



The Civic Federation

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FOREST PRESERVE DISTRICT OF COOK COUNTY FY2016 EXECUTIVE BUDGET RECOMMENDATION:

Analysis and Recommendations

November 17, 2015

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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 FY2016 Executive Budget Recommendation totaling \$190.3 million, which includes both operating and capital expenditures. We commend the District for proposing a balanced budget without using fund balance reserves for operations and holding the District property tax levy relatively flat.

In previous years, the Forest Preserve District relied on its budgetary reserves to pay for ongoing operations. However, in FY2016 the District is tapping excess Corporate Fund fund balance reserves of \$8.2 million to finance capital projects and for land acquisition, which are best-practice uses of such one-time resources. Further, at a time when other local governments in Cook County are increasing a wide range of taxes, the District's effort to limit pressure on taxpayers by imposing only a small increase in the property tax levy to capture expiring TIF increment and new property is praiseworthy. The District has held its base property tax levy relatively flat since reducing the levy in FY2009. The Federation is also encouraged that the District continues to focus on implementing its Next Century Conservation Plan.

The Civic Federation recognizes that going forward the District will face increased fiscal pressures without reform of its pension system. Although the District has held the line on property taxes and maintains a healthy fund balance, these positive budgetary achievements will be at risk in the absence of pension reform. The District's pension fund is included in the pension reform package pending in the Illinois General Assembly that was proposed by Cook County and which the Civic Federation supports. Unfortunately, the bill faces an uncertain future with the deadlock ongoing between Governor Rauner and the majority leaders of the Illinois General Assembly. If passed it would—in addition to implementing reasonable reductions to retirement benefits—permit pension funding with revenues other than the property tax and increase funding on an actuarially calculated basis. The Civic Federation urges the Forest Preserve Board of Commissioners to work with the Preckwinkle Administration and the Illinois General Assembly to pass the pension reform legislation and also to develop a contingency plan of what the District will do in the absence of pension reform. Without reforms to benefits and contributions, the Forest Preserve District's pension fund is projected to run out of money within the next 20 years under the current state-mandated funding plan.

The Civic Federation offers the following **key findings** in the FY2016 proposed budget:

- The District proposes an all funds FY2016 budget of \$190.3 million. This is a 1.5%, or \$2.8 million, increase from the adopted FY2015 all funds appropriation of \$187.4 million;
- Corporate Fund budgeted appropriations net of transfers out will increase by 2.8%, or \$1.6 million, from \$56.1 million in FY2015 to \$57.7 million in FY2016;
- The gross property tax levy for the Brookfield Zoo will remain at approximately \$14.9 million in FY2016 and the levy will remain flat at \$9.3 million for the Chicago Botanic Garden;
- In the FY2016 proposed budget, the Forest Preserve District will not add any additional full-time FTEs, but will add 3.8 part-time/seasonal full-time equivalent (FTE) positions for a total of 674.1 FTEs. This is a 0.6% increase from FY2015 appropriated FTEs;
- Benefit expenses will decrease by a total of \$113,150 due to increased employee health care contributions;
- The Forest Preserve District pension fund funded ratio for the actuarial value of assets was 60.2% in FY2014, down from 86.9% in FY2005. The unfunded liability for the Forest Preserve District pension fund totaled \$125.3 million in FY2014, up over 300% from \$28.5 million in FY2005;
- In FY2014 the District's total short-term liabilities increased from the prior year by \$7.6 million, or 84.9%. Much of this large increase was due to the \$6.6 million, or 95.3%, increase in accounts payable; and

- Between FY2013 and FY2014, total Forest Preserve District long-term liabilities rose by 1.4%, increasing from \$262.8 million to \$266.4 million.

The Civic Federation **supports** the following items contained in the District's FY2016 budget:

- Presenting a reasonable balanced budget without using fund balance reserves for operating expenses;
- Property tax levy restraint with a slight 0.7% increase in the property tax levy in FY2016. Further, the District has held the property tax levy relatively flat since FY2010;
- The District's budget efficiencies, which are estimated to save nearly \$1.9 million;
- Use of \$8.2 million in excess fund balance for pay-as-you-go capital improvements and land acquisition while still maintaining minimum fund balance requirements;
- Implementing the long-term Next Century Conservation Plan, which is meant to align finances with strategic goals; and
- Plans to develop a long-term plan to address the District's growing pension deficit.

The Civic Federation has **concerns** about the FY2016 proposed budget, including:

- Uncertainty regarding pension reform;
- Lack of detail in capital improvement plan about the Brookfield Zoo and Chicago Botanic Garden; and
- Inappropriate governance structure which was cited as a concern in a 2015 downgrade of the District by Moody's Investors Service from A1 to A2 with a negative outlook.

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

- Continue to work with the General Assembly to implement comprehensive pension reform that would allow the District to change or remove pension contribution caps;
- Develop a contingency plan for pension funding if no benefit reforms can be made; and
- Work with the Illinois General Assembly to create a separate board of commissioners for the Forest Preserve District.

CIVIC FEDERATION POSITION

The Civic Federation **supports** the Forest Preserve District of Cook County's FY2016 Executive Budget Recommendation totaling \$190.3 million, which includes both operating and capital expenditures. We commend the District for proposing a balanced budget without using fund balance reserves for operations and holding the District property tax levy relatively flat.

In previous years, the Forest Preserve District relied on its budgetary reserves to pay for ongoing operations. However, in FY2016 the District is tapping excess Corporate Fund fund balance reserves of \$8.2 million to finance capital projects and for land acquisition, which are best-practice uses of such one-time resources. Further, at a time when other local governments in Cook County are increasing a wide range of taxes, the District's effort to limit pressure on taxpayers by imposing only a small increase in the property tax levy to capture expiring TIF increment and new property is praiseworthy. The District has held its base property tax levy relatively flat since reducing the levy in FY2009. The Federation is also encouraged that the District continues to focus on implementing its Next Century Conservation Plan.

The Civic Federation recognizes that going forward the District will face increased fiscal pressures without reform of its pension system. Although the District has held the line on property taxes and maintains a healthy fund balance, these positive budgetary achievements will be at risk in the absence of pension reform. The District's pension fund is included in the pension reform package pending in the Illinois General Assembly that was proposed by Cook County and which the Civic Federation supports. Unfortunately, the bill faces an uncertain future with the deadlock ongoing between Governor Rauner and the majority leaders of the Illinois General Assembly. If passed it would—in addition to implementing reasonable reductions to retirement benefits—permit pension funding with revenues other than the property tax and increase funding on an actuarially calculated basis. The Civic Federation urges the Forest Preserve Board of Commissioners to work with the Preckwinkle Administration and the Illinois General Assembly to pass the pension reform legislation and also to develop a contingency plan of what the District will do in the absence of pension reform. Without reforms to benefits and contributions, the Forest Preserve District's pension fund is projected to run out of money in 2036.

The Federation reiterates its support for the creation of a separate Board of Commissioners for the Forest Preserve District. The Conservation and Policy Council that was established in FY2014 is intended to bring expert outside attention and guidance to the Board on Forest Preserve matters. However, the current board structure governing both the District and Cook County still results in an unavoidable conflict of interest between the County's mission and that of the Forest Preserve District. In the past, this conflict has resulted in land use policy violations, poor oversight of District land holdings and inadequate transparency of District finances. It was also cited as a concern in a 2015 downgrade of the District's general obligation debt to A2 from A1 by Moody's.¹

¹ Moody's Investors Service, "Rating Action: Moody's downgrades Cook County Forest Preserve District, ILs GO to A2 from A1; outlook negative," June 8, 2015.

Issues the Civic Federation Supports

The Civic Federation supports the following issues related to the Forest Preserve District of Cook County FY2016 Executive Budget Recommendation.

Presenting a Reasonable Balanced Budget

The Civic Federation commends the Forest Preserve District of Cook County for developing a reasonable budget that is balanced in the near-term and does not use one-time resources such as fund balance for operating expenses. In the FY2016 proposed budget, the District plans to use a total of \$8.2 million in reserves. Of this \$8.2 million, \$6.0 million will be transferred to the Capital Improvement Fund for restoration projects while \$2.0 million will be used to renovate facilities and make accessibility improvements. The remaining \$200,000 will be transferred out to the Real Estate Acquisition Fund. Funding pay-as-you-go capital projects is a fiscally sound use of one-time revenue sources. The District currently maintains a large fund balance relative to its overall operating budget and can afford to spend down some of its reserves to achieve capital project objectives. The Federation also commends the District for not using budgetary reserves to fund operations as they have in the past.

Property Tax Levy Restraint

The Forest Preserve District proposes to increase the gross property tax levy by \$668,000, or 0.7%, from \$89.7 million in FY2015 to \$90.4 million in FY2016. The increase will capture revenue from expiring Tax Increment Financing (TIF) districts and new property. However, the levy increase related to expiring TIF districts is not an increase in the amount of money existing taxpayers will owe in property taxes. While taxpayers previously paid TIF district expenses to municipalities, they will now pay the amount as part of the District levy. Only owners of new or improved property will pay the levy related to new property. The District has held its base property tax levy relatively flat since reducing the levy in FY2009. The Civic Federation supports the District's continued efforts to limit the pressure on taxpayers as a result of higher property taxes, particularly in the context of large property tax increases in the City of Chicago.

Budget Efficiencies

The Civic Federation supports the District's decision to eliminate inefficient programs and reduce expenditures in order to balance the budget. The FY2016 budget will reduce contractual services like the Cook County Sheriff's Work Alternative Program (SWAP) which was identified as an ineffective program and will save a total of \$555,816. The spending plan also will and to cut materials and supplies expenditures across all departments for a total savings of \$166,705. The District estimates that it will save \$250,000 on utilities in FY2016 and expenditure cuts in personnel will total \$958,992, mostly related to increased health care cost sharing with employees. Overall, the District estimates that it will cut a total of \$1.9 million in FY2016.²

² Communication between the Forest Preserve District and the Civic Federation, November 16, 2015.

Implementing the Next Century Conservation Plan

In 2013 President Preckwinkle formed a blue-ribbon commission of local leaders to develop the Next Century Conservation Plan (NCCP) to help provide vision and direction to the Forest Preserve District of Cook County for the next 25 years. In January 2014, the commission presented the plan to President Preckwinkle and shortly after it was accepted by the Cook County Forest Preserve District Board of Commissioners. The plan includes a series of strategies and action plans to achieve its goals and objectives. The District notes that while the budget is only growing minimally, it is focused on continuing to advance the goals of the Plan.

There have been both achievements and setbacks since the NCCP was adopted. The Conservation and Policy Council was established on November 18, 2014, and is meant to bring expert outside attention and guidance to the Board on Forest Preserve matters. The group has spent the past year learning more about the District and is expected to be more active in the budgeting process for the District next year. Another goal of the plan, restoring the District's existing land holdings, was advanced in the past year by the identification and prioritization of 30,000 acres to be restored but will require more funding to be implemented fully. Unfortunately, the District's ability to increase its maximum land holdings from 75,000 to 90,000 acres, which requires State legislation and is a major focus of the NCCP, has not advanced in the Illinois General Assembly.³ Regardless of some of the challenges presented to the District, the Civic Federation appreciates that the District continues to move forward with the implementation of its 25-year NCCP.⁴

Plans to Develop a Long-Term Plan to Address its Pension Deficit

Cook County notes in its FY2016 budget that it will continue to pursue passage in Springfield of its pension reform package, which includes the Forest Preserve District's pension plan,⁵ which faces an uncertain future with the ongoing deadlock between Governor Rauner and the majority leaders of the Illinois General Assembly. The legislation would—in addition to implementing reasonable reductions to retirement benefits—permit pension funding with revenues other than the property tax and increase funding on an actuarially calculated basis. The Civic Federation urges the Forest Preserve Board of Commissioners to work with the Preckwinkle Administration and the Illinois General Assembly to pass the pension reform legislation. The Federation also commends the District for its plans to develop a long-term plan to implement the pension reforms and increased contributions contained in the pension legislation. The plan will be presented to Board President Preckwinkle and Commissioners in 2016.⁶

³ House Bill 4388, introduced in 2014, would have amended the Cook County Forest Preserve District Act to allow for the District to acquire land beyond its current statutory limit of 75,000 acres. The bill failed by a vote of 71-41 in the House so the statutory limit stands.

⁴ Forest Preserve District FY2016 Executive Budget Recommendation, p. 28.

⁵ Cook County FY2016 Executive Budget Recommendation, Resident's Guide, pp. 1-2.

⁶ Forest Preserve District FY2016 Executive Budget Recommendation, p. 16-17.

Civic Federation Concerns

The Civic Federation has the following concerns regarding the Forest Preserve District's FY2016 Executive Budget Recommendation.

Uncertainty Regarding Pension Reform

Cook County first introduced a package of pension reforms supported by many, though not all, of its unions in the final days of the spring 2014 legislative session. The bill passed the Senate, but was not brought to a vote in the House before adjournment. The proposed pension reform package was reintroduced as Senate Bill 843, House Amendment 1, to the Illinois House Personnel and Pensions Committee in May 2015 and passed with a vote of five to four, but the bill was re-referred to the Rules Committee where it has remained since and faces an uncertain future.

It is important to recognize that the pension reforms passed for four State of Illinois pension funds and for the City of Chicago funds were struck down as unconstitutional by the Illinois Supreme Court and Cook County Circuit Court, respectively. Unless the Illinois Supreme Court upholds the City of Chicago reforms or gives clear instructions as to what kind of pension reforms are constitutional, if any, there will be significant uncertainty surrounding the constitutionality of the proposed County and District pension reforms. Without reforms to benefits and contributions, the Forest Preserve District's pension fund is projected to run out of money in 2036.⁷

Lack of Comprehensive Detail in Capital Improvement Plan about the Brookfield Zoo and Chicago Botanic Garden

The Civic Federation commends the District for publishing an annually updated Capital Improvement Plan (CIP). However, the most recent CIP for years 2015 through 2019 did not include valuable information on project status and associated operating costs that would increase the transparency of capital projects undertaken by the District, particularly for projects within the Brookfield Zoo and the Chicago Botanic Garden. The capital projects for the Zoo and the Garden should be subjected to the same standards of disclosure as those initiated for the District, particularly those funded by taxpayer-supported bond issuances. For example, the Zoo reports that it will need to build approximately \$100.0 million in new exhibits and make repairs over the next five years; expenditures on maintenance and repair at the Zoo are between \$6.0 million and \$8.0 million annually. Neither of these costs are reported in the CIP.⁸ The Zoo and the Garden have a "financially integrated relationship to the District" as the District owns the land on which they are located and their annual property tax levy request is subject to Board approval. Furthermore, it is important that the District evaluate the potential operating costs or savings of new facilities before investing capital dollars. In order to do so, the District must describe how its capital needs are determined and identify where each project fits in terms of the prioritization criteria as well as who will benefit.

⁷ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2014, Cover Letter.

⁸ Forest Preserve District FY2016 Executive Budget Recommendation, p. 100.

Inappropriate Governance Structure

The Forest Preserve District is governed by a dual structure Board of Commissioners that also acts as the legislative body for Cook County, a local government with a nearly \$4.5 billion budget. This structure results in an unavoidable conflict of interest between the County's mission to provide cost-effective and efficient service delivery and the Forest Preserve District's mission of land preservation and environmental education for residents of Cook County.

In 2008 the Civic Federation and the Friends of the Forest Preserves issued a report calling for the creation of a separate board to oversee the operations of the Forest Preserve District of Cook County.⁹ 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.

Other outside observers have concurred that a separate board would positively impact fiscal management. In 2009 and 2012, Fitch Ratings noted that the creation of a separate Board of Commissioners would provide the District greater autonomy to manage its financial resources, which Fitch would consider a positive credit factor.¹⁰ In August 2013, Moody's Investors Service downgraded the Forest Preserve District's general obligation debt to A1 from Aa2 and again on June 8, 2015, to A2 from A1, citing the District and County's shared governance structure as a concern.¹¹

While the Civic Federation commends Board President Preckwinkle and Superintendent Randall for improving management and operations at the District, over the years it has been clear that the District is ill-served by the "double-duty" commissioners, whose attention and meeting availability is often consumed by the demands of the County's many fiscal and policy needs.

⁹ Civic Federation and Friends of the Forest Preserves, *Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners*, March 17, 2008.

¹⁰ Fitch Ratings, "Fitch Upgrades Forest Preserve District of Cook County, Illinois' GOs to 'AA-'; Outlook Stable," September 9, 2009 and "Aa2 rating and stable outlook applies to \$196.6 million of post-sale GO debt," June 4, 2012.

¹¹ Moody's Investors Service, "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013 and Moody's Investor Services, "Rating Action: Moody's downgrades Cook County Forest Preserve District, ILs CO to A2 from A1; outlook negative," June 8, 2015.

Civic Federation Recommendations

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

Continue to Work with the General Assembly to Implement Comprehensive Pension Reform

The Civic Federation has strongly supported the Cook County and Forest Preserve District pension reform legislation which has stalled in the Illinois General Assembly. The Federation is hopeful that with its ruling on the City of Chicago's pension reform law that is projected for the end of this year, the Illinois Supreme Court will provide guidance as to what reforms to pension benefits, if any, are allowed under the State Constitution. If so, the District should follow this guidance in developing any future proposed pension reform legislation. On the other hand, if it appears unlikely that any reforms to benefits will be held constitutional, it will be very important for the District to work with the General Assembly to develop a plan that is constitutional to prevent the fund from becoming insolvent in 2036.

Develop a Contingency Plan for Pension Funding

The District rightly recognizes that addressing its pension deficit will constrain the availability of future resources for operations, land acquisition and capital improvements.¹² Whether or not the District is successful in getting pension reform legislation passed by Illinois General Assembly and signed by the Governor, the District will need to make larger payments to its pension fund to prevent insolvency. The District and its employees should develop a contingency plan that would lay out the actions the District would undertake if reform is not passed.

Work with the Illinois General Assembly to Create a Separate Board of Commissioners for the Forest Preserve District

While the Civic Federation is encouraged by the creation of the Conservation and Policy Council, we continue to strongly recommend that a separate elected Board of Commissioners be created for the Forest Preserve District of Cook County. This action would not create a new government entity and should not result in any additional costs because the new Board should be unpaid. The new Board should be elected county-wide via a non-partisan election and have a board president selected among and by the members of the Board. A separate Board will allow voters to elect Commissioners on the basis of candidates' positions, credentials, experience and interest in Forest Preserve governance. It will also provide the necessary governance and oversight required for operating one of the largest forest preserve districts in the nation.

ACKNOWLEDGEMENTS

The Civic Federation would like to express its appreciation to General Superintendent Arnold Randall, Deputy Superintendent Eileen Figel, Chief Financial Officer Stephen Hughes and Director of Budget and Management Troy Alim for providing information about the proposed budget.

¹² Forest Preserve District FY2016 Executive Budget Recommendation, p. 17.

