



FOREST PRESERVE DISTRICT OF COOK COUNTY FY2005 PROPOSED BUDGET

Analysis and Recommendations

**Prepared By
The Civic Federation
January 31, 2005**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
OVERVIEW OF ANALYSIS	4
CIVIC FEDERATION POSITION: OPPOSITION TO THE FY2005 BUDGET	4
ISSUES THE CIVIC FEDERATION SUPPORTS	5
CIVIC FEDERATION RECOMMENDATIONS	6
ACKNOWLEDGMENTS	9
FY2005 BUDGET HIGHLIGHTS	9
TOTAL APPROPRIATIONS: \$197.5 MILLION	9
FINANCIAL MANAGEMENT ISSUES	10
BUDGET FORMAT	11
FINANCIAL ISSUES AND TRENDS	12
ALL FUND APPROPRIATIONS	12
RESOURCE AND REVENUE TRENDS	14
PROPERTY TAX LEVY	17
UNRESERVED CORPORATE FUND BALANCE	19
PERSONNEL AND PERSONAL SERVICES APPROPRIATIONS TRENDS	19
PERSONAL SERVICES APPROPRIATION TRENDS	21
SELECTED DEPARTMENTS: APPROPRIATIONS, REVENUE, AND PERSONNEL	22
PENSION TRENDS.....	22
FUNDED RATIOS	23
UNFUNDED LIABILITIES	23
INVESTMENT RATES OF RETURN	24
DEBT TRENDS	25
SHORT-TERM DEBT TRENDS	25
LONG-TERM DEBT COMPOSITION	26
LONG-TERM DEBT PER CAPITA	27
DISTRIBUTION OF SERIES 2004 BOND PROCEEDS	27
THE FOREST PRESERVE DISTRICT CAPITAL IMPROVEMENT PLAN	30
CAPITAL IMPROVEMENT PLAN HIGHLIGHTS	31
CAPITAL IMPROVEMENT FUND	32
REVIEW OF CAPITAL IMPROVEMENT PLAN: LACK OF ADEQUATE TRANSPARENCY	32
CIVIC FEDERATION RECOMMENDATIONS	34
END LEGAL RELATIONSHIP BETWEEN THE FOREST PRESERVE DISTRICT AND COOK COUNTY ..	34
ESTABLISH A FORMAL CAPITAL IMPROVEMENT PLAN AND PROCESS	34
ELIMINATE FOREST PRESERVE POLICE DEPARTMENT	34
TRANSFER OWNERSHIP OF SWIMMING POOLS TO MUNICIPALITIES	35
IMPLEMENT A LONG-TERM FINANCIAL PLANNING PROCESS	35
DEVELOP AND UTILIZE PERFORMANCE MEASURES	35
PROVIDE ADDITIONAL INFORMATION IN BUDGET DOCUMENT	36

EXECUTIVE SUMMARY

The Forest Preserve District of Cook County proposes a FY2005 budget of \$197.5 million. This represents an increase of \$56.6 million, up 40.2% from FY2004. Of this amount, \$52.6 million is earmarked for District capital improvements, primarily funded by approximately \$50 million in proceeds derived from the District's \$100 million General Obligation bond issue approved in October 2004.

Civic Federation Position: Opposition

- The District fails to meet minimum standards for disclosure and accountability with its budget process. This budget was released on December 2, 2004. A schedule for departmental or public hearings was not issued until January 2005, several weeks after the budget was released.
- By waiting nearly four weeks after the budget's official release to announce the public meeting schedule, the Commissioners may have violated state laws, including the Truth in Taxation Act. This may jeopardize the validity of the property tax levy proposed for the Forest Preserve District.
- The \$100 million General Obligation Bonds were issued to fund capital improvement projects. Of that amount, approximately \$50 million is designated for District capital improvements, \$25 million for the Brookfield Zoo and \$25 million for the Chicago Botanic Garden.
- The District has provided insufficient information on its planned capital improvements in the Forest Preserves and almost no disclosure of capital projects planned for the Zoo and the Botanic Garden.
- By failing to explain in detail how \$100 million in new bond funds will be spent and not allowing for meaningful public input into how projects are prioritized, the District has failed to justify the \$5.9 million property tax increase attributable to debt service on those bonds.
- The District's budget and capital improvement plan show a serious lack of concern about public input on how these major capital projects should be selected and prioritized.

