	\$ 15,386,815	\$ 2,445,923	18.9%
Permit & Rec. Activities Admin.	\$ 1,115,605	\$ 1,178,151	\$ 62,546	5.6%
Law Enforcement	\$ 6,231,715	\$ 8,476,229	\$ 2,244,514	36.0%
Legal Department	\$ 217,546	\$ 1,095,005	\$ 877,459	403.3%
Planning and Development	\$ -	\$ 1,690,850	\$ 1,690,850	100.0%
Fixed Charges	\$ 12,580,014	\$ 3,037,059	\$ (9,542,955)	-75.9%
Operating Transfer to Capital	\$ -	\$ 6,800,000	\$ 6,800,000	100.0%
Operating Transfer to Real Estate Acq.	\$ -	\$ 2,500,000	\$ 2,500,000	100.0%
Total	\$ 40,494,700	\$ 49,914,878	\$ 9,420,178	23.3%

Source: Forest Preserve District of Cook County FY2004 Executive Budget Recommendation, p. 9 and Forest Preserve District of Cook County FY2008 Executive Budget Recommendation, p. 41.

RESOURCE AND REVENUE TRENDS

The Forest Preserve District resources available for operating funds (Corporate Fund, Pension Fund, Bond and Interest Fund, Self Insurance Fund) will decrease by 3.1% in FY2008, from

\$69.2 million in FY2007 to \$67.2 million.⁸ This is primarily attributable to significant decreases in the Pension and Self Insurance Funds. The largest single revenue increase is the Corporate Fund property tax levy, which will increase by \$2.5 million or 6.9%.

Interest income for the Self Insurance Fund is expected to remain flat at \$0.6 million. The Pension Fund property tax levy will decrease by 35.7%, or \$1.1 million. The Construction and Development Fund's transfer of expired funding to the Corporate Fund will drop from \$1.3 million in FY2007 to \$0 in FY2008.

Forest Preserve District Total Budgeted Resources (Operating Funds): FY2007 & FY2008				
	FY2007	FY2008	\$ Change	% Change
Corporate Fund				
Property Tax Levy (Net)	\$ 36,430,567	\$ 38,959,968	\$ 2,529,401	6.9%
PPRT	\$ 5,902,882	\$ 6,550,410	\$ 647,528	11.0%
Non-Tax Revenues	\$ 3,645,000	\$ 4,404,500	\$ 759,500	20.8%
Transfer from Constr. & Dev.	\$ 1,250,000	\$ -	\$ (1,250,000)	-100.0%
Corporate Fund Total	\$ 47,228,449	\$ 49,914,878	\$ 2,686,429	5.7%
Pension Fund				
Property Tax Levy	\$ 3,074,058	\$ 1,977,980	\$ (1,096,078)	-35.7%
PPRT	\$ 341,942	\$ 220,020	\$ (121,922)	-35.7%
Pension Fund Total	\$ 3,416,000	\$ 2,198,000	\$ (1,218,000)	-35.7%
Bond & Interest Fund				
Property Tax Levy	\$ 13,321,953	\$ 13,308,743	\$ (13,210)	-0.1%
Bond & Interest Fund Total	\$ 13,321,953	\$ 13,308,743	\$ (13,210)	-0.1%
Self Insurance Fund				
Premium (Corporate Transfer In)	\$ 4,620,000	\$ 1,000,000	\$ (3,620,000)	-78.4%
Interest	\$ 600,000	\$ 600,000	\$ -	0.0%
Self Insurance Fund Total	\$ 5,220,000	\$ 1,600,000	\$ (3,620,000)	-69.3%
Total	\$ 69,186,402	\$ 67,021,621	\$ (2,164,781)	-3.1%

Source: Forest Preserve District Executive Budget Recommendation, FY2007 and FY2008

In the five-year period between FY2004 and FY2008, operating funds resources increased by \$18.1 million, or 37.0%. As a result of the \$100 million bond issuance in 2004, the Bond and Interest Fund property tax levy tripled, increasing from \$4.3 million in FY2004 to \$13.3 million in FY2008. The Pension Fund property tax levy has fallen due in large part to dramatic personnel cuts in FY2003. When employee contributions decline, employer contributions automatically decline two years later. The annual property tax levy for the Fund is set by state statute at 1.3 times the annual employee contribution made two years prior.⁹

⁸ Due to new budgetary procedures adopted by the Finance and Administration Department, beginning in FY2008 the unreserved fund balance will no longer be appropriated, but will remain as a reserve.

⁹ 40 ILCS 5/10-107.

Forest Preserve District Total Budgeted Resources (Operating Funds): FY2004 & FY2008				
	FY2004	FY2008	\$ Change	% Change
Corporate Fund				
Property Tax Levy (Net)*	\$ 31,100,000	\$ 38,959,968	\$ 7,859,968	25.3%
PPRT	\$ 3,256,600	\$ 6,550,410	\$ 3,293,810	101.1%
Reserve for judgments, self insurance, personal service, and other	\$ 2,900,000		\$ 2,900,000	100.0%
Non-Tax Revenues	\$ 2,538,100	\$ 4,404,500	\$ 1,866,400	73.5%
Transfer from Constr. & Dev.	\$ 700,000	\$ -	\$ (700,000)	-100.0%
Corporate Fund Total	\$ 40,494,700	\$ 49,914,878	\$ 9,420,178	23.3%
Pension Fund				
Property Tax Levy	\$ 3,755,604	\$ 1,977,980	\$ (1,777,624)	-47.3%
PPRT	\$ 396,396	\$ 220,020	\$ (176,376)	-44.5%
Pension Fund Total	\$ 4,152,000	\$ 2,198,000	\$ (1,954,000)	-47.1%
Bond & Interest Fund				
Property Tax Levy	\$ 4,282,625	\$ 13,308,743	\$ 9,026,118	210.8%
Bond & Interest Fund Total	\$ 4,282,625	\$ 13,308,743	\$ 9,026,118	210.8%
Self Insurance Fund				
Premium (Corporate Transfer In)	\$ -	\$ 1,000,000	\$ 1,000,000	100.0%
Interest	\$ -	\$ 600,000	\$ 600,000	100.0%
Self Insurance Fund Total	\$ -	\$ 1,600,000	\$ 1,600,000	100.0%
Total	\$ 48,929,325	\$ 67,021,621	\$ 18,092,296	37.0%

Source: Forest Preserve District Executive Budget Recommendation, FY2004 pp. 92-93 and FY2008.

*The FY2004 Budget Book does not specify whether the property tax levy is gross or net, but the FY2008 specifies net

Corporate Fund

The next exhibit compares Corporate Fund revenues and resources in FY2007 and FY2008. Overall, excluding the unreserved fund balance, Corporate Fund resources will increase by 5.7% over FY2007. The Corporate Fund property tax levy will increase by 6.9%, or \$2.5 million. Personal Property Replacement Tax revenues are expected to increase by 11.0%, or \$0.6 million. Total tax revenues are projected to increase by 7.5%, while non-tax revenues are expected to decline by 10.0%. This is primarily due to the elimination of the transfer of expired Construction and Development funds into the Corporate Fund, as well as reimbursement for administrative services provided to the Construction and Development Fund by the Corporate Fund.