APPROPRIATIONS

This section provides an analysis of the Forest Preserve District's proposed FY2016 appropriations. Proposed FY2016 appropriations are compared to adopted appropriations over two- and five-year periods.¹³

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

The District is proposing an all funds total in the FY2016 budget of \$190.3 million. This is a 1.5%, or \$2.8 million, increase from the adopted FY2015 appropriation of \$187.4 million. The proposed FY2016 budget for non-capital funds of \$178.3 million is a 0.1%, or \$153,200, decrease from the adopted FY2015 budget. Non-capital funds include the Corporate Fund, Self-Insurance Fund, Bond and Interest Funds, Employee Annuity and Benefit (pension) Fund, the Zoological Fund (Brookfield Zoo) and the Botanic Garden Fund (Chicago Botanic Garden).¹⁴ The proposed FY2016 capital budget of \$11.9 million is a 33.7%, or \$3.0 million, increase from the approved FY2015 capital appropriations.

Corporate Fund budgeted appropriations net of transfers out will increase by 2.8%, or \$1.6 million, from \$56.1 million in FY2015 to \$57.7 million in FY2016. In comparison to the FY2015 adopted budget, the net Bond and Interest Funds appropriation for FY2016 will decrease by 6.5%, or \$976,236.

The Employee Annuity and Benefit Fund appropriation for the District's pension fund will decrease by 1.6%, or approximately \$54,700, from nearly \$3.5 million in FY2015 to approximately \$3.4 million in FY2016. The annual property tax levy which funds the appropriation for the pension fund is set by state statute at 1.3 times the annual employee contribution made two years prior.¹⁵ The levy for the Employee Annuity and Benefit Fund will decrease by 4.8%, or \$576,236, in FY2016 over the FY2015 levy from approximately \$12.1 million to \$11.5 million, the remaining amount of the \$3.4 million in appropriations for the Employee Annuity and Benefit Fund will come from personal property replacement tax (PPRT) revenue totaling \$344,215.¹⁶

The Forest Preserve District provides support for both the Brookfield Zoo and the Chicago Botanic Garden, two independent, nonprofit agencies. The Brookfield Zoo is administered and operated by the Chicago Zoological Society and the Botanic Garden by the Chicago Horticultural Society. Both are located on District land and operate as cooperative functions of the District. As such, the District provides financial support to both entities through a property tax funded subsidy. The gross property tax levy for the Zoo will remain at approximately \$14.9 million in FY2016. The total appropriation for the Zoo, which includes property tax revenues

¹³ Actual expenditures were not used due to lack of availability in the budget documents.

¹⁴ Bond and Interest Funds for FY2016 reflect the net of the Bond and Interest Fund tax levy (\$11,542,052), the Bond and Interest PPRT tax (\$3,998,100) and the Bond and Interest Escrow Abatement (-\$1,600,000). The Self-Insurance Fund functions as an internal service fund to account for future estimated claims and judgments. The Zoological and Botanic Garden Funds are discretely presented component units of the Forest Preserve District.

¹⁵ 40 ILCS 5/10-107.

¹⁶ Forest Preserve District FY2016 Executive Budget Recommendation, p. 20.

and Zoo generated revenue such as admissions fees and concessions, will decrease by 1.8%, or \$1.2 million, from \$67.2 million in FY2015 to nearly \$66.0 million in FY2016.¹⁷

Appropriations for the Botanic Garden Fund, which provides public funding for the Chicago Botanic Garden, will increase by 1.6%, or approximately \$553,641, from \$33.8 million in FY2015 to \$34.4 million in FY2016. The change is attributable to an increase in the amount of non-tax revenues provided by the Garden, which includes revenue from grants, investment income, membership contributions and fees.¹⁸ The gross property tax levy for the Garden will remain at \$9.3 million.

There will be no appropriation to the Real Estate Acquisition Fund in FY2016 as all of the money in this fund was spent down in FY2013. According to the District, funding for land acquisition will come from the District's 2012 bond issuance and a \$200,000 transfer from the Corporate Fund instead of the Real Estate Acquisition Fund as has been the practice in the past.¹⁹ This fund was not directly supported by a property tax levy, but appropriations from debt proceeds, contributions, grants, fund transfers, fund balance and investment income. The District currently owns over 69,000 acres, or 11% of the Cook County land area, and is authorized to acquire up to 75,000 acres.²⁰

Between FY2015 and FY2016, appropriations for the Construction and Development Fund will increase by 34.4%, or \$1.0 million.

The Capital Improvement Fund will receive \$8.0 million in transfers from the Corporate Fund in FY2016. This amount is an increase from the FY2015 approved appropriation. From the \$8.0 million transfer, \$6.0 million, which is the largest single line-item in the budget, has been devoted to restoration projects. The District will dedicate \$2.0 million to renovate deteriorated facilities and make accessibility improvements.²¹

Between FY2012 and FY2016 total appropriations will decrease by 2.4%, or \$4.7 million. Non-capital funds appropriations will increase by 7.8%, or nearly \$13.0 million, while capital funds appropriations will fall significantly by 59.8%, or \$17.7 million. This is primarily due to \$10.1 million of proposed real estate acquisition spending in FY2012. Over the five-year period, the Zoological and Botanic Garden Funds will increase by \$2.7 million, or 4.3%, and \$5.4 million, or 18.8%, respectively. This is primarily the result of increased funding provided through contributions from the Zoological Society and Horticultural Society.

¹⁷ Forest Preserve District of Cook County FY2015 Annual Appropriation Ordinance, p. 98 and FY2016 Executive Budget Recommendation, p. 117.

¹⁸ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 115.

¹⁹ Information provided by the Forest Preserve District Department of Finance and Administration, November 1, 2013.

²⁰ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, pp. 9 and 92.

²¹ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 14.

With the exception of the Botanic Garden Fund, the largest non-capital funds percentage increase will occur in the Bond and Interest Fund as it grows by 16.2%, or \$1.9 million, between FY2012 and FY2016. Appropriations for the Construction and Development and Capital Improvement Funds will be reduced by \$1.8 million, or 31.9%, and \$5.8 million, or 41.9%, respectively, over the five-year period.

Forest Preserve District All Funds Appropriations: FY2012-FY2016 (in \$ thousands)									
Fund	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Non-Capital									
Corporate	\$ 58,013.4	\$ 52,841.7	\$ 57,577.1	\$ 56,097.2	\$ 57,652.0	\$ 1,554.8	2.8%	\$ (361.4)	-0.6%
Self-Insurance	\$ -	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ -		\$ 3,000.0	
Bond & Interest*	\$ 12,001.3	\$ 14,885.5	\$ 12,623.4	\$ 14,916.4	\$ 13,940.2	\$ (976.2)	-6.5%	\$ 1,938.8	16.2%
Employee Annuity & Benefit	\$ 3,188.5	\$ 2,975.7	\$ 3,154.8	\$ 3,493.4	\$ 3,438.7	\$ (54.7)	-1.6%	\$ 250.2	7.8%
Zoological	\$ 63,253.9	\$ 62,899.1	\$ 64,206.6	\$ 67,179.1	\$ 65,948.4	\$ (1,230.8)	-1.8%	\$ 2,694.4	4.3%
Botanic Garden	\$ 28,924.2	\$ 30,632.1	\$ 31,590.5	\$ 33,807.8	\$ 34,361.4	\$ 553.6	1.6%	\$ 5,437.3	18.8%
Subtotal Non-Capital	\$ 165,381.3	\$ 167,234.2	\$ 172,152.4	\$ 178,493.9	\$ 178,340.6	\$ (153.2)	-0.1%	\$ 12,959.3	7.8%
Capital									
Construction & Development	\$ 5,739.5	\$ 1,940.0	\$ 2,913.5	\$ 2,910.0	\$ 3,910.0	\$ 1,000.0	34.4%	\$ (1,829.5)	-31.9%
Capital Improvement	\$ 13,780.0	\$ 5,300.0	\$ 4,000.0	\$ 6,000.0	\$ 8,000.0	\$ 2,000.0	33.3%	\$ (5,780.0)	-41.9%
Real Estate Acquisition	\$ 10,082.0	\$ 14,848.8	\$ -	\$ -	\$ -	\$ -		\$ (10,082.0)	-100.0%
Subtotal Capital	\$ 29,601.5	\$ 22,088.8	\$ 6,913.5	\$ 8,910.0	\$ 11,910.0	\$ 3,000.0	33.7%	\$ (17,691.5)	-59.8%
Grand Total	\$ 194,982.8	\$ 189,323.0	\$ 179,065.9	\$ 187,403.9	\$ 190,250.6	\$ 2,846.8	1.5%	\$ (4,732.2)	-2.4%

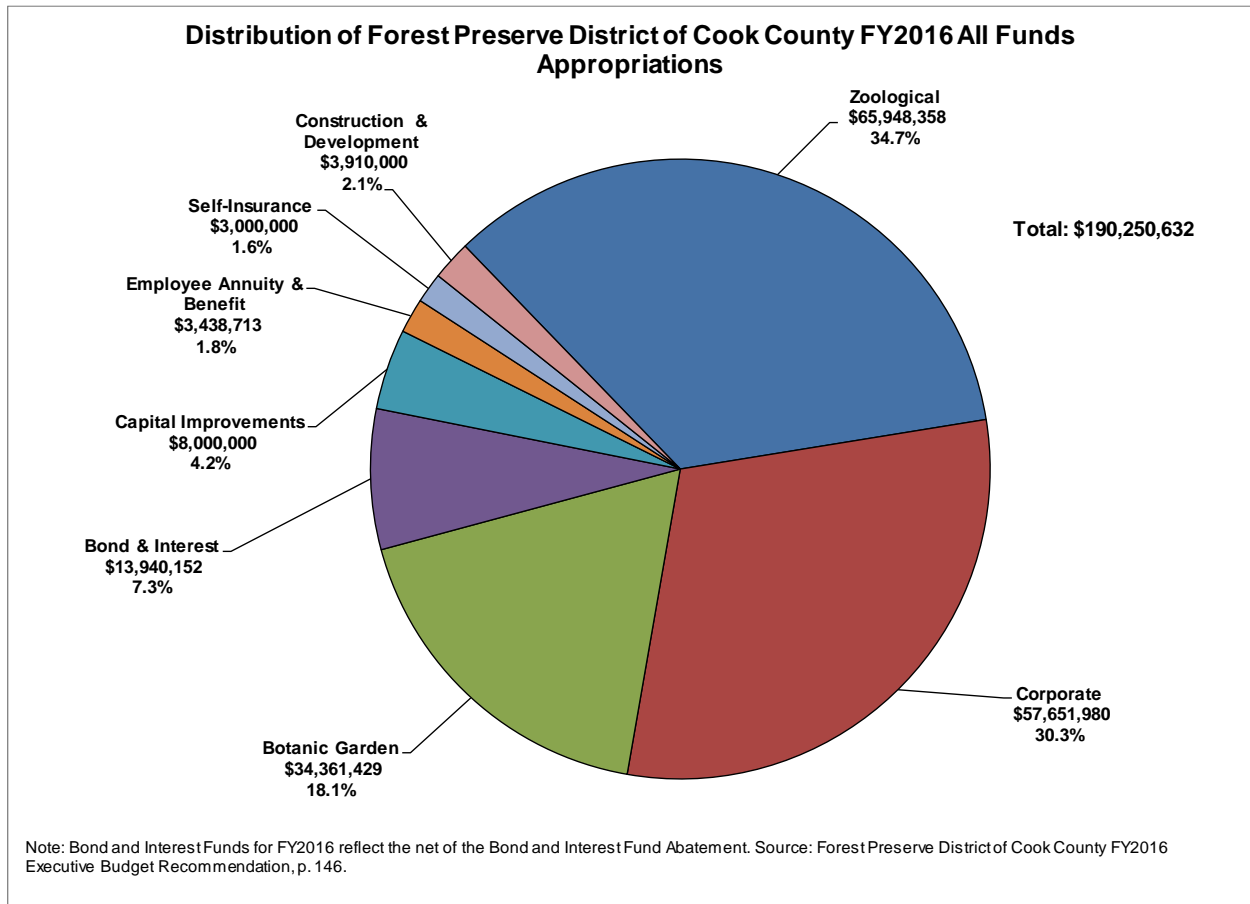
Note: Actual expenditures were not used due to lack of availability in the budget documents. Totals may differ from budget documents due to rounding.

* Bond and Interest Funds for FY2014-FY2016 reflect the net of the Bond and Interest Abatement Fund

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012-FY2015, Budget Recommendation Comparative Summaries and FY2016 Executive Budget Recommendations, p. 146.

The distribution of Forest Preserve District FY2016 appropriations by fund is shown in the next exhibit. The greatest portion of appropriations is for the Zoological Fund at 34.7%. The Botanic Garden will represent 18.1% of appropriations in FY2016. As described in the resources section on page 18, a significant portion of the Zoo and Garden operations are funded through program

income. The District’s Corporate Fund appropriation of \$57.7 million will make up 30.3% of total appropriations.



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

The FY2016 proposed Corporate Fund budget is \$65.7 million, which includes \$57.7 million in Corporate Fund appropriations and \$8.2 million in transfers out to the Capital Improvement Fund and the Real Estate Acquisition Fund. With the FY2014 proposed budget the District created a new department in the Corporate Fund, the Department of Conservation and Experiential Programming. Some of the employees working in this department came from existing departments including the Office of the General Superintendent, the Department of Resource Management and the Department of Permits, Concessions and Volunteer Resources.²² In FY2016, Volunteer Resources will be transferred to the Office of the General Superintendent.

The proposed FY2016 appropriation for the Department of Conservation and Experiential Programming is \$5.8 million, a 4.8%, or \$265,300, increase from the FY2015 approved appropriation. The Department of Conservation and Experiential Programming operates six

²² Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 10.

Nature Centers, three Aquatic Centers, manages the Youth Education Outreach Team and provides programs and recreational opportunities in the Forest Preserves for citizens.²³

The largest dollar increase from FY2015 to FY2016 will occur in District Wide Programs increasing by nearly \$2.0 million dollars, or 28.5%. The increase is due primarily to an anticipated Cost of Living Increase (COLA), which is modeled after the County's collective bargaining agreements and salary resolutions.²⁴ The largest percentage increase of 46.0%, or \$757,984, in FY2016 over FY2015 occurs in Office of the General Superintendent because Volunteer Resources will be relocated from Permits, Concessions and Volunteer Resources to that office in FY2016.

Over the past five years, Corporate Fund funds have been transferred out to the Capital Improvement, Real Estate Acquisition and Self-Insurance Funds. Transfers out will increase from \$7.0 million in FY2012 to \$8.2 million in FY2016. In FY2016 \$200,000 is to be transferred out from the Corporate Fund to the Real Estate Acquisition Fund. Capital Improvement Fund expenses will be primarily funded from an \$8.0 million transfer out from the Corporate Fund.²⁵

Total Corporate Fund appropriations will increase by 13.2%, or \$7.6 million, from \$58.0 million to \$65.7 million between FY2012 and FY2016. The largest dollar increase for programs in existence during the last five years will occur in District Wide Programs as appropriations grow by 230.5%, or \$6.2 million, due in large part to increases in personnel services.²⁶ Spending in the Office of the General Superintendent will increase by 14.5%, or \$304,600, from FY2012. The decrease in appropriations of 45.2%, or \$3.6 million, in Resource Management is attributable to the transferring of positions and resources to the new Department of Conservation and Experiential Programming in FY2015. The Departments of Law Enforcement and the Legal Department will experience budget declines of 6.5% and 15.1%, respectively between FY2012 and FY2016.

²³ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 8.

²⁴ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 16 and 88.

²⁵ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 14

²⁶ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 88.

In FY2012 Human Resources was separated from Finance and Administration to create its own department. Finance and Administration appropriations will increase in FY2016 over FY2012 by 10.0%, or 179,300, while appropriations for Human Resources will increase by 26.9%, or \$187,200.

Forest Preserve District Corporate Fund Appropriations: FY2012-FY2016									
(in \$ thousands)									
Category/Department	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Office of the General Superintendent*	\$ 2,100.3	\$ 1,884.3	\$ 1,885.0	\$ 1,646.9	\$ 2,404.9	\$ 758.0	46.0%	\$ 304.6	14.5%
Finance and Administration	\$ 1,787.2	\$ 2,054.6	\$ 1,894.5	\$ 1,954.0	\$ 1,966.5	\$ 12.6	0.6%	\$ 179.3	10.0%
Human Resources	\$ 696.2	\$ 585.2	\$ 562.3	\$ 709.3	\$ 883.4	\$ 174.1	24.5%	\$ 187.2	26.9%
Resource Management	\$ 7,986.6	\$ 7,653.5	\$ 4,202.8	\$ 4,358.2	\$ 4,378.6	\$ 20.3	0.5%	\$ (3,608.1)	-45.2%
Conservation and Experiential Programming**	\$ -	\$ -	\$ 4,482.4	\$ 5,503.4	\$ 5,768.7	\$ 265.3	4.8%	\$ -	0.0%
Resident Watchman Facilities	\$ 200.0	\$ 250.0	\$ 257.5	\$ 257.5	\$ 257.5	\$ -	0.0%	\$ 57.5	28.8%
Permits, Concessions and Volunteer Resources	\$ 2,707.6	\$ 3,046.9	\$ 1,739.6	\$ 2,099.7	\$ 1,280.8	\$ (818.9)	-39.0%	\$ (1,426.8)	-52.7%
Law Enforcement	\$ 9,633.5	\$ 9,514.6	\$ 9,256.0	\$ 9,281.7	\$ 9,009.1	\$ (272.6)	-2.9%	\$ (624.4)	-6.5%
Legal Department	\$ 1,429.7	\$ 1,366.0	\$ 1,302.3	\$ 1,323.1	\$ 1,214.2	\$ (108.9)	-8.2%	\$ (215.6)	-15.1%
Planning and Development	\$ 1,735.3	\$ 1,813.5	\$ 1,758.1	\$ 1,934.1	\$ 1,786.5	\$ (147.7)	-7.6%	\$ 51.2	2.9%
District Wide Programs***	\$ 2,709.5	\$ 3,415.0	\$ 4,352.1	\$ 6,967.6	\$ 8,954.6	\$ 1,987.0	28.5%	\$ 6,245.2	230.5%
Operating Transfer to Capital for Landscape Restoration	\$ -	\$ 1,550.0	\$ 6,000.0	\$ 6,000.0	\$ 6,000.0	\$ -	0.0%	N/A	N/A
Operating Transfer to Real Estate Acquisition	\$ 4,000.0	\$ -	\$ 550.0	\$ 200.0	\$ 200.0	\$ -	0.0%	\$ (3,800.0)	-95.0%
Operating Transfer to Capital for Capital Improvement Fund	\$ 3,000.0	\$ -	\$ -	\$ -	\$ 2,000.0	\$ 2,000.0		\$ (1,000.0)	-33.3%
General Maintenance****									
Landscape Maintenance	-	\$ 10,504.9	\$ 9,956.5	\$ 9,874.7	\$ 10,112.6	\$ 237.9	2.4%	N/A	N/A
Facilities & Fleet Maintenance	-	\$ 9,203.1	\$ 9,083.4	\$ 9,987.0	\$ 9,434.8	\$ (552.2)	-5.5%	N/A	N/A
General Maintenance Subtotal	\$ 20,027.6	\$ 19,708.1	\$ 19,039.9	\$ 19,861.7	\$ 19,547.4	\$ (314.4)	-1.6%	\$ (480.2)	-2.4%
Total	\$ 58,013.4	\$ 52,841.7	\$ 57,282.3	\$ 62,097.2	\$ 65,652.0	\$ 3,554.8	5.7%	\$ 7,638.5	13.2%

*In FY2016, Volunteer Resources will be moved to the Office of the General Superintendent.