Key FY2005 Budget Findings

- The District's property tax levy will increase by 13.6%, from \$66.0 million to \$74.9 million.
- The number of full time equivalent (FTE) positions will decrease by 2, from 491 to 489.
- Appropriations for the new Capital Improvements Fund will be \$52.6 million.
- Appropriations for the new Self Insurance Fund will be \$4.3 million.
- Bond and Interest Fund appropriations will increase from \$4.3 million to \$10.1 million.
- 39.1% of the District budget excluding capital improvements, or \$77.2 million, is reserved for funding of the Chicago Botanic Garden and the Brookfield Zoo.
- The District will establish an unreserved Corporate Fund balance of \$6.5 million in FY2005.

Civic Federation Recommendations

- The legal relationship between the Forest Preserve District and Cook County should be severed, and a separate Forest Preserve District Board of Commissioners should be elected. A separate Board would focus solely on District issues, allowing the commissioners to independently and adequately review the District's finances and operations. Separating the two governments would substantially improve the oversight and accountability of both governments.
- The District should develop and utilize a performance measurement system for all District programs as part of a broader strategic planning strategy.
- Ownership of the District's three swimming pools, which are costly to maintain and outside the District's core mission, should be transferred to interested park districts or community groups.
- The Forest Preserve District police force should be eliminated and its functions assumed by the County Sheriff or local municipalities. This move would generate substantial savings to the District.
- The District should develop and implement a formal Capital Improvement Program (CIP) that provides maximum transparency about the overall capital needs, the prioritization of those needs and the schedule for project completion. A formal CIP is essential for providing and opportunities for public input and review.
- The District should develop, and seek public input into, a five-year long-term financial plan.

OVERVIEW OF ANALYSIS

The Civic Federation recently concluded an analysis of financial issues related to the Forest Preserve District of Cook County's FY2005 \$197.5 million budget. Based upon our review of the budget, we offer the following comments. The full text of our analysis follows this summary and is also available on our Web site at www.civiefed.org.

Civic Federation Position: Opposition to the FY2005 Budget

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

The Civic Federation **opposes** the Forest Preserve District's FY2005 budget. In our view, this proposed budget does not meet even minimal standards of accountability by failing to invite public input into the capital planning process or to provide clear disclosure of its capital spending plans and priorities. The District and its Commissioners show blatant disregard for the public interest by their apparent violation of the Truth in Taxation statute and their failure to schedule any public hearings until almost one month into the fiscal year.

Inadequate Capital Improvement Plan

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

Of the \$100 million in bond proceeds, approximately \$50 million is designated for capital improvements within the Forest Preserves, \$25 million for the Brookfield Zoo and \$25 million for the Chicago Botanic Garden. The District's budget provides only a summary list of projects and funding sources for planned improvements in the Forest Preserves, and no disclosure of plans for improvements in the Zoo and Botanic Garden. Although these funds are being provided courtesy of the taxpayers, the District has offered few details on its complete capital spending plan, and thus gives no rational justification for the \$5.9 million property tax increase earmarked for debt service on this bond issue.

According to the proposed budget, \$8.6 million -- roughly 17% of the total bond-funded capital improvements planned for the Forest Preserves -- will be spent on three line items: construction of parking lots, and repairs and improvements on the general and division headquarters buildings, and improvements on the River Forest Headquarters and maintenance facility.

Given the poor condition of many of the Forest Preserve District facilities, the capital project funding priorities listed are questionable at best. The taxpaying public deserves a clear explanation of how these funding priorities were developed, and why forest preserve users were not granted input into the decision-making process.