Fines, fees, and permits are expected to increase by \$0.5 million, or 31.5%. Golf fees are expected to decrease slightly by 3% over FY2007. The District's golf courses were privatized in 2003 and their management was turned over to Billy Casper Golf Management, Inc. The Deloitte & Touche 2001 *Cost of Services Study* estimated that the costs of operating the District's 10 golf courses exceeded revenues by \$1.54 million.¹⁰ The District's 2003 contract with Billy Casper specified that the District receive from Casper annual base fees of \$350,000 and capital improvement fees of \$300,000 for ten years. In addition, the District is to receive an increasing percentage of gross revenues exceeding \$6.4 million, up to a maximum of 50%. Casper's gross revenue for the District's golf courses was \$8.7 million in 2003.¹¹

¹⁰ Deloitte & Touche, *Cost of Services Study for The Forest Preserve District of Cook County*, November 1, 2001, p. 16.

¹¹ Standard & Poor's, *Research: Cook County Forest Preserve District, Illinois*, October 13, 2004.

Forest Preserve District Budgeted Resources (Corporate Fund): FY2007 & FY2008				
Resources	FY2007	FY2008	\$ Change	% Change
Property Tax Levy (Net)	\$ 36,430,567	\$ 38,959,968	\$ 2,529,401	6.9%
PPRT	\$ 5,902,882	\$ 6,550,410	\$ 647,528	11.0%
Subtotal Tax Revenues	\$ 42,333,449	\$ 45,510,378	\$ 3,176,929	7.5%
Transfer from Constr. & Dev.	\$ 1,250,000	\$ -	\$ (1,250,000)	-100.0%
Fines, Fees & Permits	\$ 1,460,000	\$ 1,920,000	\$ 460,000	31.5%
Golf Privatization Fees	\$ 1,350,000	\$ 1,309,500	\$ (40,500)	-3.0%
Concessions	\$ 150,000	\$ 150,000	\$ -	0.0%
Investment Earnings	\$ 360,000	\$ 750,000	\$ 390,000	108.3%
Miscellaneous Income	\$ 325,000	\$ 275,000	\$ (50,000)	-15.4%
Subtotal Non-Tax Revenue	\$ 4,895,000	\$ 4,404,500	\$ (490,500)	-10.0%
Total	\$ 47,228,449	\$ 49,914,878	\$ 2,686,429	5.7%

Source: FY2007 Forest Preserve Budget, p. 22 and FY2008 Forest Preserve Budget, p. 40.

Between FY2004 and FY2008 Corporate Fund resources grew by 23.3% or \$9.4 million. The largest increase was in the property tax levy, which grew by \$7.9 million, or 25.3% over this five-year period. Golf privatization revenues increased by \$0.4 million, or 45.5%, over this period. Fines and fees have grown by 44.7%, or \$0.6 million. Interest and miscellaneous income both saw substantial percentage increases, 1150.0% and 1275.0% respectively.

Forest Preserve District Budgeted Resources (Corporate Fund): FY2004 & FY2008				
Resources	FY2004	FY2008	\$ Change	% Change
Property Tax Levy (Net)*	\$ 31,100,000	\$ 38,959,968	\$ 7,859,968	25.3%
PPRT	\$ 3,256,600	\$ 6,550,410	\$ 3,293,810	101.1%
Reserve for judgments, self insurance, personal service, and other contingencies: 2003	\$ 2,900,000	\$ -	\$ -	100.0%
Subtotal Tax Revenues	\$ 37,256,600	\$ 45,510,378	\$ 8,253,778	22.2%
Interfund Transfer In (Expired Const.& Dev.)	\$ 700,000	\$ -	\$ (700,000)	-100.0%
Fines, Fees & Permits	\$ 1,327,100	\$ 1,920,000	\$ 592,900	44.7%
Golf Privatization Fees	\$ 900,000	\$ 1,309,500	\$ 409,500	45.5%
Concessions	\$ 130,000	\$ 150,000	\$ 20,000	15.4%
Interest Income	\$ 60,000	\$ 750,000	\$ 690,000	1150.0%
Stone Sale	\$ 96,000	\$ -	\$ (96,000)	-100.0%
Miscellaneous Income	\$ 20,000	\$ 275,000	\$ 255,000	1275.0%
Damage Claims	\$ 5,000	\$ -	\$ (5,000)	-100.0%
Subtotal Non-Tax Revenue	\$ 3,238,100	\$ 4,404,500	\$ 1,166,400	36.0%
Total	\$ 40,494,700	\$ 49,914,878	\$ 9,420,178	23.3%

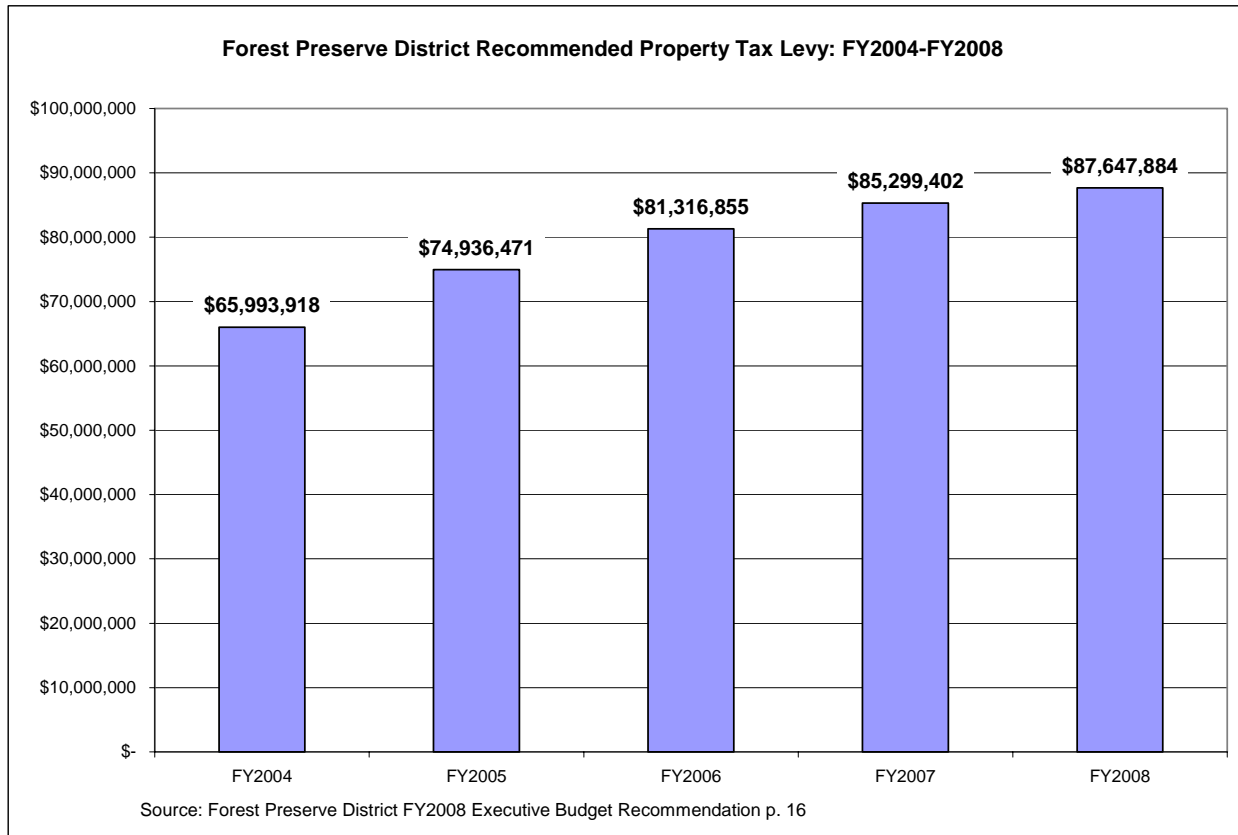
Source: FY2004 Forest Preserve Budget, p. 8, and FY2008 Forest Preserve Budget, p. 40.