** Conservation and Experiential Programming is a new department created in FY2014.

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

**** In FY2013 General Maintenance was split into two separate departments: Landscape Maintenance and Facilities & Fleet Maintenance.

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012-FY2015, Budget Recommendation Comparative Summaries and FY2016 Executive Budget Recommendations, p. 24.

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 FY2012 through FY2015, which are approved by the Board of Commissioners, and recommended figures from the FY2016 Executive Budget Recommendation.

The District also maintains a Self-Insurance Fund, which functions as an internal service fund to account for future estimated claims and judgments. The Self-Insurance Fund is actuarially funded on a biannual basis.²⁷ In FY2016 the budgeted premium for the Self-Insurance Fund will stay flat from the FY2012-FY2015 appropriations of \$3.0 million.²⁸

Corporate, Pension and Bond & Interest Funds

The Forest Preserve District total resources for the Corporate Fund, Pension Fund and Bond and Interest Fund will increase by 3.1%, or \$2.5 million, from \$80.5 million in FY2015 to \$83.0 million in FY2016. Over the five-year period beginning in FY2012, these resources will increase by 13.4% or \$9.8 million.

- Corporate Fund resources will increase by 5.7%, or \$3.5 million, from \$62.1 million in FY2015 to \$65.7 million in FY2016.²⁹ This is primarily due to increases in non-tax revenue generated from license agreements and campground fees;
- The Pension Fund resources will decrease by 1.6% to \$3.43 million in FY2016 from \$3.49 million in FY2015. Personal Property Replacement Tax (PPRT) revenues distributed to the Pension Fund will also decrease by 1.6%, from \$350,000 in FY2015 to \$344,000 in FY2016. This is due to the statutory funding schedule of the pension fund; and
- The Bond and Interest Fund (debt service fund) resources will decrease by approximately \$976,000, or 8.9%, over the two-year period. In FY2016 debt service payments are decreasing and as a result the Bond and Interest abatement is increasing. PPRT revenues will remain at essentially the same level at nearly \$4.0 million.

²⁷ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 132.

²⁸ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 20.

²⁹ The Corporate Property Tax Levy will increase by \$693,879 to capture expired TIF, property tax incentives and new construction.

Forest Preserve District Total Budgeted Resources for Corporate, Pension and Bond & Interest Funds: FY2012-FY2016 (in \$ thousands)									
Corporate Fund	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 39,795	\$ 45,307	\$ 46,432	\$ 46,937	\$ 47,609	\$ 673	1.4%	\$ 7,814	19.6%
PPRT	\$ 5,200	\$ 834	\$ 2,992	\$ 3,052	\$ 3,090	\$ 38	1.2%	\$ (2,110)	-40.6%
Non-Tax Revenues	\$ 4,487	\$ 4,755	\$ 4,107	\$ 4,308	\$ 6,352	\$ 2,044	47.4%	\$ 1,866	41.6%
Fund Balance Contribution	\$ 8,532	\$ 1,945	\$ 8,503	\$ 7,400	\$ 8,200	\$ 800	10.8%	\$ (332)	-3.9%
TIF Surplus*	\$ -	\$ -	\$ 300	\$ 400	\$ 400	-	-	\$ 400	-
Corporate Fund Total	\$ 58,013	\$ 52,842	\$ 62,334	\$ 62,097	\$ 65,652	\$ 3,555	5.7%	\$ 7,639	13.2%
Pension Fund									
Property Tax Levy	\$ 2,869	\$ 2,678	\$ 2,839	\$ 3,144	\$ 3,094	\$ (49)	-1.6%	\$ 225	7.8%
PPRT	\$ 319	\$ 298	\$ 316	\$ 350	\$ 344	\$ (5)	-1.6%	\$ 25	7.8%
Pension Fund Total	\$ 3,189	\$ 2,976	\$ 3,155	\$ 3,493	\$ 3,439	\$ (55)	-1.6%	\$ 250	7.8%
Bond & Interest Fund									
Property Tax Levy	\$ 12,001	\$ 10,889	\$ 8,627	\$ 10,918	\$ 9,942	\$ (976)	-8.9%	\$ (2,059)	-17.2%
PPRT	\$ -	\$ 3,996	\$ 3,996	\$ 3,998	\$ 3,998	-	-	\$ 3,998	-
Bond & Interest Fund Total	\$ 12,001	\$ 14,886	\$ 12,623	\$ 14,916	\$ 13,940	\$ (976)	-6.5%	\$ 1,939	16.2%
Total	\$ 73,203	\$ 70,703	\$ 78,112	\$ 80,507	\$ 83,031	\$ 2,524	3.1%	\$ 9,828	13.4%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012-FY2015, Attachment A; Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, Attachment A, p. 20.

Corporate Fund Resources

The next exhibit presents adopted Corporate Fund resources for FY2012 through FY2015 and proposed resources for FY2016. Total Corporate Fund resources will be \$65.7 million in FY2016, an increase of 5.7%, or \$3.6 million, from FY2015 adopted resources of nearly \$62.1 million. The overall increase in resources from FY2015 is due in part to an increase in license agreement revenues of \$1.2 million, or 175.4%, and an increase of fund balance contribution of \$800,000.

Non-tax Corporate Fund revenues will increase from adopted FY2015 amounts by \$2.0 million, or 47.4%. The increase in non-tax Corporate Fund revenues is primarily attributable to an increase of \$1.2 million in license agreement revenue and \$425,000 in revenue generated from campgrounds. Projected revenues for fines, fees and permits are increasing by \$247,000, or 12.2%, continuing a significant growth trend from FY2013 when sweeping fee increases were first implemented.³⁰

In FY2016 the District will receive \$293,000 in revenues generated from license fees that are allocated toward youth education, land acquisition and restoration (YELAR), a 57.5% increase from FY2015. The District began reporting these revenues separately from other license agreements in FY2013. Previously, this revenue was included in License Agreements.

The District proposes to appropriate \$8.2 million of fund balance as available resources in FY2016. This represents 12.5% of Corporate Fund total resources, a larger portion than was used in FY2015 and prior years. However, it is important to note that the fund balance contribution for FY2014 was changed in the FY2015 budget to provide a more accurate comparison between the two fiscal years to account for corporate transfers to other funds and Land Acquisition Fund.³¹

³⁰ See the Civic Federation's analysis of the FY2013 proposed budget available on the Federation's website for details on the changes.

³¹ Communication with Forest Preserve District budget staff, October 14, 2014.

In FY2016 all of the fund balance resources will be transferred to the Capital Improvement Fund. In FY2012 the \$8.5 million fund balance contribution represented 14.7% of total resources. The District is also proposing to use approximately \$400,000 in tax increment financing (TIF) surplus, which is declared by the City of Chicago and distributed by Cook County.

Forest Preserve District Resources Corporate Fund: FY2011-FY2015									
(in \$ thousands)									
Resources	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Property Tax Levy (Net)	\$ 39,795	\$ 45,307	\$ 46,432	\$ 46,937	\$ 47,609	\$ 673	1.4%	\$ 7,814	19.6%
PPRT	\$ 5,200	\$ 834	\$ 2,992	\$ 3,052	\$ 3,090	\$ 38	1.2%	\$ (2,110)	-40.6%
Subtotal Tax Revenues	\$ 44,995	\$ 46,141	\$ 49,424	\$ 49,989	\$ 50,700	\$ 711	1.4%	\$ 5,705	12.7%
Fines, Fees & Permits*	\$ 1,585	\$ 1,915	\$ 2,019	\$ 2,027	\$ 2,274	\$ 247	12.2%	\$ 689	43.5%
License Agreements	\$ 1,752	\$ 1,166	\$ 570	\$ 690	\$ 1,900	\$ 1,210	175.4%	\$ 148	8.5%
Golf Courses	\$ 900	\$ 990	\$ 990	\$ 990	\$ 760	\$ (230)	-23.2%	\$ (140)	-15.6%
Campgrounds**	\$ -	\$ -	\$ -	\$ -	\$ 425	\$ 425	-	\$ 425	-
Concessions	\$ 150	\$ 200	\$ 220	\$ 190	\$ 350	\$ 160	84.2%	\$ 200	133.3%
Investment Earnings	\$ 50	\$ 150	\$ 100	\$ 75	\$ 50	\$ (25)	-33.3%	\$ -	0.0%
Intergovernmental Sources	\$ -	\$ -	\$ 250	\$ 150	\$ 201	\$ 51	33.7%	\$ 201	-
Miscellaneous Income	\$ 50	\$ 100	\$ 100	\$ -	\$ 100	\$ 100	-	\$ 50	100.0%
YELAR***	\$ -	\$ 234	\$ 109	\$ 186	\$ 293	\$ 107	57.5%	\$ 293	-
Subtotal Non-Tax Revenue	\$ 4,487	\$ 4,755	\$ 4,357	\$ 4,308	\$ 6,352	\$ 2,044	47.4%	\$ 1,866	41.6%
Total Appropriated Revenues	\$ 49,482	\$ 50,896	\$ 53,781	\$ 54,297	\$ 57,052	\$ 2,755	5.1%	\$ 7,570	15.3%
Fund Balance Contribution	\$ 8,532	\$ 1,945	\$ 8,503	\$ 7,400	\$ 8,200	\$ 800	10.8%	\$ (332)	-3.9%
TIF Surplus	\$ -	\$ -	\$ 300	\$ 400	\$ 400	\$ -	-	\$ 400	-
Total Resources	\$ 58,013	\$ 52,842	\$ 62,584	\$ 62,097	\$ 65,652	\$ 3,555	5.7%	\$ 7,639	13.2%

*Fines, Fees & Permits include picnic permit and special use fees, equestrian licenses, winter sport fees, pool fees, land use fees and fines.

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

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

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

Fee Schedule

The chart below shows Corporate Fund revenues generated from fees, permits and fines as compared to revenues generated from the property tax levy and Personal Property Replacement Tax (PPRT). Revenues generated from fees, permits and fines – which include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees, campground fees and land use fees – will increase from 5.0% of total Corporate Fund revenues in FY2012 to 6.4% in FY2016. Tax revenues will decrease from 90.9% of total revenues in FY2012 to 88.9% in FY2016. Other Revenues – which include revenues earned from license agreements, concessions, investment earnings, miscellaneous income, intergovernmental sources and YELAR – will increase from 4.0% in FY2012 to 4.7% in FY2016. All revenue sources will increase over the two-year period and five-year period. The District's FY2016 proposed budget does not include any rate or fee increases.

Forest Preserve District Corporate Fund Revenues: FY2012-FY2016 (in \$ thousands)									
Revenues	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Fees and Permits*	\$ 2,310	\$ 2,585	\$ 2,673	\$ 2,701	\$ 3,328	\$ 626	23.2%	\$ 1,018	44.0%
Fines	\$ 175	\$ 320	\$ 336	\$ 316	\$ 332	\$ 16	5.0%	\$ 157	89.6%
Subtotal Fees and Fines	\$ 2,485	\$ 2,905	\$ 3,009	\$ 3,017	\$ 3,659	\$ 642	21.3%	\$ 1,174	47.3%
Percent of Total	5.0%	5.7%	5.6%	5.6%	6.4%				
Tax Revenues	\$ 44,995	\$ 46,141	\$ 49,424	\$ 49,989	\$ 50,700	\$ 711	1.4%	\$ 5,705	12.7%
Percent of Total	90.9%	90.7%	91.9%	92.1%	88.9%				
Other Revenues**	\$ 2,002	\$ 1,850	\$ 1,349	\$ 1,291	\$ 2,693	\$ 1,402	108.6%	\$ 691	34.5%
Percent of Total	4.0%	3.6%	2.5%	2.4%	4.7%				
Total Revenues	\$ 49,482	\$ 50,896	\$ 53,781	\$ 54,297	\$ 57,052	\$ 2,755	5.1%	\$ 7,570	15.3%

*Fees and Permits include picnic permit and special use fees, golf privatization fees, equestrian licenses, winter sport fees, pool fees, campground and land use fees.

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

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

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

Zoological Fund and Botanic Fund Resources

Between FY2012 and FY2016, total Zoological Fund and Botanic Fund resources will grow by 8.9% or \$8.2 million. The net property tax levy will remain flat at \$14.3 million for the Zoological Fund and \$9.3 million for the Botanic Fund over the five-year period. During the same time, PPRT revenue for the Zoological and Botanic Funds will increase by 21.8% and 35.5%, respectively. Zoological Fund resources will decrease by 1.4%, or \$928,000, in FY2016 from FY2015 adopted levels due to expected decreases in program income. Similarly, the Botanic Fund resources will increase by 1.9%, or \$629,000, from FY2015 adopted figures, due to projected increases in funds generated by the Garden.

Forest Preserve District Total Budgeted Resources Zoological and Botanic Funds: FY2012-FY2016 (in \$ thousands)									
	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Zoological Fund									
Gross Property Tax Levy	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	\$ 14,885	-	-	-	-
Reserves for Deferred Collections and Refunds	\$ (744)	\$ (547)	\$ (547)	\$ (547)	\$ (547)	-	-	\$ 198	-26.6%
Net Property Tax Levy	\$ 14,141	\$ 14,338	\$ 14,338	\$ 14,338	\$ 14,338	-	-	\$ 198	1.4%
PPRT	\$ 615	\$ 749	\$ 749	\$ 749	\$ 749	-	-	\$ 134	21.8%
Program Income	\$ 48,398	\$ 47,711	\$ 49,001	\$ 51,789	\$ 50,861	\$ (928)	-1.8%	\$ 2,462	5.1%
Deferred Collections	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	-	-	-	-
Zoological Fund Total	\$ 63,254	\$ 62,899	\$ 64,189	\$ 66,976	\$ 66,048	\$ (928)	-1.4%	\$ 2,794	4.4%
Botanic Fund									
Gross Property Tax Levy	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	\$ 9,348	-	-	-	-
Reserves for Deferred Collections and Refunds	\$ (467)	\$ (280)	\$ (280)	\$ (280)	\$ (280)	-	-	\$ 187	-40.0%
Net Property Tax Levy	\$ 8,881	\$ 9,068	\$ 9,068	\$ 9,068	\$ 9,068	-	-	\$ 187	2.1%
PPRT	\$ 263	\$ 356	\$ 356	\$ 356	\$ 356	\$ -	-	\$ 93	35.5%
Provided by Garden	\$ 19,781	\$ 21,209	\$ 22,156	\$ 24,309	\$ 24,938	\$ 629	2.6%	\$ 5,157	26.1%
Botanic Fund Total	\$ 28,924	\$ 30,632	\$ 31,579	\$ 33,732	\$ 34,361	\$ 629	1.9%	\$ 5,437	18.8%
Total	\$ 92,178	\$ 93,531	\$ 95,768	\$ 100,709	\$ 100,410	\$ (299)	-0.3%	\$ 8,232	8.9%

Source: Forest Preserve District of Cook County Executive Budget Recommendations, FY2013, pp. 143 and 162; FY2014, pp. 110 and 127; FY2016, pp. 103 and 115.

Property Tax Levy

The Forest Preserve District proposes to increase the revenue from its gross property tax levy by \$668,000, or 0.7%, from \$89.7 million in FY2015 to \$90.4 million in FY2016. This is due to levying for expiring TIF increment and new property. The District had held its base property tax

levy at the same level since FY2010, when it was decreased by 1.3% from \$87.6 million in FY2009.

The next exhibit shows the distribution of gross property tax revenues by fund from FY2012 to FY2016. Over the two-year period, the share of the property tax levy distributed to the Corporate Fund will increase by \$694,000, or 1.4%, from \$48.4 million in FY2015 to \$49.1 million in FY2016.³² The Construction and Development Fund will also increase by \$1.0 million, or 33.3%, over the two-year period. The increase in the Corporate Fund and Construction and Development Fund will be offset by a decrease of \$976,000, or 8.9%, distributed to the Bond and Interest Fund and a \$49,000, or 1.6%, decrease in the Pension Fund. The \$9.9 million in property tax revenues allocated to the Bond and Interest Fund includes one abatement. According to the District, a property tax levy pledge of nearly \$4.0 million for bonds backed by Personal Property Replacement Tax (PPRT) revenues will be abated when sufficient PPRT revenue is received to cover debt service.³³

Over the five-year period, the share of the gross property tax levy distributed to the Corporate Fund has increased by nearly \$7.7 million, or 18.7%, from \$41.4 million in FY2012 to \$49.1 million in FY2016. During the same time period, the levies for the Brookfield Zoo and the Chicago Botanic Garden have been held flat. The Bond and Interest Fund and Construction and Development Fund will both decrease by 17.2% and 33.8%, respectively. The Pension fund will increase by 7.8%, or \$225,000 over the five-year period.