Lack of Public Accountability – Possible Violation of Truth in Taxation Act

When the FY2005 budget was released, the District failed to publish a schedule for departmental or public hearings. For weeks, there was no sense of urgency about reviewing or amending the proposed budget. There was even confusion among the Commissioners about whether a continuing appropriation would be required to keep the District operating if no budget was adopted by the beginning of the fiscal year, which is January 1, 2005. The Civic Federation is troubled by this obvious lack of concern for public accountability and responsible financial practices. By failing to publicly announce the public meeting schedule until almost 4 weeks after the budget's official release, the Commissioners may have violated state law, including the Truth in Taxation Act and this may jeopardize the validity of the property tax levy finally approved for the Forest Preserve District. Illinois state statute requires that taxing districts annually certify to the county clerk, on or before the last Tuesday in December, the amounts they have levied.¹ Also, if there is more than a 5% increase in the levy, notice must be given and a public hearing held on the intent to increase the levy by that amount.² The hearing cannot coincide with the hearing on the budget of the taxing district. Neither of these actions has occurred.

Once again, it appears that the Cook County Board of Commissioners is not able to give the Forest Preserve District the time and attention it deserves. It is clear from the latest budget process that Cook County's Forest Preserves are ill-served by the current system of asking Cook County's commissioners to do double duty in overseeing both bodies of government.

Issues the Civic Federation Supports

While the Civic Federation opposes this budget, we support some of the recent the financial steps that have been taken to improve the District's financial management.

- *Elimination of Historic Corporate Fund Deficits:* The Forest Preserve District experienced Corporate Fund deficits in 13 of the 14 fiscal years between FY1989 to FY2002. This budget gap was eliminated by FY2003 in part by \$13.3 million in combined transfers from Cook County to the District in FY2001 and FY2002.³ However, those transfers were coupled with the District's efforts to better manage its resources, including increased revenues from the privatization of the golf courses and savings from substantial reductions in personnel.⁴
- *Adoption of a Formal Unreserved Fund Balance Policy:* The District has adopted a formal policy on Unreserved Fund Balance Level and published that policy in its FY2005 Budget Book. In FY2005, \$6.5 million will be earmarked as unreserved Corporate Fund balance.
- *Creation of a Self Insurance Fund:* The Forest Preserve District has established a new Self Insurance Fund in the FY2005 budget. This fund will account for the District's self insurance expenditures for workers' compensation claims, tort judgments and settlements and associated legal fees.

¹ 35 ILCS 200/18-15.

² 35 ILCS 200/18-70.

³ These transfers from Cook County were grants.

⁴ Standard & Poor's. *Research: Cook County Forest Preserve District, Illinois; Tax Secured, General Obligation*, October 13, 2004.

Civic Federation Recommendations

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

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

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

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

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

Establish a Formal Capital Improvement Plan and Process

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

- A narrative overview of the CIP Process;
- Narrative descriptions of individual projects, including the purpose, need, history and current status of each project;
- The time frame for fulfilling capital projects and priorities;
- The integration of the CIP into Long-Term Financial Plan
- Conducting and disclosing a needs assessment prior to project approval;
- Development and implementation of a formal prioritization process to determine project selection;
- Providing opportunities for stakeholder input into capital project prioritization and selection;
- A period in which the public can review the CIP
- A public hearing on the CIP; and
- Formal Approval of the CIP document by the Forest Preserve District Board of Commissioners.⁵

Eliminate Forest Preserve District Police Department

The FY2005 budget increases the Law Enforcement Department appropriation by 12.9% to \$7.0 million and boosts staffing from 106 to 112 FTEs, including four more police officers.

⁵ See National Advisory Council on State and Local Budgeting and Government Finance Officers Association.

None of these workload performance statistics are provided in the budget document to justify that increase. In fact, no evaluation or justification is provided to support the Forest Preserve District's need for its own Police Department.

Upon written request, the District did provide the following statistical information regarding police department performance in 2004:⁶

- Incident Reports: 29,000
- Ordinance Violations: 3,000
- Traffic arrests: 3,000
- Longform arrests, including misdemeanors and felonies: 400
- Parking citations: 2,900

However, these are simply workload counts of activities, not efficiency or effectiveness measures that would provide a meaningful evaluation of how well the Department is doing its job.