*Net property tax levy was not published in the FY2004 Budget Book, so gross is used.

Property Tax Levy

The Forest Preserve District proposes to increase its total property tax levy to \$87.6 million, or 2.8% over the FY2007 budget recommended levy. This increase of \$2.3 million over FY2007 includes a 3.3% increase in funds that are subject to the Property Tax Extension Limitation Law

(“tax cap”), which limits extension increases to the lesser of 5% or the rate of inflation. The applicable inflation rate will not be known until January 2008, but it is likely that the Forest Preserve FY2008 levy will be at or near the maximum allowed under the tax cap. Property taxes levied for FY2008 will not begin to be collected until the autumn of 2009. Any gap caused by this delay will be covered by fund balances.¹² Since FY2004, the levy will have risen by \$21.6 million, or 32.8%.



The next exhibit shows the distribution of property tax revenues by fund in FY2007 and FY2008. Corporate Fund property tax revenues will increase by 5.0%, or \$2.0 million.¹³ The amount of property tax dollars earmarked for debt service payments through the Bond and Interest Fund will fall slightly, by \$13,210. The levies for the Brookfield Zoo and the Chicago Botanic Garden will both increase by roughly 5% in FY2008, to \$14.8 million and \$9.3 million, respectively. There will be a 5.1% increase in the Construction and Development Fund levy of \$6.0 million.

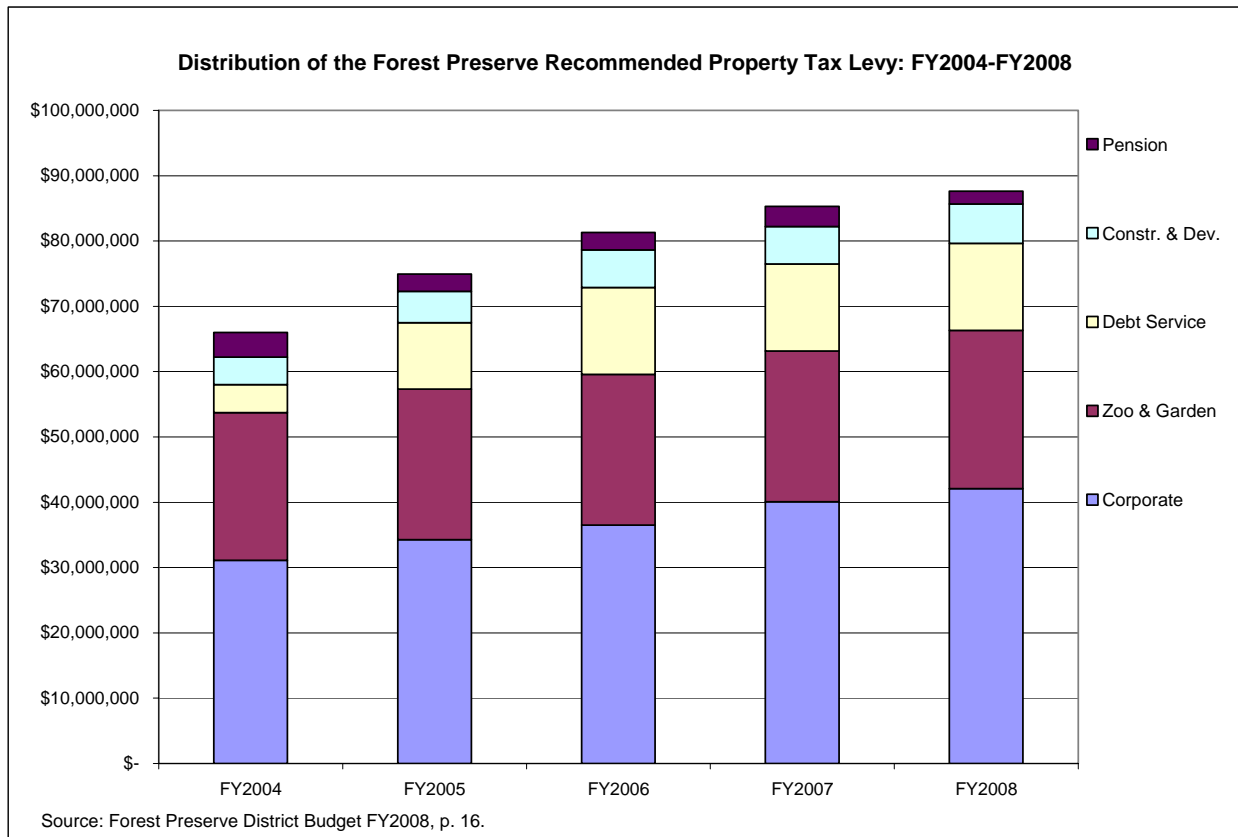
¹² Marlo Kemp (Chief Financial Officer of the Finance and Administration Department, Cook County Forest Preserve District), in an e-mail to the Civic Federation, October 22, 2007.

¹³ The final property tax levy appropriation in FY2007 differed slightly from the FY2007 budget recommendation, but the budget recommendation is used here for consistency. District estimates for the pension fund tax levy are sometimes revised with updated information after the proposed budget is released.

Forest Preserve District Property Tax Levy by Fund: FY2007 & FY2008				
Fund	FY2007 Recommended	FY2008 Recommended	\$ Change	% Change
Corporate	\$ 40,082,442	\$ 42,086,564	\$ 2,004,122	5.0%
Zoological	\$ 14,168,025	\$ 14,884,927	\$ 716,902	5.1%
Bond & Interest	\$ 13,321,953	\$ 13,308,743	\$ (13,210)	-0.1%
Botanic Garden	\$ 8,902,924	\$ 9,348,070	\$ 445,146	5.0%
Construction & Development	\$ 5,750,000	\$ 6,041,600	\$ 291,600	5.1%
Pension	\$ 3,074,058	\$ 1,977,980	\$ (1,096,078)	-35.7%
Total	\$ 85,299,402	\$ 87,647,884	\$ 2,348,482	2.8%

Source: Forest Preserve District Budget FY2008, p. 16.

The distribution by purpose of the District's property tax levy over a five-year period reveals that the share of the levy dedicated to the Corporate Fund has remained between 45% and 48% of the total. Property taxes earmarked for Debt Service increased from 6.5% of the total in FY2004 to 16.4% in FY2006, as a result of the 2004 \$100 million bond issue. The share of the levy dedicated to the Zoo and Garden has fallen from 34.3% in FY2004 to 27.6% in FY2008.



Unreserved Corporate Fund Balance

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

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

This policy was introduced for FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund balance. Beginning in FY2008 the District has decided to end the practice of annually appropriating unreserved fund balance.

The unreserved fund balance policy is meant to ensure that the District will have adequate operating cash to fund operations in each fiscal year. According to the District, the amount of cash expected to be available for District operations can vary depending on: 1) revenue actually received versus budgeted revenue; 2) unanticipated expenditures; and 3) the level of expenditures occurring between the first and second property tax installments. The structure of the policy implemented by the District is based on the revenue fluctuations it experienced during the past five years that were caused by these factors.¹⁴

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

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

PERSONNEL AND PERSONAL SERVICES APPROPRIATION TRENDS

In the FY2008 budget, the Forest Preserve District will add 22 full-time equivalent (FTE) positions for a total of 525 FTEs. Part-time and seasonal positions have been converted into FTE positions.