Forest Preserve District Gross Property Tax Levy Recommendations by Fund: FY2012-FY2016 (in \$ thousands)									
Fund	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Corporate	\$ 41,363	\$ 46,709	\$ 47,810	\$ 48,388	\$ 49,082	\$ 694	1.4%	\$ 7,718	18.7%
Zoological and Botanic	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ 24,233	\$ -	0.0%	\$ -	0.0%
Bond & Interest*	\$ 12,001	\$ 10,889	\$ 8,627	\$ 10,918	\$ 9,942	\$ (976)	-8.9%	\$ (2,059)	-17.2%
Construction & Development	\$ 6,042	\$ 2,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 1,000	33.3%	\$ (2,042)	-33.8%
Pension	\$ 2,869	\$ 2,678	\$ 2,839	\$ 3,144	\$ 3,094	\$ (49)	-1.6%	\$ 225	7.8%
Total	\$ 86,509	\$ 86,509	\$ 86,509	\$ 89,683	\$ 90,351	\$ 668	0.7%	\$ 3,843	4.4%

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

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

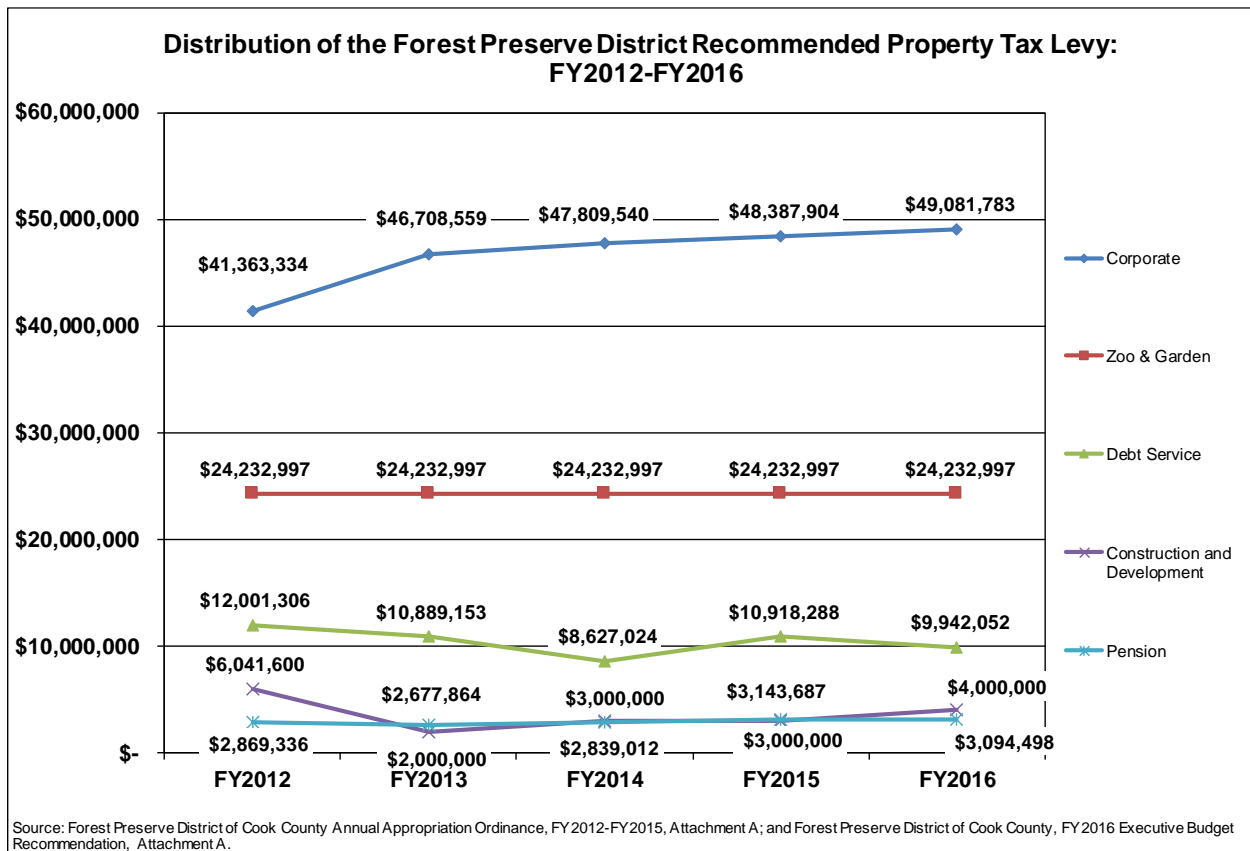
Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012-FY2015, Attachment A; and Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, Attachment A, p. 20.

The chart below shows the District's distribution of property tax revenues over the five-year period beginning in FY2012. The District maintained relatively stable shares of the levy from FY2010 to FY2012, but altered the distributions significantly with the FY2013 approved budget. The share of the levy dedicated to the Corporate Fund increased significantly from 47.8% of the total in FY2012 to 54.3% of the total in FY2016. The increase was offset by a declining share of property tax revenue for Construction and Development in FY2013, which decreased from 7.0% of the total in FY2012 to 2.3% of the total in FY2013 before increasing to 4.4% in FY2016. Property tax revenues for Debt Service fluctuated from 13.9% of the total in FY2012 to 10.0% in FY2014 before increasing to 11.0% of the total in FY2016, primarily due to the dollar amount abated each year.

³² The gross property tax levy does not subtract allowances for uncollectible taxes and tax refunds.

³³ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 132.

The share of the levy dedicated to pension payments will increase slightly over the five-year period, from 3.3% of the total levy in FY2012 to 3.5% in FY2015 before declining slightly to 3.4% in FY2016.



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, and as such, create and implement their own budgets, which are presented in the Forest Preserve District’s budget document.

In the FY2016 proposed budget, the Forest Preserve District will not add any additional full-time FTEs, but will add 3.8 part-time/seasonal full-time equivalent (FTE) positions for a total of 674.1 FTEs. This is a 0.6% increase from FY2015 appropriated FTEs.

In FY2016, the District will be adding part-time/seasonal positions that will be equivalent to 3.8 full-time positions. The District will also be transferring nine positions from Volunteer

Resources to the Office of the General Superintendent.³⁴ The part-time/seasonal positions will increase primarily due to increasing the number of interns in the Department of Conservation and Experiential Programming.

The chart below shows the net change in FTE positions between the FY2015 adopted budget and proposed FY2016 budget by department, including the net change in full-time and part-time/seasonal positions.

Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2015 & FY2016					
Department	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	# Change	% Change
Landscape Maintenance	141.0	144.0	146.0	2.0	1.4%
Part-Time/Seasonal	29.5	42.8	42.8	-	-
Law Enforcement	126.0	128.0	127.0	(1.0)	-0.8%
Part-Time/Seasonal	0.0	0.0	0.0	-	-
Resource Management	55.0	60.0	60.0	-	-
Part-Time/Seasonal	3.3	4.1	4.1	-	-
Conservation & Experiential Programming	46.0	50.0	50.0	-	-
Part-Time/Seasonal	38.9	63.0	64.2	1.2	1.9%
Facilities & Fleet Maintenance	59.0	59.0	59.0	-	-
Part-Time/Seasonal	3.0	3.5	3.5	-	-
Permits, Concessions & Volunteer Resources	20.0	20.0	11.0	(9.0)	-45.0%
Part-Time/Seasonal	6.6	14.2	12.0	(2.2)	-15.5%
Finance & Administration	19.0	20.0	20.0	-	-
Part-Time/Seasonal	1.0	1.0	1.0	-	-
Planning & Development	19.0	20.0	19.0	(1.0)	-5.0%
Part-Time/Seasonal	1.2	1.2	1.2	0.0	0.0%
Office of the General Superintendent	16.0	15.0	24.0	9.0	60.0%
Part-Time/Seasonal	1.8	0.0	2.5	2.5	-
Legal	13.0	13.0	12.0	(1.0)	-7.7%
Part-Time/Seasonal	0.5	0.0	0.0	-	-
Human Resources	6.0	6.0	7.0	1.0	16.7%
Part-Time/Seasonal	0.5	5.5	7.8	2.3	41.8%
Sub-Total Full-Time FTEs	520.0	535.0	535.0	-	-
Sub-Total Part-Time/Seasonal FTEs	86.3	135.3	139.1	3.8	2.8%
Total	606.3	670.3	674.1	3.8	0.6%

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

Source: Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 22.

Over the five-year period from FY2012 to FY2016, the District will gain 100.6 FTE positions, an increase of 17.5% in the District's workforce. In FY2016 the Volunteer Resources program is being transferred from Permits, Concessions and Volunteer Resources department to the Office of the General Superintendent. Much of the growth over the five-year period is primarily due to the District's investment in recreation and educational programs and in restoration work. The District has made efforts to focus on restoring ecological health and protecting the diversity of plants and animals; maintaining facilities and making them accessible; increasing outreach and

³⁴ Communication with Forest Preserve budget staff, October 28, 2015.

expanding outdoor recreational and educational opportunities; and managing with excellence, transparency and sound financial practice.³⁵

Forest Preserve District Corporate Fund Total Full-Time Equivalent Positions Summary: FY2012-FY2016									
Department	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year # Change	Two-Year % Change	Five-Year # Change	Five-Year % Change
General Maintenance	233.0	0.0	0.0	0.0	0.0	-	-	(233.0)	-
Landscape Maintenance	0.0	170.5	170.5	186.8	188.8	2.0	1.1%	188.8	-
Law Enforcement	122.0	122.0	126.0	128.0	127.0	(1.0)	-0.8%	5.0	4.1%
Resource Management	101.0	107.6	58.3	64.1	64.1	-	-	(36.9)	-36.5%
Conservation & Experiential Programming	0.0	0.0	84.9	113.0	114.2	1.2	1.1%	114.2	-
Facilities & Fleet Management*	0.0	58.5	62.0	62.5	62.5	-	-	62.5	-
Permits & Concessions**	45.0	53.5	26.6	34.2	23.0	(11.2)	-32.7%	(22.0)	-48.9%
Finance & Administration	16.0	20.0	20.0	21.0	21.0	-	-	5.0	31.3%
Planning & Development	18.5	19.9	20.2	21.2	20.2	(1.0)	-4.7%	1.8	9.5%
Office of the General Superintendent	16.0	17.8	17.8	15.0	26.5	11.5	76.7%	10.5	65.6%
Legal	13.3	13.5	13.5	13.0	12.0	(1.0)	-7.7%	(1.3)	-9.8%
Human Resources	8.8	6.5	6.5	11.5	14.8	3.3	28.7%	6.0	68.2%
Total	573.6	589.8	606.3	670.3	674.1	3.8	0.6%	100.6	17.5%

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

*New department in FY2014.

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

Source: Forest Preserve District of Cook County Appropriation Ordinance, FY2011 p. 41; FY2012, p. 13; FY2013, p. 14; FY2014, p. 19; and Forest Preserve District of Cook County FY2016 Executive Budget Recommendations, p. 22.

Personnel Services Appropriations

The following exhibit presents Corporate Fund appropriations for salaries and wages from FY2012 through proposed FY2016. The FY2016 budget recommends nearly \$35.8 million be appropriated for Corporate Fund salaries and wages, a .05% decrease from the FY2015 adopted budget. The largest year-to-year increase occurs between FY2012 and FY2013 when appropriated salaries and wages grew by \$3.4 million, or 11.6%, to \$32.8 million from \$29.4 million. Salaries will increase by \$6.4 million, or 21.7%, over the five-year period. This corresponds with the increase of 100.6 FTEs, or 17.5% of the District's workforce during the same time period.

Forest Preserve District Corporate Fund Appropriated and Proposed Salaries and Wages: FY2012-FY2016			
	Total	Two-Year \$ Change	Two-Year % Change
FY2012	\$ 29,389,218	\$ 1,607,675	5.8%
FY2013	\$ 32,800,925	\$ 3,411,707	11.6%
FY2014	\$ 33,402,956	\$ 602,031	1.8%
FY2015	\$ 35,780,363	\$ 2,377,407	7.1%
FY2016	\$ 35,764,209	\$ (16,154)	-0.05%
Five-Year Change		\$ 6,374,991	21.7%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2013-FY2014; and FY2016 President's Executive Budget Recommendations, p. 22.

The following chart shows Corporate Fund personnel services appropriations as a percentage of total Corporate Fund appropriations. In FY2016 recommended Corporate Fund personnel services appropriations will represent approximately 64.4% of total recommended Corporate Fund expenditures. Personnel services appropriations include salaries, hospital and life

³⁵ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, pp. 14-16

insurance, dental and vision plans and appropriation services adjustments.³⁶ They do not include the District's costs for employee pensions because those are accounted for in the Employee Annuity and Benefit Fund.

During the five-year period from FY2012 through FY2016, personnel services appropriations will increase by \$1.7 million, or 4.2%, while Corporate Fund total appropriations will increase by \$7.6 million, or 13.2%. The increase in personnel services is primarily due to increased wages for both union and non-union employees. A breakdown of benefit expenses over the five-year period is provided later in this section. The drop in Program Expenses in FY2013 is because the District made a significantly smaller transfer of funds out of the Corporate Fund to other funds totaling \$1.5 million. Whereas in FY2012 the District appropriated \$7.0 million to be transferred to the Real Estate Acquisition and Self-Insurance Funds; in FY2014 the District appropriated \$6.6 million to be transferred to Capital for Real Estate Acquisition and Landscape Restoration; in FY2015 \$6.2 million was transferred to the Real Estate Acquisition and Landscape Restoration; and in FY2016 \$8.2 million will be transferred to the Capital Improvement Fund and Real Estate Acquisition Fund.³⁷

Forest Preserve District Corporate Fund Personnel Services Appropriations: FY2012-FY2016 (in \$ thousands)									
	FY2012 Adopted	FY2013 Adopted	FY2014 Adopted	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Personnel Services	\$ 40,557	\$ 40,047	\$ 38,780	\$ 40,324	\$ 42,255	\$ 1,931	4.8%	\$ 1,698	4.2%
Program Expenses	\$ 17,457	\$ 12,795	\$ 18,502	\$ 21,773	\$ 23,397	\$ 1,624	7.5%	\$ 5,941	34.0%
Total Corporate Fund									
Appropriations	\$ 58,013	\$ 52,842	\$ 57,282	\$ 62,097	\$ 65,652	\$ 3,555	5.7%	\$ 7,639	13.2%
Personnel as % of Total	69.9%	75.8%	67.7%	64.9%	64.4%		-0.6%		-5.5%

Source: Forest Preserve District of Cook County Annual Appropriation Ordinances, FY2012, p. 23; FY2013, p. 35; FY2014, p. 21; FY2015, p. 22; and Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 24.

Forest Preserve District Employee Benefit Expenses

The following chart shows actual benefit expenses for FY2012 through FY2014, FY2015 adopted benefit expenses and FY2016 proposed benefit expenses. Over the two-year period all benefit expenses will decrease by a total of \$113,150, or 1.4%. The majority of the decrease in benefit expenses will be for health insurance, which will decrease by \$110,848, or 1.4%, from nearly \$8.0 million adopted in FY2015 to nearly \$7.9 million proposed in FY2016. The decrease in health insurance expenses over the two-year period is primarily attributable to savings from increased employee health care contributions.³⁸

Over the five-year period, expenses for employee benefits will increase by approximately \$2.4 million, or 40.6%, from \$5.8 million in FY2012 to nearly \$8.2 million in FY2016. During this five-year period, health insurance, life insurance and dental insurance will increase by 41.7%, 72.1% and 7.5%, respectively. At the same time, vision care expenses will decline by \$8,434, or 17.0%.

³⁶ Appropriation services adjustments is a term the District uses to budget expenses for retroactive payments that cover a late resolution of union contracts.

³⁷ Forest Preserve District of Cook County Annual Appropriation Ordinance, FY2012, p. 23; FY2013, p. 35; FY2014, p. 21; FY2015, p. 22; and FY2016 Executive Budget Recommendation, p. 24.

³⁸ Communication with Forest Preserve District of Cook County, October 28, 2015.

According to the District, this is because the District began estimating benefit expenses more conservatively beginning in FY2014. For instance, FY2015 adopted appropriations for benefits totaled \$8,291,252, or 23%, higher than FY2014 actual expenditures.

Forest Preserve District Benefit Expenses*: FY2012-FY2016									
	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Health Insurance	\$ 5,556,440	\$ 4,420,388	\$ 6,427,829	\$ 7,982,848	\$ 7,872,000	\$ (110,848)	-1.4%	\$ 2,315,560	41.7%
Life Insurance	\$ 59,521	\$ 53,078	\$ 72,533	\$ 103,446	\$ 102,421	\$ (1,025)	-1.0%	\$ 42,900	72.1%
Dental Care Plan	\$ 151,096	\$ 119,742	\$ 179,967	\$ 163,308	\$ 162,441	\$ (867)	-0.5%	\$ 11,345	7.5%
Vision Plan	\$ 49,674	\$ 41,581	\$ 59,543	\$ 41,650	\$ 41,240	\$ (410)	-1.0%	\$ (8,434)	-17.0%
Total Benefits	\$ 5,816,731	\$ 4,634,789	\$ 6,739,872	\$ 8,291,252	\$ 8,178,102	\$ (113,150)	-1.4%	\$ 2,361,371	40.6%

*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, FY2014-FY2016.

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.³⁹ It is an important financial indicator for local governments. Fund balance is the difference between the assets and liabilities in a governmental fund. A governmental fund differs from other funds typically included in non-governmental financial reporting in that it includes only a subset of assets and liabilities. Fund balance is more a measure of liquidity than of net worth and can be thought of as the savings account of the local government.⁴⁰

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

Changes to Fund Balance Reporting

Beginning in FY2011, the District's audited financial statements include a modification in fund balance reporting, as recommended by the Governmental Accounting Standards Board (GASB). GASB Statement No. 54 shifted the focus of fund balance reporting from the availability of fund resources for budgeting purposes to the "extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent."⁴¹

Previous Components of Fund Balance

Previously, the categories for fund balance focused on whether resources were available for appropriation by governments. The *unreserved* fund balance thus referred to resources that did not have any external legal restrictions or constraints. The unreserved fund balance was able to be further categorized as designated and undesignated. A *designation* was a limitation placed on the use of the fund balance by the government itself for planning purposes or to earmark funds.⁴²

³⁹ Government Finance Officers Association, *Appropriate Level of Unrestricted Fund Balance in the General Fund* (Adopted October 2009).

⁴⁰ Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁴¹ Stephen J. Gauthier. "Fund Balance: New and Improved," *Government Finance Review*, April 2009 and GASB Statement No. 54, paragraph 5.

⁴² Stephen J. Gauthier. "Fund Balance: New and Improved," *Government Finance Review*, April 2009.

Components of Fund Balance

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

- *Nonspendable fund balance* – resources that inherently cannot be spent such as pre-paid rent or the long-term portion of loans receivable. In addition, this category includes resources that cannot be spent because of legal or contractual provisions, such as the principal of an endowment.
- *Restricted fund balance* – net fund resources subject to legal restrictions that are externally enforceable, including restrictions imposed by constitution, creditors or laws and regulations of non-local governments.
- *Committed fund balance* – net fund resources with self-imposed limitations set at the highest level of decision-making which remain binding unless removed by the same action used to create the limitation.
- *Assigned fund balance* – the portion of fund balance reflecting the government’s intended use of resources, with the intent established by government committees or officials in addition to the governing board. Appropriated fund balance, or the portion of existing fund balance used to fill the gap between appropriations and estimated revenues for the following year, would be categorized as assigned fund balance.
- *Unassigned fund balance* – in the General or Corporate Fund, the remaining surplus of net resources after funds have been identified in the four categories above.⁴³

Historically, the focus of the Civic Federation fund balance analysis has been on the unreserved general fund balance. Given the new components of fund balance established by GASB Statement No. 54, the Civic Federation now focuses on a government’s unrestricted fund balance, which includes the *committed*, *assigned* and *unassigned* fund balance levels. The only difference between the two terms (unreserved and unrestricted) is that a portion of what used to be categorized as unreserved fund balance is now reported as restricted fund balance; otherwise, the two terms are synonymous.⁴⁴

In response to the classification changes, beginning in FY2011, the District provides in its Comprehensive Annual Financial Report (CAFR) a definition of each of the five classifications, including descriptions of how each new classification specifically affects the District’s individual funds and overall financial policies.⁴⁵ In the interest of government transparency, the Civic Federation recommends that all local governments, if possible, provide ten years of fiscal data in the updated GASB Statement No. 54 format in the statistical sections of their audited financial statements. Without this restated data, accurate trend analyses cannot be conducted.

Fund Balance Policy and GFOA Best Practices

The Government Finance Officers Association (GFOA) recommends “at a minimum, those general-purpose governments, regardless of size, maintain unrestricted fund balance in their

⁴³ Stephen J. Gauthier. “Fund Balance: New and Improved,” Government Finance Review, April 2009.