The Civic Federation believes the Forest Preserve District should cut costs by working to eliminate duplication of effort whenever possible. We believe the District police force could be eliminated and its functions assumed by the County Sheriff or local municipalities.

Transfer Ownership of Swimming Pools

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

The District's proposed capital budget proposes spending \$8 million in 2005 and 2006 to renovate and re-open two closed pools, located in Calumet City and Lyons.⁷ The District indicates that the pools will be rehabilitated with \$8.5 million in Illinois FIRST funds promised but not yet provided by the State of Illinois. The \$8 million in pool renovations represents 8.5% of the \$94.0 million proposed in funded capital projects within the forest preserves through 2009.⁸ Once restored, the pools could cost as much \$856,790 per year to operate, according to the District's own 2001 *Cost of Services* study prepared by Deloitte and Touche.⁹

Currently, only one District-owned pool remains open, at Whealan Aquatic Center, at 6200 West Devon Avenue in Chicago. By contrast, the Chicago Park District alone maintains 42 indoor and 49 outdoor swimming facilities within the city limits.¹⁰ Suburban park districts and departments

⁶ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

⁷ *Forest Preserve District of Cook County FY2005 Budget*, Capital Improvement Plan Fiscal Years 2005-2009, p. 63.

⁸ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

⁹ Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 24.

¹⁰ See www.chicagoparkdistrict.com/index/cfm/fuseaction/parks_results/fac_id?CDA66E.

and community organizations maintain many other public swimming pools around Cook County. Clearly, there are many well-qualified providers of this recreational service who can offer interested users plenty of swimming opportunities. The District's apparent inability to maintain even simple toboggan slides in spite of having 199 maintenance staff does not provide evidence that the District will make it a priority to effectively maintain new and more complex recreational facilities such as swimming pools.

The Civic Federation questions why the pools would be a top financial priority for the District when immediate repairs are needed for core facilities and basic infrastructure, such as picnic shelters, camps, trail systems, water and sewer lines. Efforts to restore aquatic and terrestrial habitat also need substantial investment.¹¹

Implement a Long-Term Financial Planning Process

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

Develop and Utilize Performance Measures

The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning strategy. All governments should evaluate the performance of programs and services they provide, to ensure they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of actual results as compared to expectations.¹² Forest Preserve District staff should work to support development of performance measures to track the efficiency and effectiveness of management and operations.

Provide Additional Information in Budget Document

The *FY2005 Forest Preserve District Budget Book* is an improvement from previous budget books. However, the Civic Federation believes that it could be strengthened further by including:

- Performance measurements and statistics for all programs and staff.
- Inclusion of better information regarding the capital improvement plan.
- Better information about the workings of the Land Acquisition Fund, including a narrative description of activity in the fund and information about pending acquisitions.
- Aggregate information about personal services expenditures and appropriations, such as the amounts budgeted or spent on wages and salaries, health insurance, worker's compensation and other items.

¹¹ *Forest Preserve District of Cook County FY2005 Budget*, Capital Improvement Plan Fiscal Years 2005-2009, p. 63.

¹² See Recommended Practice 11.1 "Monitor, Measure, and Evaluate Program Performance," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

ACKNOWLEDGMENTS

The Civic Federation would like to thank President Stroger, Finance Chairman Steele, and the members of the Forest Preserve District Board of Commissioners for the opportunity to comment on the proposed FY2005 Cook County Forest Preserve District budget. We would also like to thank the staff of General Superintendent Bylina for their responsiveness to our requests for information.

FY2005 BUDGET HIGHLIGHTS

The FY2005 budget of the Forest Preserve District of Cook County is \$197.5 million. This is a \$56.6 million, 40.2% increase from FY2004. However, it is important to point out that \$52.6 million of this amount are capital improvement funds, including \$50.5 million in bond proceeds for the District's portion of the \$100 million General Obligation bond issue of October 2004. Excluding these funds, which are primarily dedicated to debt service and repayment of a master loan, the District's appropriations will increase by 2.9%, or from \$140.9 million to \$144.9 million. Some of the highlights of the FY2005 Forest Preserve District budget are summarized below.