General Maintenance will add two positions, Law Enforcement will add six police officer positions for trail patrol, Resource Management will add five positions, and Permit and Recreation Activities will add 13.8 positions. The Human Resources Department, newly created in FY2007, has been dissolved and its staff reabsorbed by Finance and Administration. There will be a decline of two FTEs in Planning and Development.

¹⁴ Lenny Moore, in a communication to the Civic Federation, January 18, 2005.

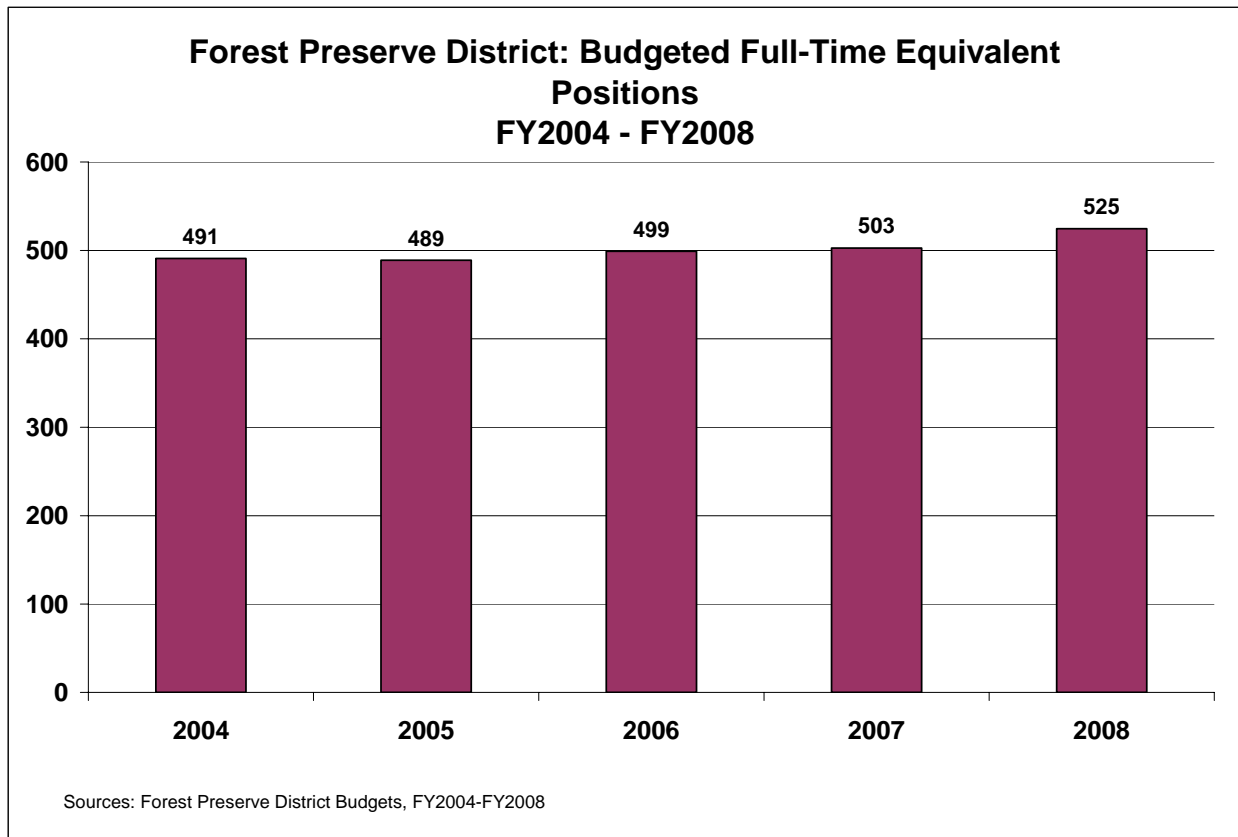
¹⁵ Government Finance Officers Association. Recommended Practice on Appropriate Level of Unreserved Fund Balance in the General Fund (2002). The Forest Preserve District is a special purpose, not a general purpose government, but its size and the relative stability of its revenue stream make it prudent for the District to maintain adequate reserves.

Permit & Recreation Activities will see the biggest increase, with the addition of 13.8 FTEs. These new positions are primarily to staff the two new pools that will open in 2008: Green Lake and Cermak Family Aquatic Centers.

Forest Preserve District Position Summary: FY2007 & FY2008			
Department	FY2007 Appropriation	FY2008 Recommendation	Change
General Maintenance	207.0	209.0	2.0
Law Enforcement	115.0	121.0	6.0
Resource Management	89.5	94.5	5.0
General Office/Legal/Human Resources	34.0	26.0	-8.0
Finance & Administration	16.0	21.0	5.0
Planning & Development	23.0	21.0	-2.0
Permit & Recreation Activities	18.3	32.1	13.8
Total	502.8	524.6	21.8

Source: FY2008 Forest Preserve Budget, p. 42.

Over the five-year period from FY2004 to FY2008, the number of Forest Preserve District FTE positions has increased from 491 to 525, or by 6.8%.



Personal Services Appropriation Trends

The following exhibit presents appropriations for salaries and wages from FY2006 to FY2008. Salaries and wages were basically flat between FY2006 and FY2007 due to overbudgeting.¹⁶ They will increase slightly by 1.5%, from \$22.5 million in FY2007 to \$22.8 million in FY2008.

In FY2006, for the first time, the department detail pages of the budget book reported the amount by which the appropriation for salaries and wages would be reduced by a vacancy/turnover adjustment. The chart below reflects personnel services figures net of the vacancy/turnover adjustment:

Corporate Fund Salaries and Wages	
FY2006	\$ 22,338,049
FY2007	\$ 22,459,505
FY2008	\$ 22,797,956

Corporate Fund salaries and wages appropriations increased by 18.3%, from \$19.3 million to \$22.8 million between FY2004 and FY2008.¹⁷ Appropriations for salaries and wages were 47.6% of total Corporate Fund appropriations in FY2004 and 45.7% of appropriations in FY2008.

Forest Preserve District Corporate Fund Salaries and Wages Appropriations			
Fiscal Year	Personnel Services Appropriations	Total Appropriations	% of Total
FY2004	\$ 19,271,319	\$ 40,494,700	47.6%
FY2008	\$ 22,797,956	\$ 49,914,878	45.7%
% Change	18.3%	23.3%	

Source: Forest Preserve Budgets FY2004 and FY2008

Forest Preserve District Employee Benefit Expenses: FY2007 and FY2008

Between FY2007 and FY2008, recommended appropriations for employee benefits will increase by \$0.2 million, or 3.4%. The largest increase will be for hospitalization insurance, which will grow by 3.7%. Life insurance and vision plan costs are expected to decline in FY2008.

¹⁶ Lenny Moore, in a communication to the Civic Federation, October 27, 2006.

¹⁷ *Forest Preserve District of Cook County FY2004 Executive Budget Recommendation*, p. 5, and *Forest Preserve District of Cook County FY2008 Executive Budget Recommendation*, p. 41.

Forest Preserve District Benefit Expenses*: FY2007 & FY2008				
	FY2007	FY2008	\$ Change	% Change
Hospitalization Insur.	\$ 6,919,122	\$ 7,178,179	\$ 259,057	3.7%
Dental Insur.	\$ 83,352	\$ 86,081	\$ 2,729	3.3%
Life Insur.	\$ 224,688	\$ 215,615	\$ (9,073)	-4.0%
Vision Plan	\$ 77,916	\$ 72,722	\$ (5,194)	-6.7%
Total Benefits	\$ 7,305,078	\$ 7,552,597	\$ 247,519	3.4%

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

Source: Forest Preserve District FY2008 Budget Corporate Fund detail pages

DEBT TRENDS

The Civic Federation is unable to analyze the short and long-term debt trends of the Forest Preserve District because the District has not yet released its FY2006 Comprehensive Audited Financial Statements.