⁴⁴ Stephen J. Gauthier. *The New Fund Balance*. Chicago: GFOA, 2009, p. 34.

⁴⁵ See pp. 50-51 of the District’s FY2014 Comprehensive Annual Financial Report.

general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.” Two months of operating expenditures is approximately 17%.⁴⁶

Many fund balance policies direct a unit of government to maintain a level of fund balance on an actual basis. However, the Forest Preserve policy refers specifically to the fund balance amount budgeted. The Forest Preserve District’s policy on fund balance requires the District to annually budget a minimum unreserved⁴⁷ 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.⁴⁸

This policy was introduced in FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund balance. The structure of the policy implemented by the District is based on the revenue fluctuations it experienced prior to 2005. This policy is slightly below (by 0.5%) the current GFOA recommendation, but within its past guidelines. Previously, the GFOA had recommended a general fund balance of 5.0% to 15.0% of general fund expenditures. In practice, the District has maintained a high level of fund balance well beyond the District’s own or the GFOA standard.

The unreserved fund balance policy is meant to ensure that the District will have adequate operating cash. According to the District, the amount of cash can be at risk from 1) revenue fluctuations; 2) emergency expenditures; and 3) temporary periods of negative cash flow.⁴⁹

Corporate Fund Balance Level

The following charts present the District’s unassigned Corporate Fund balance as a ratio of actual operating expenditures for FY2011 through FY2014. It should be noted that the unrestricted fund balance is higher, at 80.0% in FY2014. However, in this section we focus on unassigned fund balance because that is the District’s own fund balance policy. The Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds. At the end of FY2014, the District’s unassigned corporate fund balance was \$37.5 million, or 75.7% of operating expenditures. This level of fund balance greatly exceeds the District’s own fund balance policy. Unlike the District, many governments base their fund balance policies on unrestricted fund balance as described above. The District’s unrestricted fund balance also

⁴⁶Government Finance Officers Association, Appropriate Level of Unrestricted Fund Balance in the General Fund (Adopted October 2009).

⁴⁷ According to the Forest Preserve, it 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.

⁴⁸ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 21.

⁴⁹ Forest Preserve District of Cook County FY2016 Executive Budget Recommendation, p. 21.

greatly exceeds the GFOA minimum level, therefore, the Civic Federation has also calculated those ratios which can be found in Appendix A. on page 57.

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

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.

Corporate Fund Balance Level and Transfers Out

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

Including Corporate Fund operating expenditures and transfers out, the FY2014 year-end fund balance ratio was 66.9%. One of the largest contributors to the District's Corporate Fund unassigned fund balance is the annual savings from turnover in personnel positions, primarily with seasonal employees, trades and law enforcement personnel.⁵⁰ In FY2011, the District transferred \$10.2 million dollars to reduce excesses in the Corporate Fund. Revenues exceeded expenditures by approximately \$15.0 million and each department spent less than what the District had budgeted.⁵¹ In FY2013, excess revenues declined 81.1%, or \$8.3 million, compared to FY2011 so the District only transferred out \$1.9 million. In FY2014, the District reduced excess fund balance reserves due to \$6.6 million in TIF surplus, collections in prior year and late payments received in FY2014.⁵²

Forest Preserve District of Cook County Corporate Fund Balance Ratio & Transfers Out: FY2011 - FY2014				
	Unassigned Corporate Fund Balance	Operating Expenditures	Transfers Out	Alternative Ratio
FY2011	\$ 23,874,253	\$ 41,646,735	\$ 10,220,375	46.0%
FY2012	\$ 39,918,256	\$ 45,597,442	\$ 4,206,338	80.2%
FY2013	\$ 37,286,352	\$ 50,557,997	\$ 1,933,837	71.0%
FY2014	\$ 37,543,100	\$ 49,596,157	\$ 6,550,000	66.9%

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

⁵⁰ Information provided by the Forest Preserve District of Cook County, November 13, 2014.

⁵¹ Forest Preserve District of Cook County FY2011 Comprehensive Annual Financial Report, p. 3f.

⁵² Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 14.

Unreserved Corporate Fund Balance FY2006 through FY2010

As mentioned previously, prior to GASB 54 the categories for fund balance focused on whether resources were available for appropriation by governments. The *unreserved* fund balance thus referred to resources that did not have any external legal restrictions or constraints. The unreserved fund balance was able to be further categorized as designated and undesignated. The table below exhibits the unreserved Corporate Fund balance from FY2006 through FY2010.

At FY2010 year-end the Forest Preserve District Corporate Fund had \$35.3 million, or 96.1%, of operating expenditures in unreserved fund balance, the measure used in fund balance reporting prior to the implementation of GASB Statement No. 54. This is an increase of \$9.1 million, or 24.3%, from FY2009. This is a large fund balance that significantly exceeds the GFOA recommended minimum balance. The Corporate Fund balance grew by \$34.0 million over FY2006 increasing the fund balance ratio to 96.1% from 4.8%.

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

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

Unreserved Corporate Fund Balance and Transfers Out FY2006 through FY2010

Again, the District is different from many other governments in that much of its Corporate Fund resources are transferred out to other funds; therefore, the Civic Federation has calculated an alternative fund balance ratio that includes both expenditures and transfers out. The following table shows the alternative ratio for the District's reporting of unreserved Corporate Fund fund balance from FY2006 through FY2014.

As indicated in the previous table, the District's fund balance continued to grow from FY2006 through FY2010. Transfers out in FY2006 totaled \$37.2 million due to large transfers out to the Self-Insurance Fund. A portion of the large increases in the fund balance since FY2006 can be attributed to the continued decrease in the amount that needed to be transferred to the Self-Insurance Fund based on claim experience.⁵³ The transfer out to the Self-Insurance Fund decreased each year between FY2006 and FY2009. In FY2006 the transfer was \$12.6 million, in FY2007 it was \$6.9 million, in FY2008 it was \$1.0 million and it reached zero in FY2009.⁵⁴ In

⁵³ Phone communication between the Civic Federation and Marlo Kemp, Chief Financial Officer, December 16, 2010.

⁵⁴ Forest Preserve District of Cook County Comprehensive Annual Financial Reports, FY2006-FY2010.

FY2010 the transfer to the Self-Insurance Fund increased to \$3.0 million adding to the total of \$12.3 million.

Forest Preserve District of Cook County				
Corporate Fund Balance Ratio + Transfers Out: FY2006-FY2010				
	Unreserved Corporate Fund Balance	Operating Expenditures	Transfer Out	Alternative Ratio
FY2006	\$ 1,304,552	\$ 27,261,512	\$ 37,220,000	2.0%
FY2007	\$ 9,891,750	\$ 31,212,640	\$ 10,300,000	23.8%
FY2008	\$ 19,774,805	\$ 33,868,166	\$ 10,300,000	44.8%
FY2009	\$ 26,299,152	\$ 36,631,265	\$ 7,275,000	59.9%
FY2010	\$ 35,349,895	\$ 36,776,238	\$ 12,333,181	72.0%

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

PENSION FUND

The Civic Federation analyzed four indicators in its evaluation of the fiscal health of the Forest Preserve District's pension fund: funded ratios, unfunded actuarial accrued liabilities, investment rate of return and annual required employer contributions. This section presents multi-year data for those indicators and describes the Forest Preserve District pension benefits.

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.⁵⁵ Plan benefits and contribution amounts can only be amended through state legislation.⁵⁶

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 highest eight-year average; the \$106,800 cap on final average salary; and the reduction of the

⁵⁵ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2014, p. 8.

⁵⁶ 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.

automatic annual annuity increase from 3% (compounded) to the lesser of 3% or one half of the increase in Consumer Price Index not compounded.

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

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

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

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

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

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

The County reintroduced the reform package, including changes to current employees' retiree benefits and an increase to employee and employer contributions to the fund, Senate Bill 843, House Amendment 1, in the final days of the spring 2015 legislative session. The bill passed the House Personnel and Pensions Committee, but was not brought to a vote in the full House before adjournment. Board President Preckwinkle said in the FY2016 budget recommendations that the County will continue to pursue passage of the reforms and Superintendent Randall has said the District supports the reform package.

Membership

In FY2014 the fund had 522 active employees and 538 beneficiaries for a ratio of 0.97 active members for every beneficiary. This ratio increased from 0.73 in FY2005 as the number of active members increased faster than the number of beneficiaries. An upward trend in this ratio

reduces financial stress on the fund as there are more employees contributing to the fund to support current beneficiaries.

Forest Preserve District Pension Fund Membership: FY2005-FY2014			
Fiscal Year	Active Employees	Beneficiaries	Ratio of Active to Beneficiary
FY2005	373	509	0.73
FY2006	394	509	0.77
FY2007	418	503	0.83
FY2008	442	506	0.87
FY2009	461	509	0.91
FY2010	448	514	0.87
FY2011	408	520	0.78
FY2012	460	518	0.89
FY2013	531	534	0.99
FY2014	522	538	0.97
Ten-Year Change	149	29	0.2
Ten-Year % Change	39.9%	5.7%	32.4%

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2005-FY2014.

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%.⁵⁷

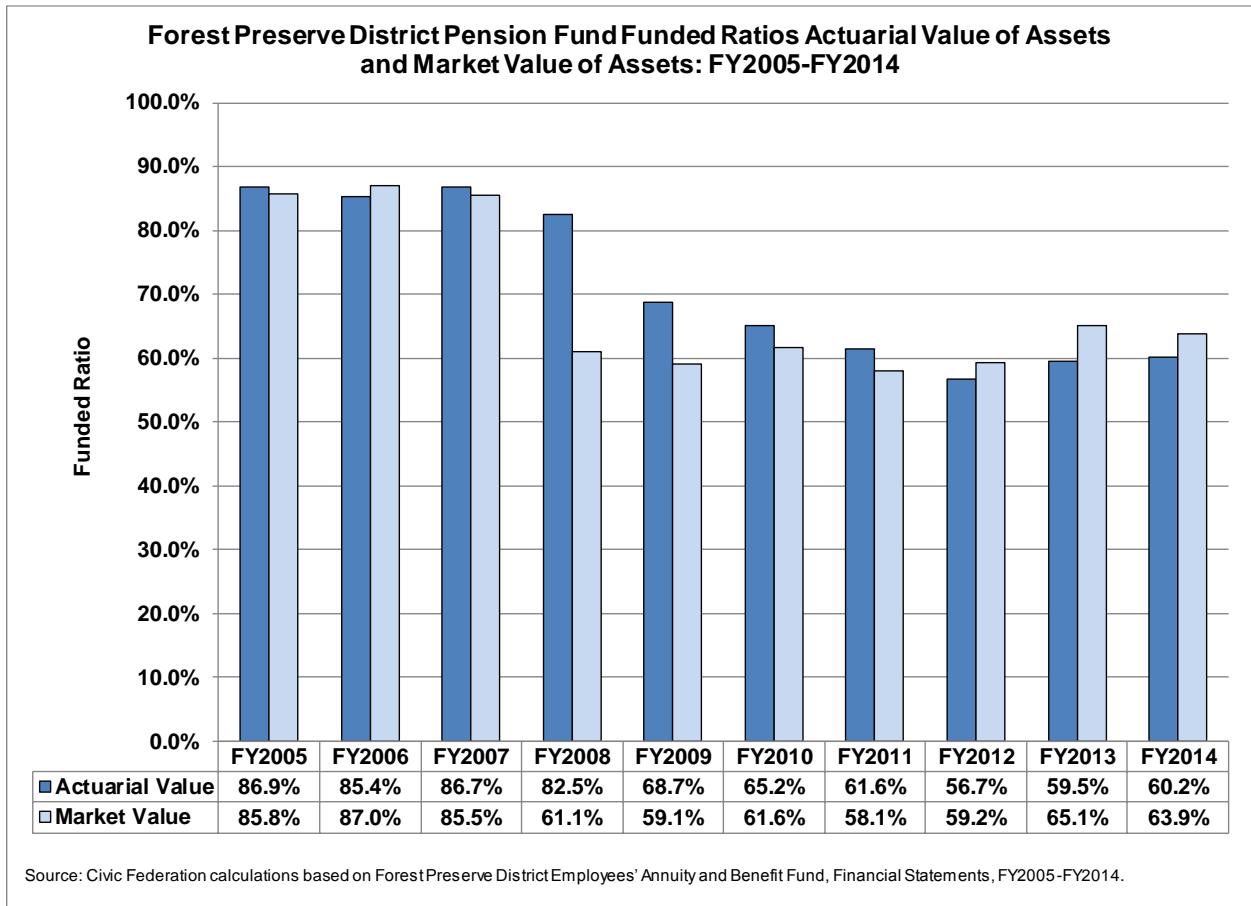
The actuarial value of assets measurement presents the ratio of assets to liabilities and accounts for assets by recognizing unexpected gains and losses over a period of three to five years.⁵⁸ The market value of assets measurement presents the ratio of assets to liabilities by recognizing investments 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 86.9% in FY2005 to 56.7% in FY2012 and rose to 59.5% in FY2013. The market value funded ratio fell from 85.8% in FY2005 to 59.2% in FY2012 and rose to 65.1% in FY2013 before

⁵⁷ American Academy of Actuaries, "Issue Brief: The 80% Pension Funding Standard Myth," July 2012. http://actuary.org/files/80%25_Funding_IB_FINAL071912.pdf

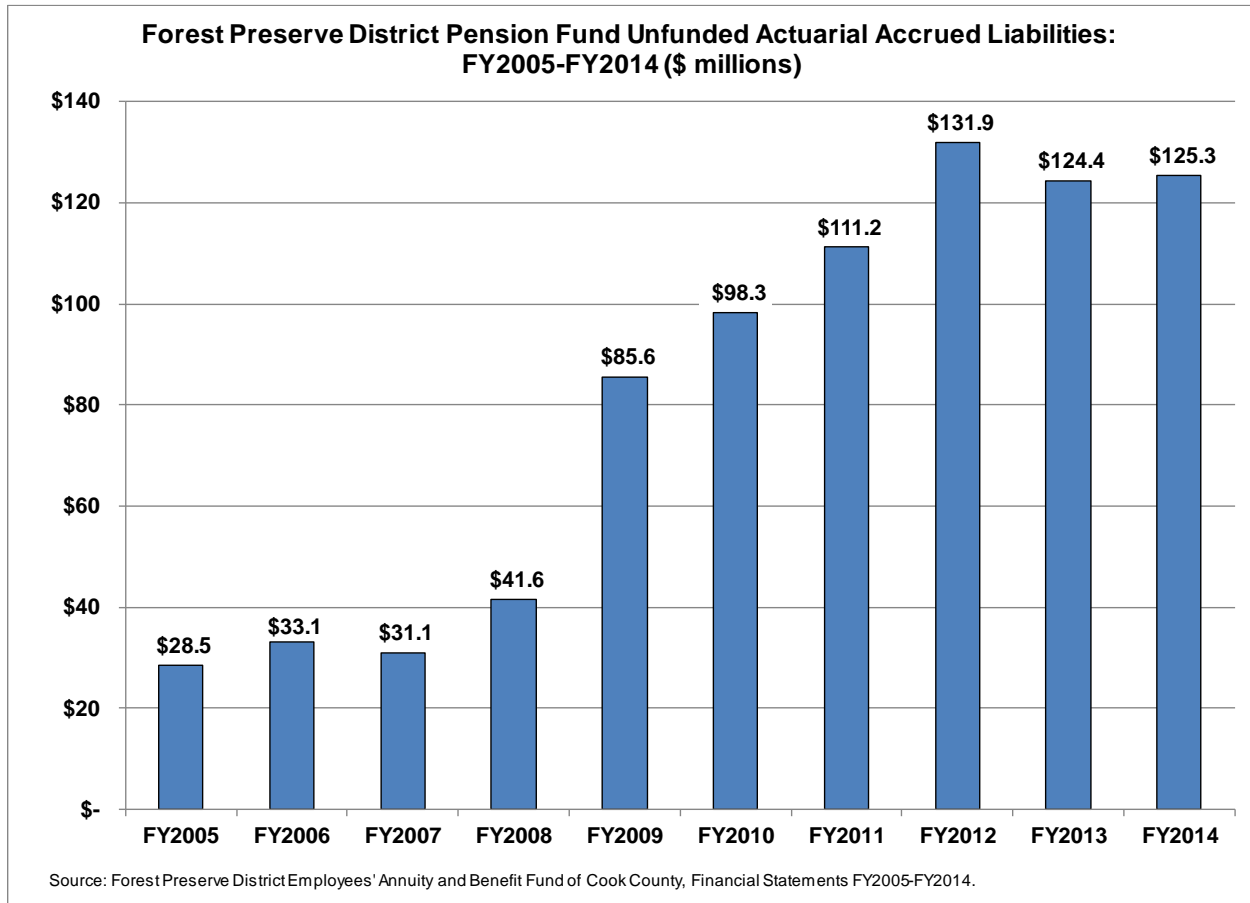
⁵⁸ For more detail on the actuarial value of assets, see Civic Federation, *Status of Local Pension Funding Fiscal Year 2012*, October 2, 2014.

declining slightly in FY2014 to 63.9%. The sizeable difference between FY2008 actuarial and market value funded ratios is due to the fact that FY2008 investment returns were much lower than the smoothed returns over five years.



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 \$125.3 million in FY2014, up from \$28.5 million in FY2005, but down from \$131.9 million in FY2012, due to high investment returns and favorable results compared to assumptions.