Total Appropriations: \$197.5 Million

- Corporate Fund appropriations will decrease by 5.6%, from \$40.5 million to \$38.2 million.
- Real Estate Acquisition Fund appropriations will decrease by 37.7% or \$4.9 million.
- Appropriations for the new Capital Improvements Fund will be \$52.6 million.
- Appropriations for the new Self Insurance Fund will be \$4.3 million.
- Bond and Interest Fund appropriations will increase from \$4.3 million to \$10.1 million.

Funding for Brookfield Zoo & Chicago Botanic Garden: 39.1% of Total District budget

- The Zoo & Garden Funds, which provide tax subsidies for the Brookfield Zoo and the Chicago Botanic Garden, will total 39.1% of the Forest Preserve District budget, or \$77.2 million.
- The Botanic Garden Fund, totaling \$24.0 million, will decrease slightly, by \$9,161.
- The Zoological Fund will increase by 5%, from \$50.8 million to \$53.2 million

Revenues: Property Tax Levy up 13.6%, PPRT increase of 4.1%

- The District's property tax levy will increase by 13.6%, from \$66.0 million to \$74.9 million.
- Personal Property Replacement Tax (PPRT) revenues are projected to increase by 4.1%, or \$197,063, to \$5.0 million in FY2005 from \$4.8 million last year.
- All resources – tax and fee revenues and unreserved fund balance – will increase from \$140.9 million to \$204.0 million, a 45% increase.
- The District is budgeting an unreserved Corporate Fund balance of \$6.5 million in FY2005.

Personnel: Decrease of 2 FTEs

- The number of full time equivalent (FTE) positions will decrease from 491 to 489.
- Seven FTEs will be eliminated in the General Maintenance Department.
- Six FTEs will be added to the Law Enforcement Department, including 4 new police officers.

Financial Management Issues

The Forest Preserve District has implemented several financial management improvements and changes recently. These changes are presented in the FY2005 budget.

Elimination of Recurring Corporate Fund Deficits

The Forest Preserve District experienced Corporate Fund deficits in 13 of the 14 fiscal years between FY1989 to FY2002. At the end of FY2000, the Forest Preserve District had accumulated a \$17.8 million Corporate Fund deficit. This budget gap was eliminated by FY2003 through a combination of \$13.3 million in transfers from Cook County to the District in FY2001 and FY2002¹³ coupled with the District's efforts to better manage its resources, including increased revenues from the privatization of the golf courses and savings from substantial reductions in personnel.¹⁴

\$100 Million General Obligation Bond Issue

Public Act 93-0601 granted the Forest Preserve District of Cook County an exemption from the tax cap in order to levy property taxes for capital improvements at the District, the Chicago Botanic Garden and the Brookfield Zoo. In October 2004, the District issued \$100 million in General Obligation bonds. Bond proceeds will be used to fund approximately \$50 million in capital improvements at the District, \$25 million at the Brookfield Zoo and \$25 million at the Chicago Botanic Garden.

Unreserved Corporate Fund Balance Established

The Forest Preserve District has adopted a formal policy on Unreserved Fund Balance Level and disclosed that policy in its FY2005 Budget Book. The new policy requires the District to annually budget a minimum unreserved fund balance totaling the sum of:

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

In FY2005, \$6.5 million will be earmarked as unreserved Corporate Fund balance. In order to provide for contingencies, the President of the Forest Preserve District may request that the Board of Commissioners waive this policy as operations demand.

Capital Improvement Fund Created

A new Capital Improvement Fund has been created. Its purpose is to account for all of the capital expenditures of the District that are not related to land acquisitions or accounted for in other funds. The District has also provided, for the first time, a summary list of capital

¹³ These transfers from Cook County were grants.

¹⁴ Standard & Poor's. *Research: Cook County Forest Preserve District, Illinois; Tax Secured, General Obligation*, October 13, 2004.

improvement projects for a 5-year period as well as funding sources for those projects. The list includes unfunded projects.