PENSION TRENDS

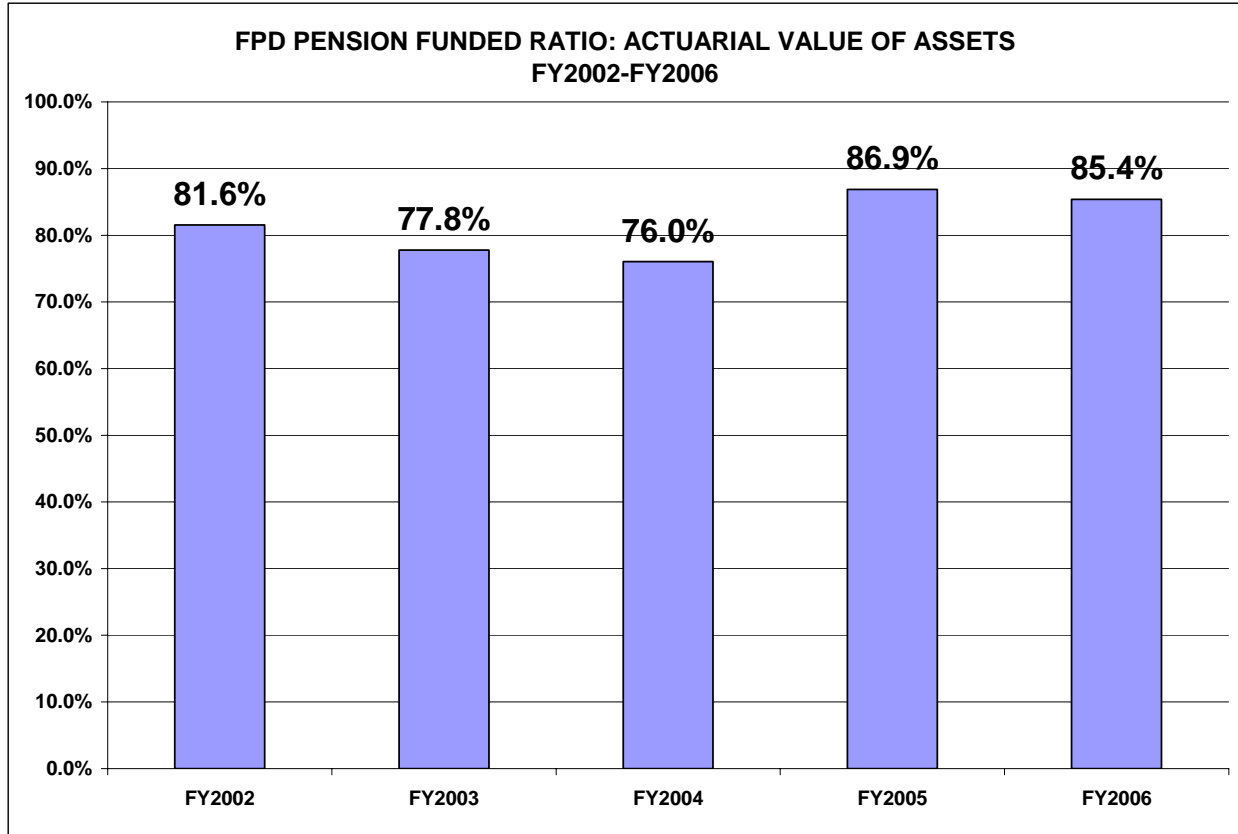
The Civic Federation used three measures to present a multi-year evaluation of the Forest Preserve Pension Fund's fiscal health: funded ratios; the value of unfunded liabilities; and the investment rate of return. The source for this data is the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Financial Statements and Actuarial Valuation for the Year Ended December 31, 2006.

Funded Ratios

The following exhibit shows funded ratios for the Forest Preserve District's pension fund from FY2002 to FY2006. This ratio shows the percentage of pension liabilities covered by assets. The lower the percentage the more difficulty a government may have meeting future obligations.

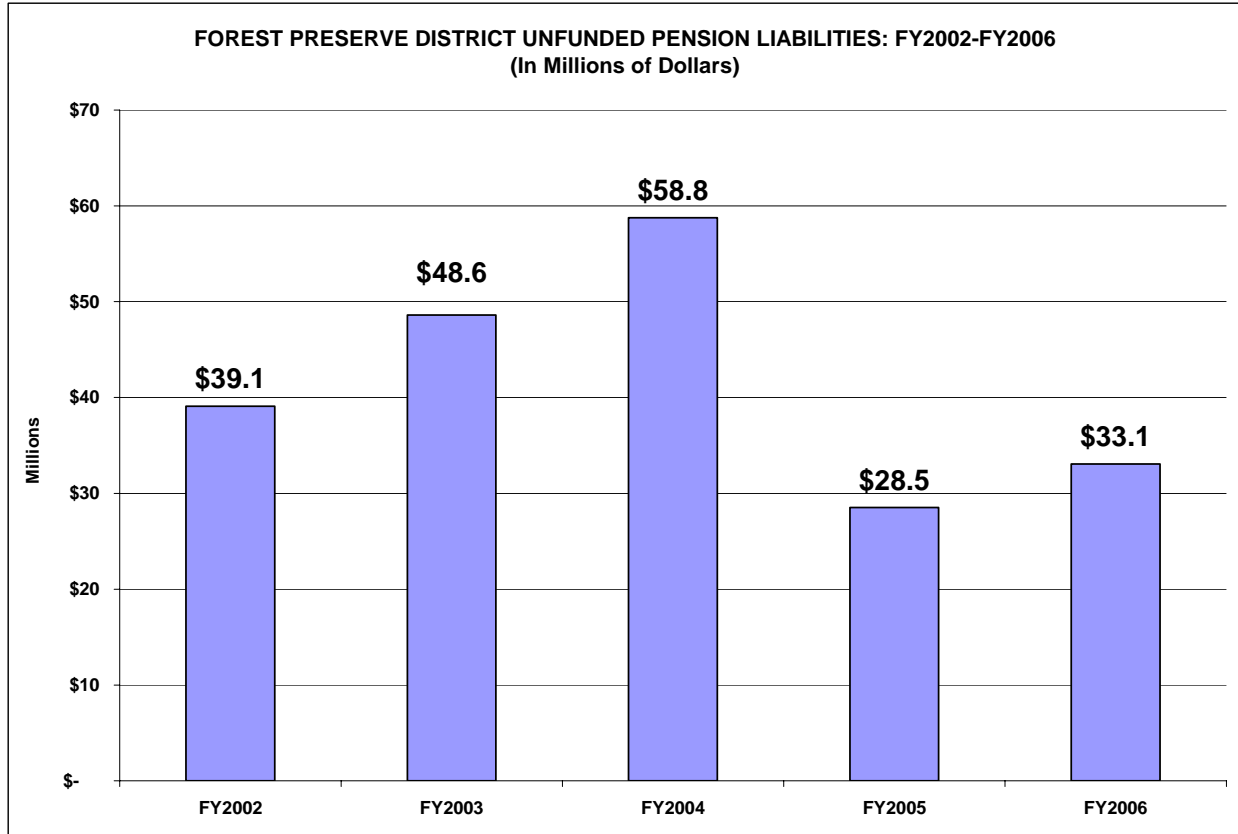
The District pension fund's funded ratio fell from 98.0% to 76.0% between FY2002 and FY2004, and then rose again to 86.9% in FY2005 and fell again to 85.4% in FY2006. This apparent increase in FY2005, however, was due almost entirely to changes in actuarial methods.¹⁸

¹⁸ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements December 31, 2005, p. 3a.