The next exhibit adds together the contributing factors that have increased or decreased the unfunded liability since FY2006. The largest contributor to the \$93.456 million growth in unfunded liabilities between the beginning of FY2006 and the end of FY2014 was the shortfall in employer contributions as compared to the annual normal cost plus interest on the UAAL, which added nearly \$55.0 million to the UAAL over nine years. The second largest contributor was investment returns failing to meet the 7.5% expected rate of return.⁵⁹ This added \$30.3 million to the UAAL, followed by the change in actuarial assumptions in FY2009, which added \$24.7 million.⁶⁰

Reasons for Change in Unfunded Actuarial Accrued Liability: FY2006-FY2014							
	Employer Contribution Lower/(Higher) than ARC	Investment Return Lower/(Higher) Than Assumed	Salary Increase (Lower)/Higher Than Assumed	Retiree Health Insurance Premium Lower/(Higher) Than Assumed	Change in Actuarial Assumptions or Methods	Other	Total Net UAAL Change
FY2006	\$ 2,485,073	\$ 1,773,170	\$ (150,731)	\$ -	\$ -	\$ 440,412	\$ 4,547,924
FY2007	\$ 3,014,714	\$ (2,343,691)	\$ 2,200,509	\$ (2,415,401)	\$ -	\$ (2,448,998)	\$ (1,992,867)
FY2008	\$ 3,928,697	\$ 13,247,300	\$ 1,179,009	\$ -	\$ -	\$ (7,782,032)	\$ 10,572,974
FY2009	\$ 4,512,235	\$ 14,363,849	\$ (1,015,614)	\$ -	\$ 24,746,310	\$ 1,386,895	\$ 43,993,675
FY2010	\$ 7,483,382	\$ 9,729,368	\$ (3,394,112)	\$ -	\$ -	\$ (1,140,818)	\$ 12,677,820
FY2011	\$ 7,734,557	\$ 11,541,394	\$ (3,690,231)	\$ -	\$ -	\$ (2,704,346)	\$ 12,881,374
FY2012	\$ 5,369,563	\$ 5,369,563	\$ 1,939,324	\$ -	\$ -	\$ 4,744,938	\$ 17,423,388
FY2013	\$ 10,855,083	\$ (17,264,428)	\$ (2,208,899)	\$ -	\$ -	\$ 1,098,881	\$ (7,519,363)
FY2014	\$ 9,597,999	\$ (6,069,280)	\$ (2,333,548)	\$ -	\$ -	\$ (243,006)	\$ 952,165
Ten-Year Total	\$ 54,981,303	\$ 30,347,245	\$ (7,474,293)	\$ (2,415,401)	\$ 24,746,310	\$ (6,648,074)	\$ 93,537,090

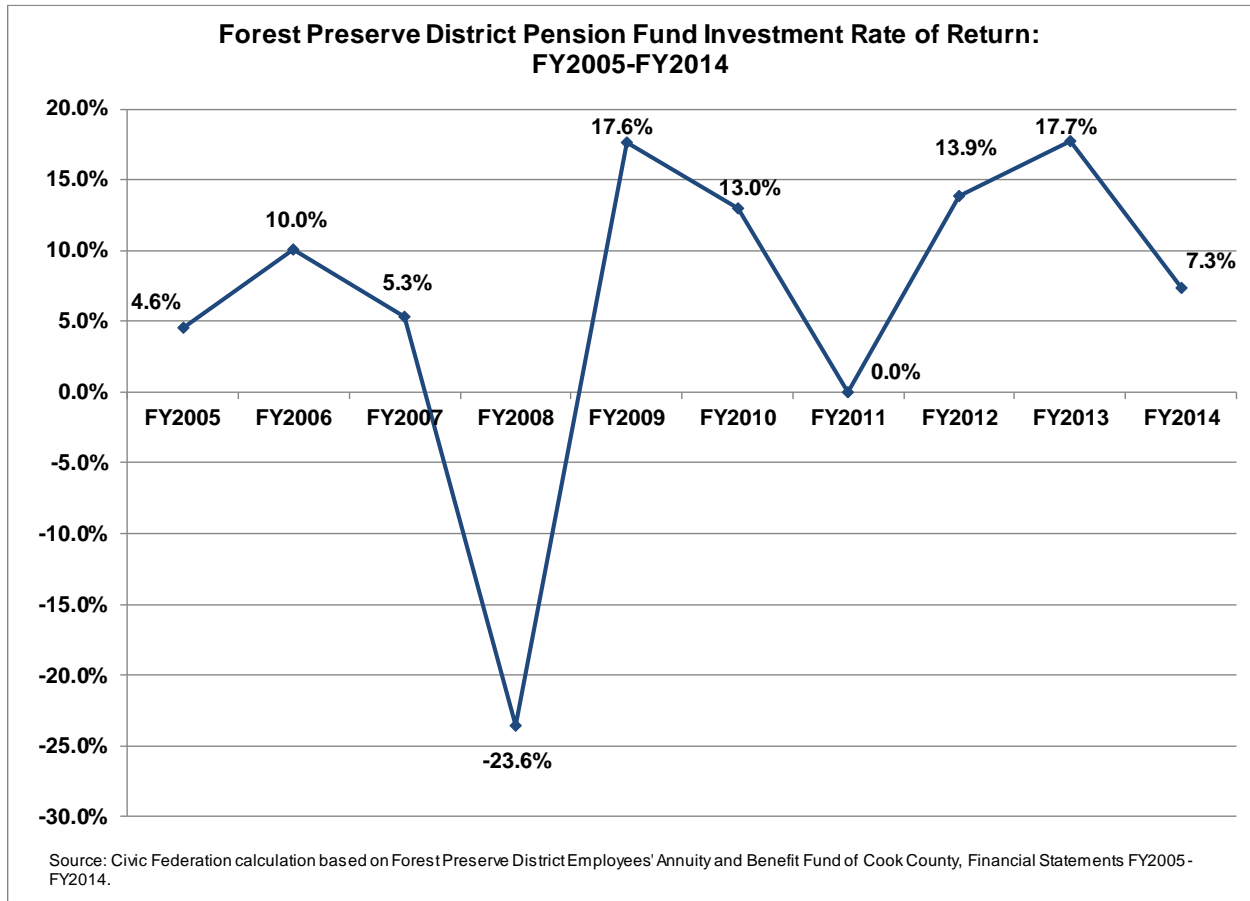
Source: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Combined Actuarial Valuations FY2006-FY2014.

⁵⁹ 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.

⁶⁰ 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.

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 FY2005 and FY2015 the pension fund average annual rate of return was 6.6%.⁶¹ Returns ranged from highs of 17.6% in FY2009 and 17.7% in FY2013 to a low of -23.6% in FY2008.



Employer Annual Required Contribution

The financial reporting requirements for public pension funds and their associated governments are set by the Governmental Accounting Standards Board (GASB). Until FY2013 the standards required disclosure of an annual required contribution (ARC), which is an amount equal to the sum of (1) the employer's "normal cost" of retirement benefits earned by employees in the current year and (2) the amount needed to amortize any existing unfunded accrued liability over

⁶¹ The Civic Federation calculates investment rate of return using the following formula: $\text{Current Year Rate of Return} = \frac{\text{Current Year Gross Investment Income}}{0.5 * (\text{Previous Year Market Value of Assets} + \text{Current Year Market Value of Assets} - \text{Current Year Gross Investment Income})}$. 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.

a period of not more than 30 years.⁶² Normal cost is the portion of the present value of pension plan benefits and administrative expenses that is allocated to a given valuation year and is calculated using one of six standard actuarial cost methods. Each of these methods provides a way to calculate the present value of future benefit payments owed to active employees. The methods also specify procedures for systematically allocating the present value of benefits to time periods, usually in the form of the normal cost for the valuation year and the actuarial accrued liability (AAL).⁶³ The actuarial accrued liability is that portion of the present value of benefits which is not covered by future normal costs.

ARC was a financial reporting requirement but not a funding requirement. The statutorily required Forest Preserve District contributions to its pension funds are set in the state pension code. However, because paying the normal cost and amortizing the unfunded liability over a period of 30 years does represent a reasonably sound funding policy, the ARC can be used as an indicator of how well a public entity is actually funding its pension plan. The District is required to make an annual employer contribution equivalent to 1.30 times the total employee contribution made two years earlier.⁶⁴ The District levies a property tax for this purpose, and the pension amount appears as a separate line on tax bills.

Per GASB Statement No. 67, which went into effect for the District's FY2014, public pension funds are not required to report an ARC after their FY2013 actuarial valuations. However, FY2014 ARCs for the Forest Preserve District fund were calculated in the FY2013 valuations. In the FY2014 valuations, a different calculation, the Actuarially Determined Contribution (ADC), which is based on the pension plan's own actuarial funding policy (if it has one) is required to be reported. If the plan's funding policy does not conform to Actuarial Standards of Practice, as is the case for the Cook County pension fund in FY2014, then the fund is required to report an ADC that incorporates a normal cost payment and an amortization payment. The District reported its FY2014 ADC based on a level percentage of payroll, 30-year open amortization payment, which is equivalent to the ARC methodology used in previous years, leading to a consistent trend from the previous ARC methodology.⁶⁵

Before examining the ARC and actual employer contributions to the Forest Preserve District pension fund, it is important to note some reporting changes. GASB Statement 43 required the retirement systems of large governments—those with over \$100 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

⁶² The ARC reporting requirement was established by GASB Statements No. 25 and 27. GASB Statements No. 67 and 68 ended the requirement for ARC disclosure for fiscal year 2014 financial statements of the fund and the fiscal year 2015 financial statement of Cook County. No widely accepted substitute measure of a government's annual pension funding adequacy has been proposed.

⁶³ GASB statements 67 and 68 will limit governments and pension funds to one method of calculating actuarial cost for their financial statements, the entry age normal method.

⁶⁴ 40 ILCS 5/10-107.

⁶⁵ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, *Actuarial Valuation of Pension Benefits as of December 31, 2014, including supplementary disclosure information for GASB Statement No. 67*, p. 50.

the benefits. If OPEB is not prefunded in a designated trust, that discount rate is expected to reflect the interest rate earned on the plan sponsor's assets—often a long-term money market rate of roughly 4.5%.

In order to comply with these accounting standards, the Forest Preserve District pension fund produces three separate actuarial valuations: one valuation of pension liabilities using a 7.5% discount rate, another valuation of OPEB liabilities using a 4.5% discount rate and a “combined” valuation using a 7.5% discount rate for both pension and OPEB liabilities. The Forest Preserve District pension fund considers the “combined” valuation to be the best reflection of its assets and liabilities because the pension and OPEB benefits are paid from the same asset pool.⁶⁶ However, the separate pension and OPEB valuations done for GASB purposes are the ones used to compute the net pension and OPEB obligations of the Forest Preserve District government that appear on the District'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 FY2005 through FY2014. In FY2005 the \$3.2 million employer contribution represented 43.2% of the ARC, meaning that \$4.2 million more would need to have been contributed to meet the ARC that year. Employer contributions have generally trended downward in the past ten years due to personnel reductions before increasing in FY2011 due to an increase in compensation two years earlier attributed to an extra pay period and retroactive payments made to employees.⁶⁷ The contribution decreased in FY2012 and FY2013 before increasing slightly in FY2014. In FY2014 the \$2.9 million employer contribution represented only 22.1% of the ARC for the “combined” valuation of pension and OPEB, for a shortfall of \$10.2 million that year. The cumulative ten-year difference between ARC and actual employer contribution for “combined” pension and OPEB is a \$65.4 million shortfall. In 2014 the combined ARC for pension and OPEB was \$13.1 million, or over four times the actual employer contribution of only \$2.9 million.

Expressing ARC as a percent of payroll provides a sense of scale and affordability. In FY2005 the ARC was 41.3% of payroll while the actual employer contribution was 17.8% of payroll. In FY2014 the “combined” pension and OPEB ARC was 43.9% of payroll, while the actual employer contribution was 9.7% of payroll.

⁶⁶ Information provided by Daniel Degnan, Executive Director, Cook County Employees' and Officers' Annuity and Benefit Fund of Cook County, February 14, 2011.

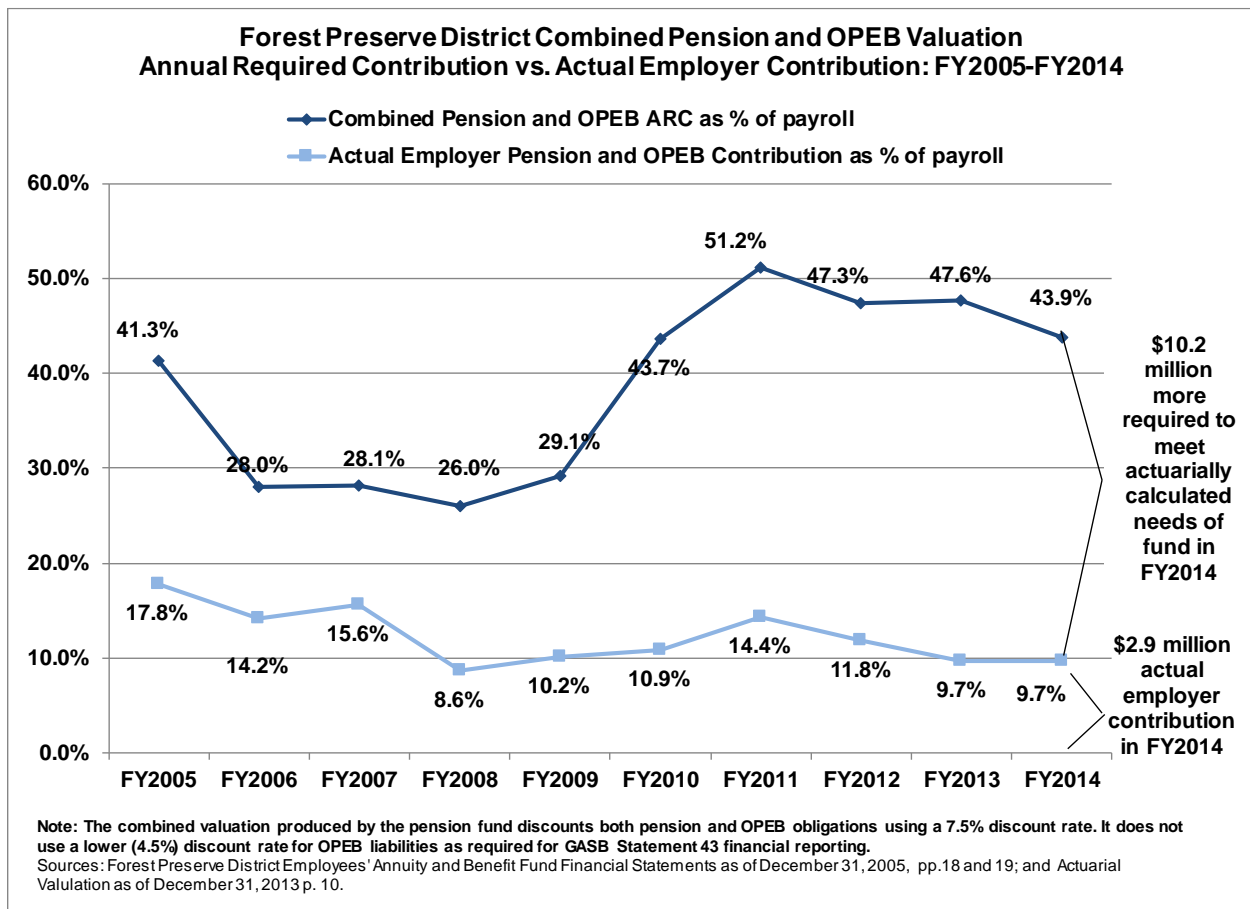
⁶⁷ Communication with the Forest Preserve District of Cook County, November 9, 2012.

Forest Preserve District Pension Fund							
Schedule of Employer Contributions--COMBINED Pension and OPEB Valuation FY2005-FY2014							
Fiscal Year	Employer Annual Required Contribution (1)	Actual Employer Contribution (2)	Shortfall (1-2)	% of ARC contributed	Payroll	ARC as % of payroll	Actual Employer Contribution as % of payroll
2005	\$ 7,466,836	\$ 3,224,743	\$ 4,242,093	43.2%	\$ 18,077,621	41.3%	17.8%
2006	\$ 5,375,366	\$ 2,720,013	\$ 2,655,353	50.6%	\$ 19,172,756	28.0%	14.2%
2007	\$ 5,927,422	\$ 3,287,040	\$ 2,640,382	55.5%	\$ 21,078,316	28.1%	15.6%
2008	\$ 6,094,316	\$ 2,023,448	\$ 4,070,868	33.2%	\$ 23,474,621	26.0%	8.6%
2009	\$ 7,273,214	\$ 2,543,694	\$ 4,729,520	35.0%	\$ 24,967,115	29.1%	10.2%
2010	\$ 10,653,889	\$ 2,660,034	\$ 7,993,855	25.0%	\$ 24,397,376	43.7%	10.9%
2011	\$ 11,606,636	\$ 3,255,609	\$ 8,351,027	28.0%	\$ 22,678,566	51.2%	14.4%
2012	\$ 12,429,935	\$ 3,108,976	\$ 9,320,959	25.0%	\$ 26,252,071	47.3%	11.8%
2013	\$ 14,045,708	\$ 2,863,145	\$ 11,182,563	20.4%	\$ 29,485,857	47.6%	9.7%
2014	\$ 13,072,570	\$ 2,886,463	\$ 10,186,107	22.1%	\$ 29,811,912	43.9%	9.7%

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.

Source: Forest Preserve Employees' Annuity and Benefit Fund Financial Statements as of December 31, 2006, pp. 18-19; Financial Statements as of December 31, 2013, pp. 22-23; Combined Actuarial Valuation as of December 31, 2013, p. 10.

The graph below illustrates the growing gap between the “combined” pension and OPEB 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 23.5% of payroll, or \$4.2 million, in FY2005 to 34.2% of payroll in FY2014. In other words, to fund the pension and retiree healthcare 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 34.2% of payroll, or \$10.2 million, in FY2014.



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 FY2015, the District would need to levy property taxes equal to a tax multiple of 5.06 rather than 1.30.⁶⁸

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.⁶⁹ The pension fund currently subsidizes roughly 52% of retiree premiums (including dependent coverage) and 67% of surviving spouse premiums (including dependent coverage). The remaining premium amount is paid by the participant.⁷⁰ The subsidy is funded on

⁶⁸ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2014, p. 11.

⁶⁹ 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.

⁷⁰ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2014, p. 20.

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 FY2014 there were 287 retiree and surviving spouse participants whose health plan costs were subsidized by the pension fund. This is an increase from 282 participants in FY2009.

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

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements, FY2008, p. 17; FY2010, p. 18; and FY2014, p. 20.

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 is treated as another pension benefit and 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.⁷¹

The actuarial accrued liability for District retiree healthcare benefits was \$47.2 million in FY2014, up from \$47.1 million in FY2013. 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. 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:⁷²

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

⁷¹ Forest Preserve District of Cook County Comprehensive Annual Financial Report for the Year Ended December 31, 2014, p. 108.

⁷²Interfund 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 FY2014 Comprehensive Annual Financial Report, Note III (D): Detailed Notes on All Funds, p. 63.

- *Deposits*: funds held by the District or its agents to collateralize other investment risks.

In FY2014 the District's total short-term liabilities increased from the prior year by \$7.6 million, or 84.9%. Much of this large increase was due to the \$6.6 million, or 95.3%, increase in accounts payable because of work on active construction projects that had been completed but not yet paid for by December 31, 2014.⁷³ Accrued payroll increased by 97.9% or \$1.3 million in the same time period. The difference is primarily due to a change in how benefit accrual was recorded and increased salary payments due fewer vacancies in 2014 versus 2013. In 2013 unpaid benefits were recorded in Accounts Payable vs 2014 when unpaid benefits were recorded in the Accrued Payroll. There was also some delay in payments due to a lag in invoicing.⁷⁴ For the five-year period between FY2010 and FY2014, short-term liabilities rose by 34.1%, or \$4.2 million, increasing from \$12.4 million to \$16.6 million. Most of that increase was also driven by increases in accounts payable, which rose by \$2.7 million.