Self Insurance Fund Established

The Forest Preserve District created a new, separate Self Insurance Fund in the FY2005 budget.¹⁵ This fund will be actuarially funded on a biannual basis. Cook County government maintains a similar dedicated fund. In its FY2003 audited financial statements, the last year for which data are available, the District disclosed potential liabilities of approximately \$10.5 million.¹⁶

The Self Insurance fund will account for the District's self insurance expenditures for workers' compensation claims, tort judgments and settlements and associated legal fees. Previously, the District had funded its self insurance program with Corporate Fund revenues and reserves. In 2004, \$4.7 million was transferred in from the Corporate Fund to pay self insurance-related expenditures. In FY2005, \$4.3 million will be transferred in from the same source.

Funding self insurance from the Corporate Fund potentially risks fluctuations in that fund from year to year based on payouts for claims. The creation of the Self Insurance Fund at an actuarially determined level should help provide stability for claims and judgment payments over time.

BUDGET FORMAT

The Forest Preserve District's FY2005 budget format has been substantially improved from previous documents. These changes have improved its transparency and made it more user-friendly to citizens. The Civic Federation **applauds** the District for taking these steps.

Specifically, the budget document now includes:

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

Budget Format Recommendations

The Civic Federation offers the following recommendations to further improve the format of the Forest Preserve District budget document:

- The budget should provide better information about the workings of the Land Acquisition Fund, including a narrative description of activity in the fund and information about pending acquisitions.

¹⁵ The District conducted a study prior to establishing the fund to determine if it was more cost effective to self insure or procure the services of a 3rd party insurer.

¹⁶ Forest Preserve District of Cook County. *Financial Statements for the Year Ended December 31, 2003*, p. 37.

- Aggregate information should be provided about personal services expenditures and appropriations, such as the amounts budgeted or spent on wages and salaries, health insurance, worker's compensation, etc.

FINANCIAL ISSUES AND TRENDS

This section provides summaries of key expenditure and revenue issues and trends likely to impact the Forest Preserve District's financial situation in FY2005.

All Fund Appropriations

All fund appropriations will increase by 40.2%, or \$56.6 million, from \$140.9 million in FY2004 to \$197.5 million in FY2005. This is primarily due to the sale of bonds to fund the new Capital Improvements Fund, for which \$52.6 million is appropriated in FY2005. Excluding the Capital Improvements Fund, all fund appropriations increase 2.9%, or \$4.04 million over FY2004.

Corporate Fund appropriations will decline by 5.6%, or \$2.3 million from FY2004. Much of the decrease is due to the transfer of resources to the new Self Insurance Fund.

In FY2005, the operating expenses of the Legal Department and the Planning and Development Department will be transferred from the Construction and Development Fund to the Corporate Fund. The Construction and Development Fund will reimburse the Corporate Fund for its use of those department resources, estimated at \$2.3 million for FY2005, but will no longer budget for those departments from its own Fund.¹⁷ The 3% decline in Construction and Development Fund appropriations is due to reductions in materials and supplies, comfort stations, and construction of bicycle and equestrian trails. In part, the reduction is due to the fact that much of the construction on these items will be funded with bond proceeds over a multi-year period rather than property tax dollars.¹⁸

A separate Self-Insurance Fund was created in FY2004, and \$4.75 million was transferred in from the Corporate Fund during that year.¹⁹ The FY2005 appropriation of \$4.25 million is also a transfer in from the Corporate Fund. Previously, the District budgeted Corporate Fund reserves to cover insurance needs, but now claims, judgments, and settlements will be paid out of the actuarially funded Self-Insurance Fund.

A new Capital Improvements Fund is also created for FY2005. The appropriations of \$52.6 million reflect \$50.5 million in proceeds from bond issues authorized by Public Act 93-0601 (see page 9), as well as \$2.1 million in other revenues.

Bond and Interest appropriations will increase by 137%, or \$5.86 million, to pay debt service on the total \$100 million bond issuance authorized by Public Act 93-0601.