Unfunded Liabilities

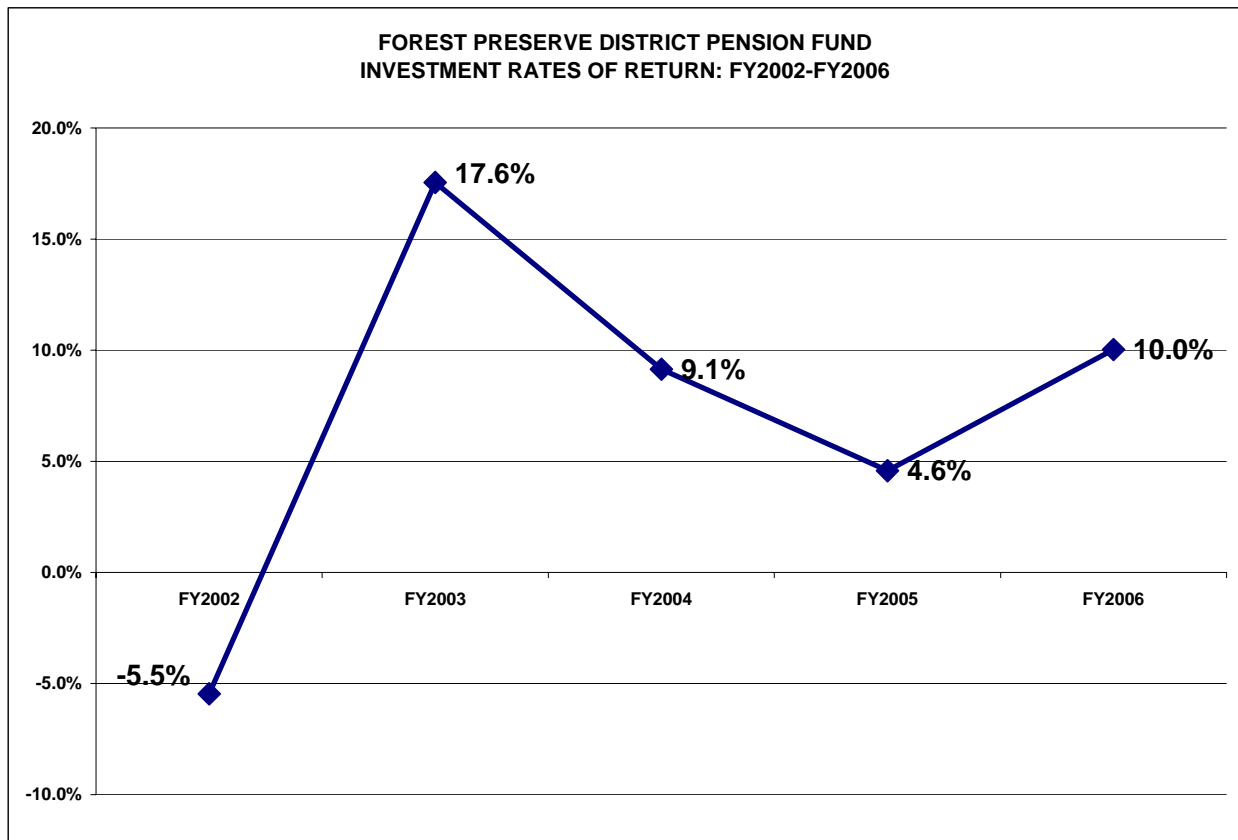
Unfunded liabilities are the dollar value of liabilities not covered by assets. Because the Forest Preserve District pension fund was overfunded until FY2000, there were more assets than liabilities. However, in FY2001, the pension fund reported \$3.7 million in unfunded liabilities. By FY2004, unfunded liabilities had increased to \$58.8 million. Unfunded liabilities fell by \$30.3 million, or 51.5% in FY2005, but this apparent decrease was almost entirely due to changes in actuarial methods. Unfunded liabilities rose again to \$33.1 million in FY2006.



Investment Rates of Return

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

Between FY2002 and FY2006, Forest Preserve District pension fund investment rates of return rose from -5.5% to 10.0%, with a significant gain in FY2003, mirroring the performance of investments in other local government pension funds.



CAPITAL IMPROVEMENT PLAN

The Forest Preserve District has prepared a Capital Improvement Plan for the second year in a row. The plan is currently a preliminary one, and will be subject to further revisions as the CIP is developed.

The Civic Federation commended the District for developing its first public CIP last year, especially since the 2004 issuance of \$100 million in capital improvement bonds was done without a public plan for specific use of those dollars.

Last year the Civic Federation offered detailed recommendations on ways to improve the CIP document and process. Some of these recommendations have been followed and there are some improvements to the CIP format. For example, expenditure categories have been reconfigured to match the budget and accounting categories of the budget for the Capital Improvement Fund. This makes it easier for the public to track annual expenditures in the budget and CIP.

In this section, we again offer a review of the CIP and encourage the District as it moves forward with the CIP process to incorporate some of the additional features of a best practice capital

improvement plan that are not included in the current document. We would like to emphasize that the projects being undertaken by the Brookfield Zoo and the Chicago Botanic Garden should be subjected to the same standards of disclosure as those initiated for the District. Those facilities are owned by the District and the majority of capital improvements at those facilities are paid for with taxpayer dollars.

The Civic Federation has compiled a checklist to compare the elements contained in the Forest Preserve District's draft CIP with 13 elements that should be a part of all CIPs to ensure maximum public transparency. These elements incorporate recommendations of the National Advisory Committee on State and Local Budgeting (NACSLB). For more information on the NACSLB and its recommendations, please visit the website of the Government Finance Officers Association at www.gfoa.org.

1) Narrative Overview of CIP Process and/or Capital Program

The beginning of the draft CIP contains a brief overview of the CIP process and a definition of funding categories. This section has been improved over last year and now includes a general explanation of how projects are prioritized. In addition, expenditure categories have been reconfigured to match the budget and accounting categories of the budget for the Capital Improvement Fund. This makes it easier for the public to track annual expenditures in the budget and CIP.

Recommendation: Include more specific information about the CIP **process**, including:

1. How the plan is formulated, including the steps that District staff take to develop a needs assessment, the means it employs to solicit input from stakeholders (including the public and Commissioners), and the way that input is incorporated into the capital plan;
2. A list of Board of Commissioners meeting dates and times (both past and future) at which the CIP is discussed or action is taken; and
3. A list of the ways that the **public** may become involved in the planning process, including meeting dates and times (both past and future) and public review periods.

For an example of a good narrative overview of a CIP process, please look at the City of Chicago's Capital Improvement Plan at www.cityofchicago.org (Office of Budget Management section).

2) Information about the Impact of Capital Spending on the Annual Operating Budget for Each Project

The project pages include brief notes about any additional operating expenses caused by the capital improvements. For example, the pages for the new Green Lake and Cermak swimming pools both note, "Additional staff required. Added utility costs." However, no numbers are provided.