Forest Preserve District of Cook County FY2010-FY2014 Short-Term Liabilities in the Governmental Funds									
Type	FY2010	FY2011	FY2012	FY2013	FY2014	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Accounts Payable	\$ 10,782,055	\$ 7,826,864	\$ 7,991,997	\$ 6,897,196	\$ 13,471,259	\$ 6,574,063	95.3%	\$ 2,689,204	24.9%
Accrued Payroll	\$ 976,782	\$ 1,720,156	\$ 2,267,709	\$ 1,376,629	\$ 2,723,698	\$ 1,347,069	97.9%	\$ 1,746,916	178.8%
Other Liabilities	\$ 557,115	\$ 780,446	\$ 281,209	\$ 601,466	\$ 290,849	\$ (310,617)	-51.6%	\$ (266,266)	-47.8%
Deposits	\$ 34,561	\$ 31,398	\$ 30,993	\$ 82,217	\$ 73,365	\$ (8,852)	-10.8%	\$ 38,804	112.3%
Total	\$ 12,350,513	\$ 10,358,864	\$ 10,571,908	\$ 8,957,508	\$ 16,559,171	\$ 7,601,663	84.9%	\$ 4,208,658	34.1%

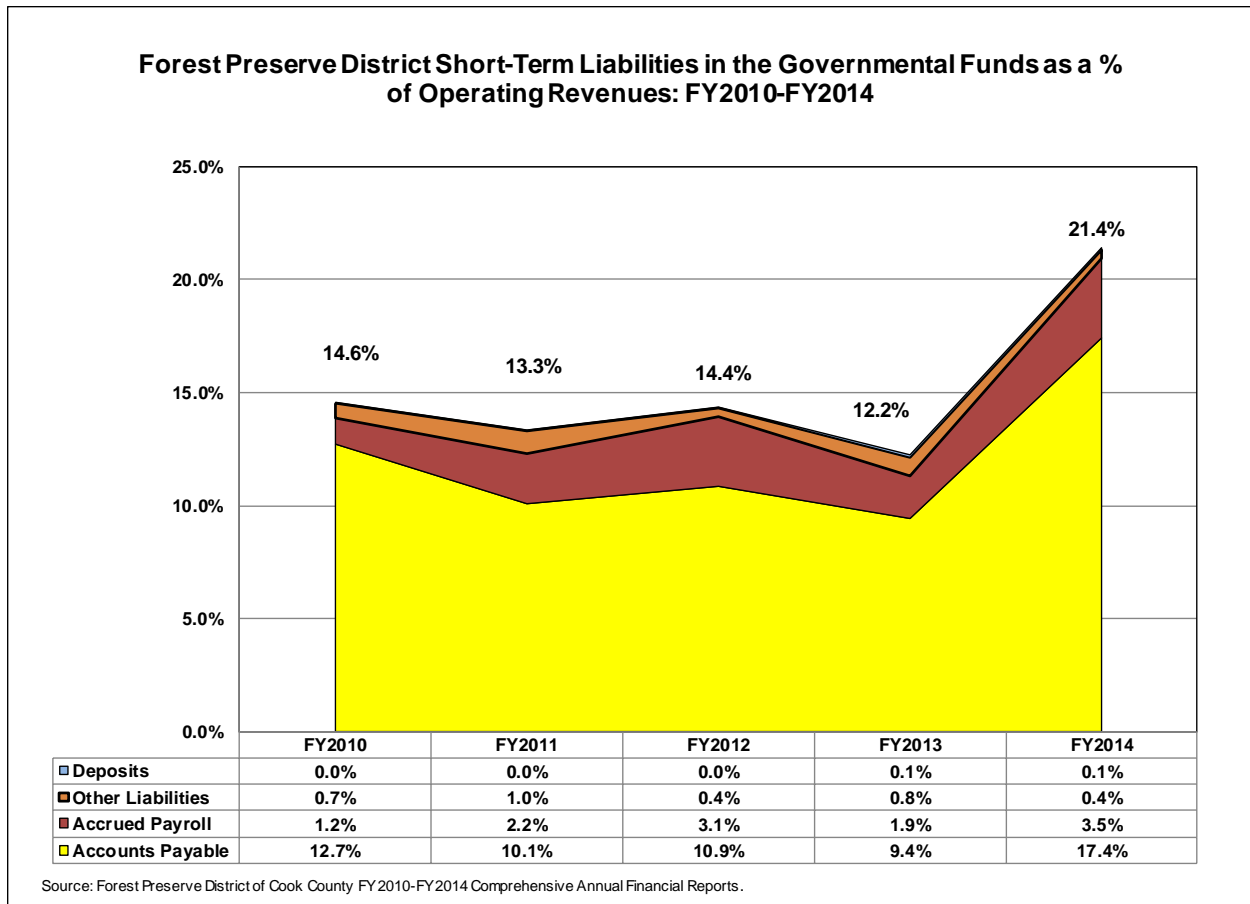
Source: Forest Preserve District of Cook County FY2010-FY2014 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

⁷³ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

⁷⁴ Communication between the Forest Preserve District and the Civic Federation, November 16, 2015.

Short-Term Liabilities as a Percentage of Operating Revenues

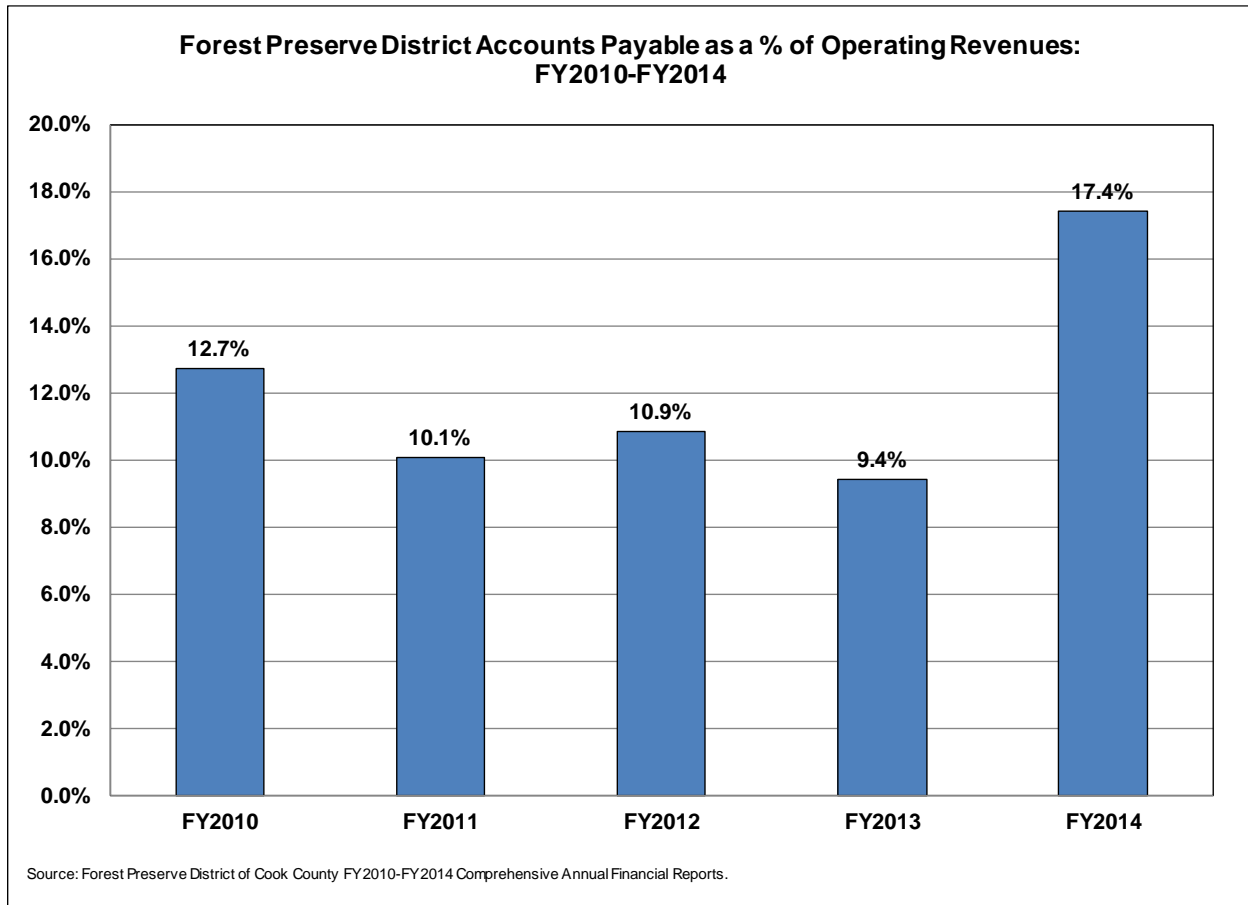
Increasing current liabilities in a government’s operating funds at the end of the year as a percentage of net operating revenues may be a warning sign of possible future financial difficulties.⁷⁵ This indicator, developed by the International City/County Management Association (ICMA), is a measure of budgetary solvency or a government’s ability to generate enough revenue over the course of a fiscal year to meet its expenditures and avoid deficit spending. The ratio has fluctuated over time, rising from 14.6% in FY2010 to 21.4% in FY2014. The average ratio over this five-year period was 15.2%. The increase in FY2014 was due large to a large increase in accounts payable.



⁷⁵ 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.

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 FY2010 and FY2013, the Forest Preserve District's ratio of accounts payable to operating revenues decreased from 12.7% to 9.4%. It then made a steep increase to 17.4% mainly because of a \$6.6 million increase in accounts payables in FY2014. That increase was due to work on active construction projects that had been completed but not yet paid for by December 31, 2014.⁷⁶ The average ratio over this five-year period was 12.1%.



Current Ratio

The current ratio is a measure of liquidity. 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.⁷⁷

⁷⁶ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 109.

⁷⁷ Steven A. Finkler. *Financial Management for Public, Health and Not-for-Profit Organizations*. Upper Saddle River, NJ, 2001, p. 476.

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

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

The Forest Preserve District's current ratio was 10.5 in FY2014, the most recent year for which data is available. In the past five years, the District's current ratio averaged 15.8, which is above the preferred benchmark of 2.0 and thus demonstrates a healthy level of liquidity. From FY2010 to FY2014, the current ratio declined from 14.3 to 10.5. This decrease was due to current assets declining by \$4.3 million at the same time current liabilities were rising by \$7.6 million.

Forest Preserve District Current Ratio in the Governmental Funds: FY2010-FY2014 (in \$ thousands)									
	FY2010	FY2011	FY2012	FY2013	FY2014	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Current Assets									
Cash and cash equivalents	\$ 27,507	\$ 39,135	\$ 104,044	\$ 91,177	\$ 105,555	\$ 14,378	15.8%	\$ 78,048	283.7%
Short-term investments	\$ 77,143	\$ 72,811	\$ 3,149	\$ 3,161	\$ -	\$ (3,161)	-100.0%	\$ (77,143)	-100.0%
Property taxes receivable	\$ 70,934	\$ 64,536	\$ 66,415	\$ 64,912	\$ 65,706	\$ 794	1.2%	\$ (5,228)	-7.4%
Grants receivable	\$ 58	\$ 750	\$ 717	\$ 519	\$ 1,231	\$ 712	137.2%	\$ 1,173	2022.4%
Golf receivable	\$ 715	\$ 809	\$ 624	\$ 551	\$ 21	\$ (530)	-96.2%	\$ (694)	-97.1%
Concession Receivable	\$ 83	\$ 70	\$ 98	\$ 87	\$ 82	\$ (5)	-5.7%	\$ (1)	-1.2%
License Fees Receivable	\$ 497	\$ 1,391	\$ 2,544	\$ 2,544	\$ 63	\$ (2,481)	-97.5%	\$ (434)	-87.3%
Accrued Interest Receivable	\$ 16	\$ 13	\$ 3	\$ 627	\$ 610	\$ (17)	-2.7%	\$ 594	3712.5%
Loans Receivable	\$ -	\$ -	\$ -	\$ 14,151	\$ -	\$ (14,151)	-100.0%	---	---
Other Receivables	\$ -	\$ -	\$ 7	\$ 7	\$ 192	\$ 185	2642.9%	\$ 192	---
Total Current Assets	\$ 176,953	\$ 179,514	\$ 177,601	\$ 177,736	\$ 173,460	\$ (4,276)	-2.4%	\$ (3,493)	-2.0%
Current Liabilities									
Accounts Payable	\$ 10,782	\$ 7,826	\$ 7,991	\$ 6,897	\$ 13,471	\$ 6,574	95.3%	\$ 2,689	24.9%
Accrued Payroll	\$ 976	\$ 1,720	\$ 2,267	\$ 1,376	\$ 2,723	\$ 1,347	97.9%	\$ 1,747	179.0%
Other Liabilities	\$ 557	\$ 780	\$ 281	\$ 601	\$ 290	\$ (311)	-51.7%	\$ (267)	-47.9%
Deposits	\$ 34	\$ 31	\$ 31	\$ 82	\$ 73	\$ (9)	-11.0%	\$ 39	114.7%
Total Current Liabilities	\$ 12,349	\$ 10,357	\$ 10,570	\$ 8,956	\$ 16,557	\$ 7,601	84.9%	\$ 4,208	34.1%
Current Ratio	14.3	17.3	16.8	19.8	10.5				

Source: Forest Preserve District of Cook County FY2010-FY2014 Comprehensive Annual Financial Reports, Governmental Funds Balance Sheets.

LONG-TERM LIABILITIES

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

Long-Term Liabilities

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

- *Compensated absences*: Liabilities owed for employees' time off with pay for vacations, holidays and sick days;
- *Provisions for settlement of tort*: Liabilities owed as a result of claims for tort liability and property judgments;

- *Net pension obligations (NPO)*: The cumulative difference (as of the effective date of GASB Statement 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; and⁷⁸
- *Net Other Post Employment Benefit (OPEB) obligations*: The cumulative difference (as of the effective date) of GASB Statement 45, between the annual OPEB (employee health insurance) cost and the employer’s contributions to its OPEB plan.

Between FY2013 and FY2014, total Forest Preserve District long-term liabilities rose by 1.4%, increasing from \$262.8 million to \$266.4 million. Over the five-year period between FY2010 and FY2014 long-term obligations rose by 78.9%, or \$117.5 million.

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 FY2010 and FY2014, long-term debt for the Forest Preserve District increased by 63.8%, or roughly \$74.6 million. In the two-year period between FY2013 and FY2014 long-term debt outstanding fell by 4.2%, or \$8.5 million. The large long-term debt increase between FY2011 and FY2012 of \$99 million was due primarily to the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁷⁹

Other liabilities rose by 134.9%, or \$42.9 million, between FY2010 and FY2014. In the same period, net pension obligations increased by 139.1%, or \$32.0 million. Net post-employment benefits rose by 153.2%, or \$10.7 million. These large increases are causes for concern.

Forest Preserve District Long-Term Liabilities: FY2010-FY2014									
	FY2010	FY2011	FY2012	FY2013	FY2014	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
General Obligation Bonds	\$108,665,000	\$101,935,000	\$187,950,000	\$179,655,000	\$172,535,000	\$ (7,120,000)	-4.0%	\$ 63,870,000	58.8%
Bond Premium and Issuance Costs	\$ 8,398,587	\$ 7,940,094	\$ 21,870,884	\$ 20,517,164	\$ 19,163,444	\$ (1,353,720)	-6.6%	\$ 10,764,857	128.2%
Unamortized deferred amount on refunding	\$ -	\$ -	\$ (986,779)	\$ -	\$ -	\$ -	-	\$ -	-
Subtotal Long-Term Debt	\$117,063,587	\$109,875,094	\$208,834,105	\$200,172,164	\$191,698,444	\$ (8,473,720)	-4.2%	\$ 74,634,857	63.8%
Compensated Absences	\$ 1,828,772	\$ 1,792,974	\$ 1,858,731	\$ 1,973,026	\$ 2,040,862	\$ 67,836	3.4%	\$ 212,090	11.6%
Net Pension Obligation	\$ 23,014,896	\$ 29,000,897	\$ 36,382,010	\$ 45,763,389	\$ 55,028,080	\$ 9,264,691	20.2%	\$ 32,013,184	139.1%
Net Post Employment Obligations	\$ 6,963,983	\$ 9,892,669	\$ 12,280,577	\$ 14,854,307	\$ 17,635,537	\$ 2,781,230	18.7%	\$ 10,671,554	153.2%
Subtotal Other Liabilities	\$ 31,807,651	\$ 40,686,540	\$ 50,521,318	\$ 62,590,722	\$ 74,704,479	\$ 12,113,757	19.4%	\$ 42,896,828	134.9%
Total	\$148,871,238	\$150,561,634	\$259,355,423	\$262,762,886	\$266,402,923	\$ 3,640,037	1.4%	\$117,531,685	78.9%

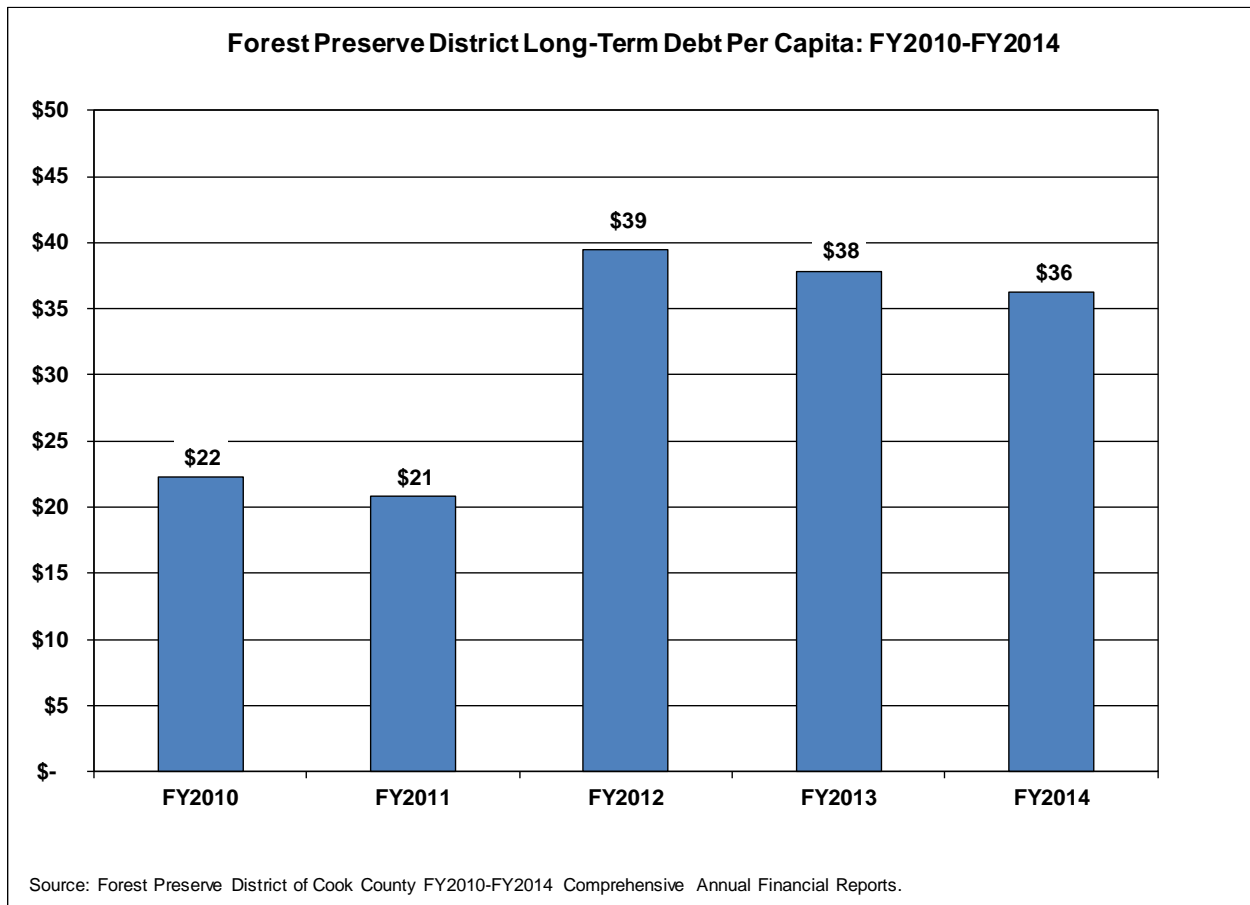
Sources: Forest Preserve District of Cook County FY2010-FY2014 CAFRs.