¹⁷ Forest Preserve District of Cook County FY2005 Executive Budget Recommendation, p. 2. The FY2004 appropriations figure has been restated to reflect this transfer, p. 66.

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

¹⁹ The FY2004 appropriation is not reflected in the exhibit because it did not appear in the FY2004 Recommended Budget, but rather the Corporate Fund transfer was made during 2004.

Real Estate Acquisition Fund appropriations will decline by 38%, or \$4.9 million from FY2004. This Fund is not supported by a property tax levy, but rather appropriates from debt proceeds, contributions, grants, fund transfers, and fund balance. The total available for appropriation in FY2005 is \$14.4 million, of which \$8.3 million will be appropriated. The remaining amount in the Fund is not appropriated because of the need to reserve funds for the potential costs of litigation associated with real estate acquisition.²⁰

Forest Preserve District All Funds Appropriations: FY2004 vs. FY2005				
Fund	FY2004	FY2005	\$ change	% change
Corporate	\$ 40,494,700	\$ 38,229,326	\$ (2,265,374)	-5.6%
Construction & Development	\$ 4,237,111	\$ 4,110,458	\$ (126,653)	-3.0%
Self Insurance	\$ -	\$ 4,250,000	\$ 4,250,000	N/A
Capital Improvements	\$ -	\$ 52,600,000	\$ 52,600,000	N/A
Bond & Interest	\$ 4,282,625	\$ 10,147,481	\$ 5,864,856	136.9%
Employee Annuity & Benefit	\$ 4,152,000	\$ 2,925,000	\$ (1,227,000)	-29.6%
Real Estate Acquisition	\$ 12,877,978	\$ 8,026,250	\$ (4,851,728)	-37.7%
Zoological	\$ 50,808,452	\$ 53,218,517	\$ 2,410,065	4.7%
Botanic Garden	\$ 24,009,939	\$ 24,000,778	\$ (9,161)	0.0%
TOTAL	\$ 140,862,805	\$ 197,507,810	\$ 56,645,005	40.2%
TOTAL excluding Capital Improvements	\$ 140,862,805	\$ 144,907,810	\$ 4,045,005	2.9%

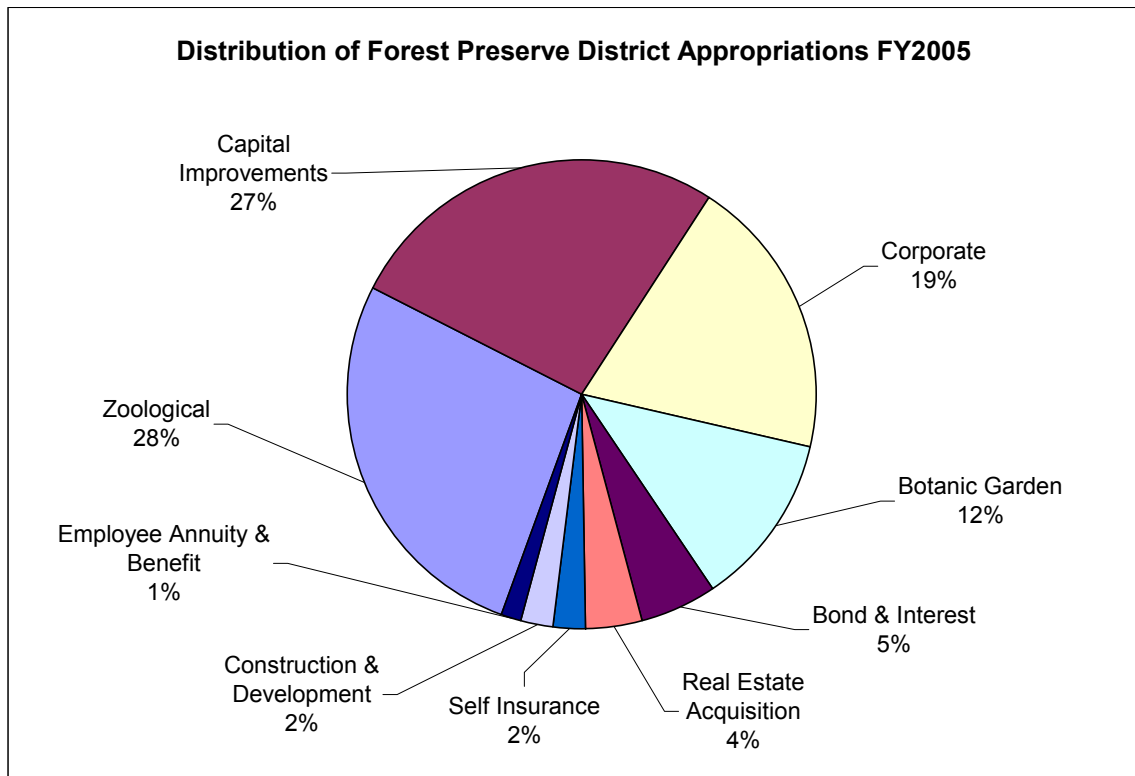
The next exhibit shows 5-year appropriation trends for all Forest Preserve District funds between FY2001 and FY2005. During that period, District appropriations increased by 35.8%, again due primarily to the new Capital Improvements appropriations in FY2005. Without the \$52.6 million in new appropriations for that fund, total appropriations would have dropped by 0.3%, or \$0.5 million, between FY2001 and FY2005. During that time, Corporate Fund appropriations declined by 14.6%, or \$6.5 million.