Recommendation: Include more specific information about anticipated operating costs, including number of full-time-equivalent positions to be added or removed, and dollar estimates of any increased or decreased operating expenses.

3) Narrative descriptions of individual projects, including the purpose, need, history, and current status of each project

There are short descriptions of about one to three sentences for each individual project on the individual project pages. Most of them also include the current status of each project. Needs or purposes of projects are not described.

Recommendation: Include a description of the current or former status of the capital asset that explains the need for improvement. Identify where the project fits in terms of the prioritization criteria set out in the initial pages of the CIP and whom it will benefit. Include any relevant history, such as the last time the site was improved.

4) Time Frame for fulfilling capital projects and priorities

There are start dates and end dates for almost all projects.

5) Integration of CIP into Long-Term Financial Plan

The Forest Preserve District does not publish a long-term financial plan.

Recommendation: The District should develop a comprehensive, formal long-term financial plan. The CIP should be integrated into that plan.

6) Conducting and disclosing a needs assessment prior to project approval

The only place where the Plan mentions anything resembling “a needs assessment” is on the first page. It states that the CIP is “based upon input from all District Departments, Commissioners, the public, advocacy groups, engineering reports, Planning and Development surveys and on-site inspections.” This page also goes on to describe the project prioritization categories. But it does not disclose whether there was any systematic review of condition of the District’s assets in order to determine its needs.

Recommendation: The District needs to disclose specific information about the process by which the District’s capital needs are determined.

7) Development and implementation of a formal prioritization process to determine project selection

The first page of the CIP now describes three prioritization levels: public safety, public facilities (first high use facilities, then lesser used facilities), and finally District staff facilities. This is an improvement over last year.

8) Providing opportunities for stakeholder input into capital project prioritization and selection

It is unclear from the CIP exactly how the public can or does have input into the capital planning process.

Recommendation: The public and the Commissioners should have the opportunity to provide input into the planning process that establishes the prioritization of capital projects. The District can facilitate public input in two ways: 1) by including citizen and Commissioner participation on a committee that undertakes the prioritization or 2) by providing opportunities for review and comment on the entire CIP by the public and the Commissioners.

9) A period during which the public can review the CIP

The Civic Federation is pleased that the District prepared a CIP for the first time last year and has posted it to the web site for the first time this year. The web site also invites public comment on the plan.

Recommendation: The web site should specify if there is a certain time or place for public hearings when the public could address the board and staff in person.

10) A public hearing on the CIP

It is unclear whether or not there are formal public hearings on the CIP.

Recommendation: The Board of Commissioners should hold a formal public hearing on the CIP that allows for public comment.

11) Formal Approval of the CIP document by the Forest Preserve District Board of Commissioners.

The Civic Federation understands that the CIP is a planning tool rather than a rigid set of requirements. The District must maintain the flexibility to revise, alter or change priorities as contingencies warrant. However, the CIP is extremely valuable insofar as it provides the District with guidelines or benchmarks that allow resources to be matched with needs. The Forest Preserve District Board of Commissioners has the ultimate authority to determine which *projects* will be approved, but the CIP does not make clear whether or not the Board must formally approve the *plan itself*.

Recommendation: The Board of Commissioners should formally approve the CIP, recognizing that it is a planning document, and the time and date for this formal approval should be announced in the CIP.

12) Five-Year Summary List of Projects and Expenditures per Project in the Budget

The Forest Preserve District does provide a five-year summary list of projects and expenditures per project in the Budget Book.

13) Five-Year Summary Information about Capital Project Funding Sources in the Budget

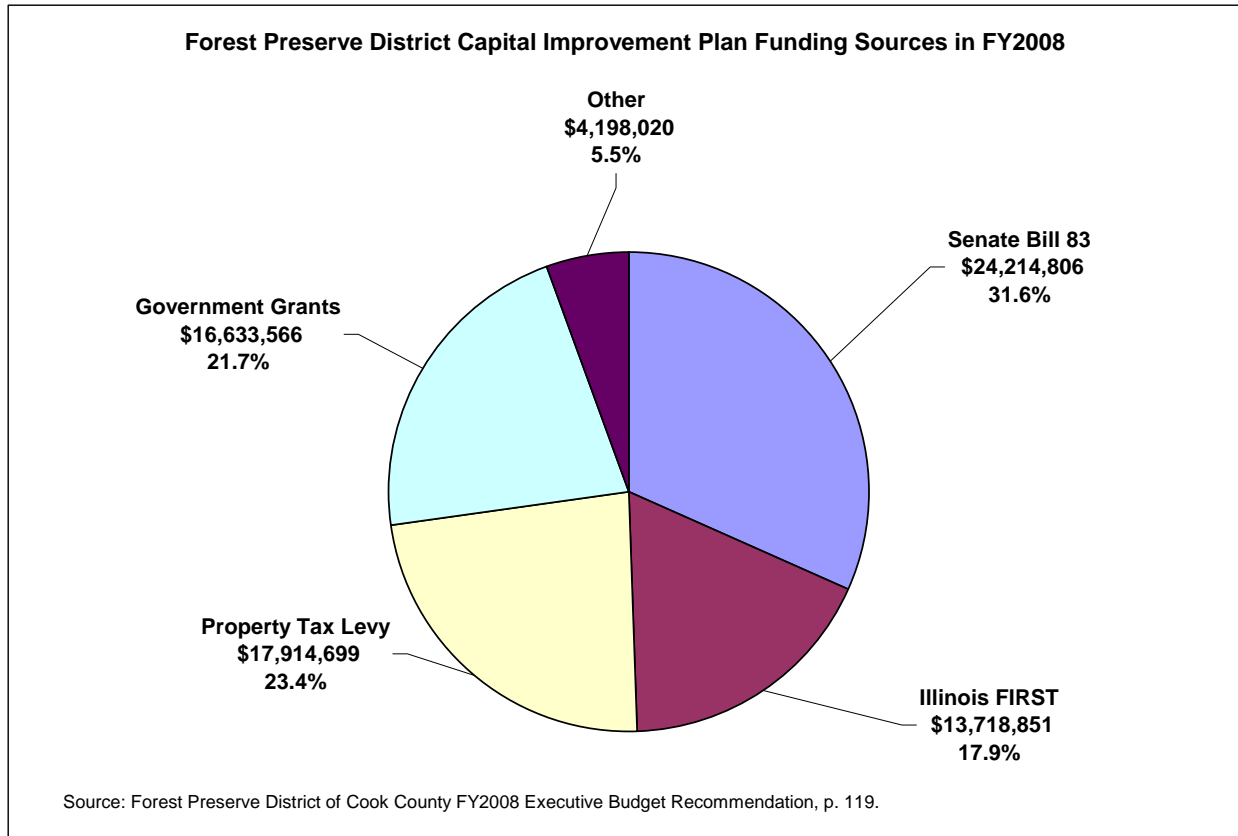
The Forest Preserve District does provide five-year summary information about capital project funding sources in the Budget Book.

Funding Highlights

The Capital Improvement Plan summary presented in the budget book identifies \$269.2 million in capital projects for FY2008-FY2012, of which \$76.7 is funded and \$192.5, or 71.5%, is awaiting a funding source.¹⁹ The largest project category is Aquatic and Terrestrial Habitat Restoration, for which \$104.2 million is needed but only \$2.5 million in funding has been obtained. The second largest category of expenditures is Nature Centers & Resource Management Facilities, for which \$61.3 million is needed and \$19.2 million has been obtained.