⁷⁸Governmental Accounting Standards Boards, “Summary of Statement No. 27 Accounting for Pensions by State and Local Governmental Employers (Issued 11/94),” <http://www.gasb.org/st/summary/gstsm27.html> (accessed December 17, 2010).

⁷⁹ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.

Long-Term Debt Per Capita

A common ratio used by ratings agencies and other public finance analysts to evaluate long-term debt trends is direct debt per capita. This ratio reflects the premise that the entire population of a jurisdiction benefits from infrastructure improvements. This analysis takes the total long-term debt amount reported in the District's audited financial statements and divides it by population. The Forest Preserve District's long-term debt includes general obligation bonds payable and bond premium and issuance costs. Increases in this indicator bear watching as a potential sign of growing financial risk. The District's long-term debt burden increased by 77.4% between FY2010 and FY2012, rising from \$22 to \$39 per capita. The large increase between FY2011 and FY2012 was due primarily to the 2012 issuance of \$142.9 million in general obligation refunding and project bonds.⁸⁰ By FY2014, debt per capita fell slightly to \$36.



⁸⁰ Forest Preserve District of Cook County FY2012 Comprehensive Annual Financial Report, p. 4.

Debt Service Appropriations as a Percentage of Total Appropriations

The ratio of debt service appropriations as a percentage of total Governmental Fund appropriations is frequently used by ratings agencies to assess debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the ratings agencies.⁸¹

Forest Preserve District debt service appropriations in the proposed budget for FY2016 will constitute 7.8% of the District's \$178.3 million in total appropriations. The District proposes to appropriate a net amount of \$13.9 million for debt service this year. The total amount of debt service is reported as \$15.5 million; however the District intends to abate \$1.6 million of that sum. The abatement is made possible by spending down available escrow funds.⁸²

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

Forest Preserve District Debt Service Appropriations as a Percentage of Total Appropriations: FY2012-FY2016					
	FY2012	FY2013	FY2014	FY2015	FY2016
Debt Service Appropriations	\$ 12,001,306	\$ 19,881,853	\$ 19,932,213	\$ 16,116,388	\$ 15,540,152
Bond and Interest Abatement	\$ -	\$ (4,996,350)	\$ (7,308,839)	\$ (1,200,000)	\$ (1,600,000)
Subtotal Net Debt Service	\$ 12,001,306	\$ 14,885,503	\$ 12,623,374	\$ 14,916,388	\$ 13,940,152
Total Appropriations	\$ 194,982,844	\$ 189,323,000	\$ 179,065,916	\$ 178,493,857	\$ 178,340,632
Debt Service as a % of Total Appropriations	6.2%	7.9%	7.0%	8.4%	7.8%

Sources: Forest Preserve District of Cook County FY2012-FY2016 Executive Budget Recommendations, Annual Appropriation Comparative Summaries.

Bond Ratings

The Forest Preserve District had the following credit ratings as of October 2015:

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

Sources: Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 110; FY2013 Comprehensive Annual Financial Report, p. iii and Moody's Investors Service. "Rating Update: Moody's downgrades Cook County Forest Preserve District, IL to A1; outlook negative," August 29, 2013. Fitch Ratings. "Fitch Revises Cook County Forest Preserve, IL's Outlook to Negative; Affirms 'AA' GOs," May 30, 2014.

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

⁸¹ 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.

⁸² Forest Preserve District FY2016 Executive Budget Recommendation, p. 149.

overall debt burden.⁸³ 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.⁸⁴ Reflecting that concern, Moody’s also concurrently downgraded Cook County’s general obligation rating from Aa3 to A1 with a negative outlook in August 2013.⁸⁵

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.⁸⁶

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.⁸⁷

FOREST PRESERVE DISTRICT CAPITAL PLAN

The Forest Preserve District published a FY2015 update to its five-year Capital Improvement Plan (CIP) in February 2015. The update includes information for FY2015-FY2019.⁸⁸

The District proposes \$138.6 million in funded and unfunded projects over that five-year period. The amounts listed for FY2016 through FY2019, a total of \$86.8 million, do not yet have identified sources of funding.

Forest Preserve District Capital Improvement Plan: FY2015-FY2019	
FY2015	\$ 51,770,072
FY2016	\$ 32,238,414
FY2017	\$ 19,127,900
FY2018	\$ 22,202,035
FY2019	\$ 13,223,500
Total	\$ 138,561,921

Source: Forest Preserve District of Cook County 2015 Update to the 5-Year Capital Improvement Plan, Table 2, p. 12.

⁸³ Forest Preserve District of Cook County, “Forest Preserve District Secures Historically Low Interest Rate on Bond Sale,” press release, June 14, 2012.

⁸⁴ Moody’s Investors Service. “Rating Update: Moody’s downgrades Cook County Forest Preserve District, IL to A1; outlook negative,” August 29, 2013.

⁸⁵ Chicago Tribune. “Moody’s cuts Cook County bond rating to A1: Rating service cites pension liabilities, maintains negative outlook,” August 16, 2013.

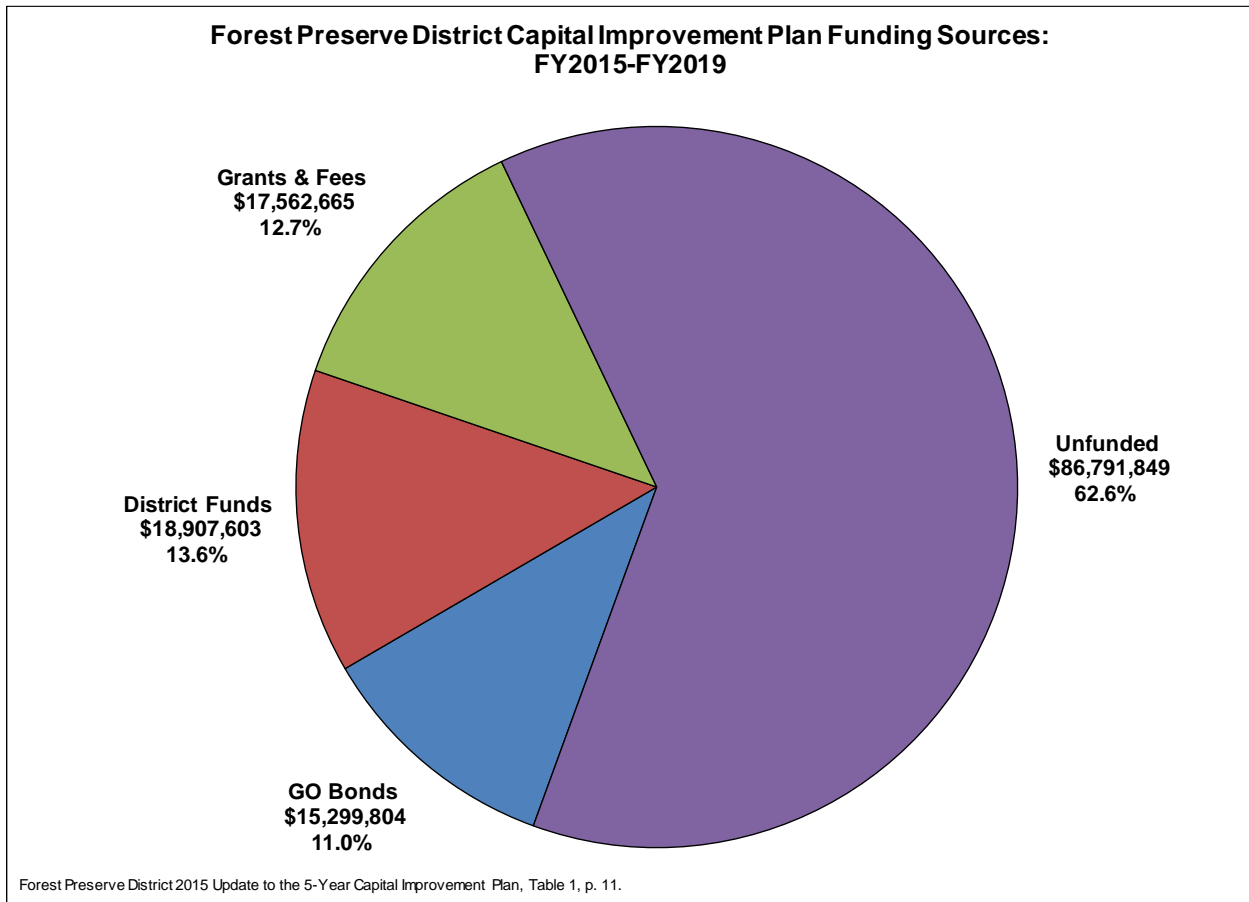
⁸⁶ Fitch Ratings. “Fitch Revises Cook County Forest Preserve, IL’s Outlook to Negative; Affirms ‘AA’ GOs,” May 30, 2014.

⁸⁷ Forest Preserve District of Cook County FY2014 Comprehensive Annual Financial Report, p. 110.

⁸⁸ Forest Preserve District. 2015 Update to the 5-Year Capital Improvement Plan, February 11, 2015 at http://fpdcc.com/downloads/FPCC-2015-2019-FINAL-Capital-Improvement-Plan_web.pdf.

The CIP provides information on capital projects for FY2015-FY2019 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.⁸⁹

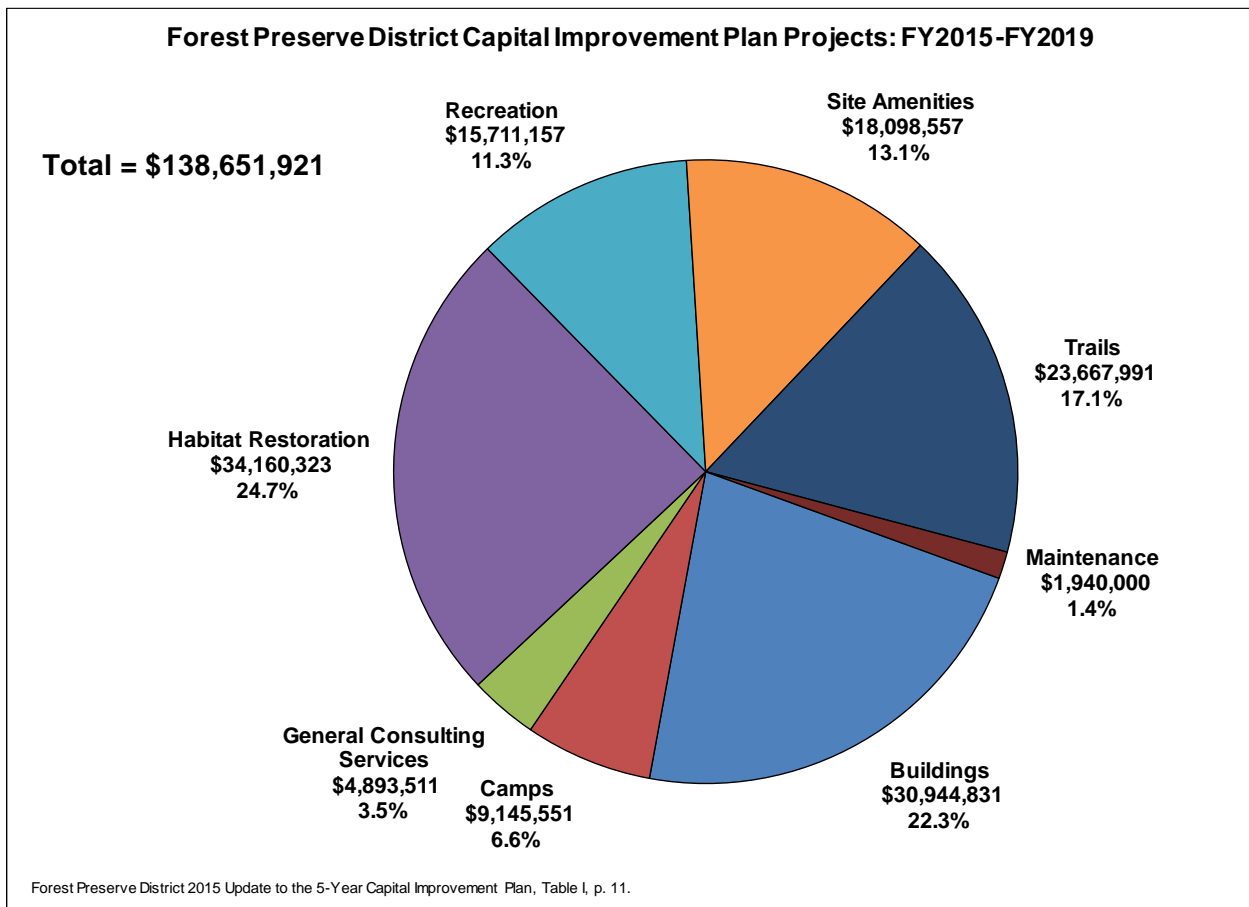
The next exhibit shows the sources of funding for the Forest Preserve District's FY2015-FY2019 CIP projects. At this time, 11.0% or \$15.3 million in funding will derive from general obligation (GO) bonds. District pay as you go funding will finance \$18.9 million, or 13.6%, of the projects. Another 12.7% or \$17.6 million will be paid for with grants and fee revenues. Approximately \$86.8 million in projects, or 62.6% of the total, do not yet have funding identified.



⁸⁹ See Forest Preserve District of Cook County website at <http://fpdcc.com/cip/>.

The FY2015-FY2019 Forest Preserve District CIP proposes to allocate funds for a wide variety of projects:

- 24.7%, or \$34.2 million, is reserved for habitat restoration; and
- 22.3% of the total, or \$30.9 million, will be set aside for buildings;
- An additional 17.1%, or \$23.7 million, will be used for trails;
- 11.3%, or \$15.7 million, is earmarked for recreational facilities;
- 6.6%, or \$9.1 million, will be used for campsites; and
- The remaining 18.0% of funding will be used for maintenance, general consulting services (i.e., planning, assessment and design activities) and site amenities.



According to best practices for capital budgeting, a complete capital improvement plan (CIP) includes the following elements:⁹⁰

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

⁹⁰ National Advisory Council on State and Local Budgeting Recommended Practice 9.10: Develop a Capital Improvement Plan, p. 34; Government Finance Officers Association, Best Practices, Development of Capital Planning Policies, October 2011.

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

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

The checklist that follows assesses how well the District's CIP conforms to best practice guidelines. Overall, the CIP conforms to many of the guidelines. There are opportunities for stakeholder input into the CIP process for new projects. The Capital Development Committee of the Forest Preserve Board holds a public hearing on the CIP at which public testimony is taken and the full Board subsequently adopts the plan.⁹¹ Information about individual projects, funding sources and timelines for project completion over the entire five-year timeframe of the CIP is provided.⁹²

However, in many respects, the CIP falls short of best practice guidelines. The District does develop a Natural and Cultural Resources Master Plan and a Trail Master Plan and Policy.⁹³ In addition, the District website notes that some new projects were identified because of new plans and needs assessments relating to trails, golf courses and specific sites.⁹⁴ But, there is no narrative discussion in the document of whether the District follows a formal prioritization system to determine the selection of individual projects. Also, projects funded by public funds at the Brookfield Zoo and Chicago Botanic Garden continue to be missing from the CIP. Therefore the CIP falls short of the best practice guidelines for a comprehensive document providing taxpayers with full information about District-funded capital projects.

⁹¹ Information provided by the Forest Preserve District of Cook County, November 1, 2013.

⁹² Forest Preserve District of Cook County 2015 Update to the 5-Year Capita Improvement Plan, pp. 1-12.

⁹³ Forest Preserve District of Cook County 2015 Update to the 5-Year Capita Improvement Plan, p. 4.

⁹⁴ See Forest Preserve District of Cook County website at <http://fpdcc.com/cip/>.

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

APPENDIX A

Corporate Fund Fund Balance Level

The following charts present the District's Corporate Fund fund balance as a ratio of actual operating expenditures for FY2011 through FY2014. It should be noted that the Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds. At the end of FY2014, the District's unrestricted corporate fund balance was \$44.9 million, or 90.6% of operating expenditures. This level of fund balance greatly exceeds the GFOA recommended minimum fund balance.

Forest Preserve District of Cook County			
Corporate Fund Balance Ratio: FY2011 - FY2014			
	Unrestricted Corporate Fund Balance	Operating Expenditures	Ratio
FY2011	\$ 37,026,316	\$ 41,646,735	88.9%
FY2012	\$ 41,902,515	\$ 45,597,442	91.9%
FY2013	\$ 43,836,352	\$ 50,557,997	86.7%
FY2014	\$ 44,943,100	\$ 49,596,157	90.6%

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

Corporate Fund Fund Balance Level and Transfers Out

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

Including Corporate Fund operating expenditures and transfers out, the FY2014 year-end fund balance ratio was 80.0%. One of the largest contributors to the District's Corporate Fund unrestricted fund balance is the annual savings from turnover in personnel positions, primarily with seasonal employees, trades and law enforcement personnel.⁹⁵ In FY2011, the District transferred \$10.2 million dollars to reduce excesses in the Corporate Fund. Revenues exceeded expenditures by approximately \$15.0 million and each department spent less than what the District had budgeted.⁹⁶ In FY2013, excess revenues declined 81.1%, or \$8.3 million, compared to FY2011.

⁹⁵ Information provided by the Forest Preserve District of Cook County, November 13, 2014.

⁹⁶ Forest Preserve District of Cook County FY2011 Comprehensive Annual Financial Report, p. 3f.

**Forest Preserve District of Cook County
Corporate Fund Balance Ratio & Transfers Out: FY2011 - FY2014**

	Unrestricted Corporate Fund Balance	Operating Expenditures	Transfers Out	Alternative Ratio
FY2011	\$ 40,817,792	\$ 41,646,735	\$ 10,220,375	78.7%
FY2012	\$ 41,902,515	\$ 45,597,442	\$ 4,206,338	84.1%
FY2013	\$ 43,836,352	\$ 50,557,997	\$ 1,933,837	83.5%
FY2014	\$ 44,943,100	\$ 49,596,157	\$ 6,550,000	80.0%

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