Senate Bill 83, which permitted the Forest Preserve District to issue \$100 million in bonds for capital improvements (\$25 million each for the Zoo and Garden, and \$50 million for the District), accounts for 31.5% of the Capital Improvement Plan funding. The property tax levy is the second largest source, furnishing \$27.9 million or 23.4% of the total. Various state and federal grants provide 21.7% of total capital improvement plan funding. Grants from the State's Illinois FIRST program total \$13.7 million, or 17.9%.

¹⁹ *Forest Preserve District of Cook County FY2008 Executive Budget Recommendation*, p. 119.



RECOMMENDATIONS

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

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

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

The current arrangement in which the Cook County Board of Commissioners do double duty as the Forest Preserve District Board of Commissioners may seem to be a prudent minimization of overhead costs, but in fact it leads to neglect of the Forest Preserves and conflicts of interest. The 2005 debate over whether to allow Mittal Steel to do a land swap with the District in its Riverdale location presented an obvious conflict of interest between the County Commissioners’ desire to promote economic development and the District Commissioners’ responsibility to reject land transfers, which contradict the District’s purpose of acquiring, preserving, and protecting natural lands.

The February 7, 2007 transfer of \$13.3 million from the Forest Preserve District capital funds to Cook County government to help plug the County deficit was only the latest demonstration of the urgent need to elect a separate Board of Commissioners for the Forest Preserve District that would defend and promote the mission of the District. Separation would allow the taxpayers of Cook County to elect individuals who would run as Forest Preserve Commissioners, on platforms related to the Forest Preserves, rather than electing County Commissioners who then give limited attention to the preserves.

Improve the Capital Improvement Plan and Process

We understand that the Preliminary Capital Improvement Plan is a work in progress, and commend the District for making the CIP available on its web site for the first time. We have several recommendations for ways to improve the document and the prioritization process going forward:

- The capital projects being undertaken by the Brookfield Zoo and the Chicago Botanic Garden should be subjected to the same standards of disclosure as those initiated for the District. The Zoo and Garden facilities are owned by the District and the majority of capital improvements at those facilities are paid for with taxpayer dollars;
- The District should include more specific information about the CIP process, including:
 1. How the plan is formulated, including the steps that District staff take to develop a needs assessment, the means it employs to solicit input from stakeholders (including the public and Commissioners), and the way that input is incorporated into the capital plan;
 2. A list of Board of Commissioners meeting dates and times (both past and future) at which the CIP is discussed or action is taken; and
 3. A list of the ways that the public may become involved in the planning process, including meeting dates and times (both past and future) and public review periods.
- Each project page should have more specific information about anticipated operating costs, including the number of full-time equivalent positions to be added or removed, and dollar estimates of any changes in operating expenses;
- The District should specifically describe how its capital needs are determined and identify where the project fits in terms of the prioritization criteria set out in the initial pages of the CIP, in addition to whom it will benefit;
- The public and the Commissioners should have the opportunity to provide input into the planning process that establishes the prioritization of capital projects. The District can facilitate public input in two ways: 1) by including citizen and Commissioner participation on a committee that undertakes the prioritization; or 2) by providing opportunities for review and comment on the entire CIP by the public and the Commissioners; and

- The Board of Commissioners should formally approve the CIP, recognizing that it is a planning document; the time and date for this formal approval should be announced in the CIP.

Transfer Ownership of Swimming Pools

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

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

“Three [pools] were built but the costs of operation and maintenance are high. Inasmuch as there are now sufficient municipal and privately-operated swimming pools in the county to meet the public needs, it is recommended that the District build no more of them and discontinue these when they become obsolescent.”²⁰

Indeed, the pools did become obsolete as the District allowed them to fall into disrepair. Currently, only one District-owned pool remains open, at Whealan Aquatic Center, at 6200 West Devon Avenue in Chicago, and two renovated pools will open in 2008. By contrast, the Chicago Park District alone maintains dozens of indoor and outdoor swimming facilities within the city limits. Suburban park districts and departments and community organizations maintain many other public swimming pools around Cook County. Clearly, there are many well-qualified providers of this recreational service who can offer interested users plenty of swimming opportunities.

The District will spend over \$9.5 million to renovate and re-open two closed pools: Cermak Pool in Lyons and Green Lake Pool in Calumet City. The District will rehabilitate the pools using Illinois FIRST funds from the State of Illinois.

Once restored, the pools will impose a major operating burden on the District. According to the District’s own 2001 *Cost of Services* study prepared by Deloitte and Touche, the three pools cost \$856,790 per year to operate in 2000.²¹ They were open for roughly two months of the year,

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

²¹ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 24.

and were free to the public. The average cost to the District per swimmer was \$3.37 at Whealan, \$8.22 at Cermak, and \$14.08 at Green Lake Pool.²²

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

Eliminate Forest Preserve District Police Department

As we have noted in previous analyses, the Forest Preserve District is unable to justify the need for its own Police Department. While the FY2008 includes law enforcement activity figures on citations and arrests, it still does not have any measures of efficiency or effectiveness. Given the \$8.5 million the District proposes to spend on its Police force in FY2008, the District should provide the public with evidence that a separate Forest Preserve Police Department is both necessary and effective.

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

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

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

Implement a Long-Term Financial Planning Process

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that all governments formally adopt a

²² Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 26.

long-term financial plan as a key component of a sound budget process. The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and reviewed by key policymakers and public stakeholders. The District should develop a comprehensive, formal long-term financial plan and the CIP should be integrated into that plan.

Develop and Utilize Performance Measures

The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning strategy. All governments should evaluate the performance of the programs and services they provide to ensure that they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of any variance between expectations and actual achievements.²³ Forest Preserve District staff should work to support the development of performance measures to track the efficiency and effectiveness of management and operations. The inclusion of activity data for picnic permits and law enforcement activities was a good first step. But true performance measurements would provide information about the District's measurable goals, financial and staff resources dedicated to those goals, measurable accomplishments, and the efficiency with which those accomplishments were met. Accountability requires that the District explain its goals and accomplishments and demonstrate effective use of taxpayer dollars through a consistent and thoughtful measurement system.

Provide More Complete Information in Budget Document

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

- An improved executive summary that discusses some changes in each fund;
- Disclosure of the unreserved fund balance policy;
- An eight-year history of staffing by function that is provided in terms of full-time equivalent positions;
- A six-year trend of the property tax levy by fund; and
- Activity reports on picnic permits and law enforcement activities.

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

- Better information about the workings of the Real Estate Acquisition Fund, including a narrative description of activity in the fund, information about pending acquisitions, and explanation of its fund balance;

²³ See Recommended Practice 11.1 "Monitor, Measure, and Evaluate Program Performance," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

- Explanation of vague categories such as “Other,” “Other Income,” “Miscellaneous Income,” and “Contingency” should be provided, particularly when there are significant year-to-year changes in these figures;
- Explanation of fund status changes, such as the change of the Self Insurance Fund from a Special Revenue Fund in FY2005 to an Internal Service Fund in FY2006;²⁴
- Five years of consistently-labeled revenue and expenditure trends should be provided; and
- All format changes from the previous year’s budget document should be noted and comparability maintained so that the public may be able to make meaningful comparisons over time.

Increase the Time Allowed for Public Review and Comment

More time should be allowed for the public to review and understand the Forest Preserve District’s proposed budget. At a minimum, the public should be afforded a review period of ten working days before public testimony is heard. The public can only offer fully informed commentary on a \$175.2 million budget if it is given sufficient time to understand that budget’s proposals.

²⁴ Information provided by the Forest Preserve District, November 25, 2006.