Forest Preserve District All Funds Appropriations: FY2001 vs. FY2005				
Fund	FY2001	FY2005	\$ change	% change
Corporate	\$ 44,761,062	\$ 38,229,326	\$ (6,531,736)	-14.6%
Construction & Development	\$ 3,951,518	\$ 4,110,458	\$ 158,940	4.0%
Self Insurance	\$ -	\$ 4,250,000	\$ 4,250,000	N/A
Capital Improvements	\$ -	\$ 52,600,000	\$ 52,600,000	N/A
Bond & Interest	\$ 4,152,500	\$ 10,147,481	\$ 5,994,981	144.4%
Employee Annuity & Benefit	\$ 3,795,000	\$ 2,925,000	\$ (870,000)	-22.9%
Real Estate Acquisition	\$ 17,855,420	\$ 8,026,250	\$ (9,829,170)	-55.0%
Zoological	\$ 49,223,708	\$ 53,218,517	\$ 3,994,809	8.1%
Botanic Garden	\$ 21,671,832	\$ 24,000,778	\$ 2,328,946	10.7%
TOTAL	\$ 145,411,040	\$ 197,507,810	\$ 52,096,770	35.8%
TOTAL excluding Capital Improvements	\$ 145,411,040	\$ 144,907,810	\$ (503,230)	-0.3%

The distribution of Forest Preserve District appropriations by fund is shown in the next exhibit. In FY2005, roughly 40% of total appropriations are for the Brookfield Zoo and Chicago Botanic Garden. The Zoological Fund remains the largest of the District's funds, at 28%, or \$53.2 million in FY2005. The new Capital Improvements Fund now represents a similarly large

²⁰ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

portion of total appropriations, at 27%, or \$52.6 million. The District Corporate Fund is 19%, or \$38.2 million, of all appropriations.



Resource and Revenue Trends

Forest Preserve District resources available for all funds will increase by 45% in FY2005, from \$140.9 million to \$204.0 million. Resources include revenues as well as fund balances, bond proceeds, reserves and restricted funds.

Much of the increase in FPD resources is due to the infusion of \$52.6 million in capital improvements funds which includes \$50.5 million in bond proceeds from the issuance of General Obligation bonds by the District. Those funds are earmarked for District capital spending over time. If the capital improvement funds are subtracted from the total FY2005 resources, the increase for all resources between FY2004 and FY2005 would be 7%. This is an increase from \$140.8 million to \$151.4 million.

Resource highlights in FY2005 include:

- A 13.6% increase in the property tax levy, which represents an \$8.9 million increase from \$65.9 million to \$74.9 million.
- A 4.1% increase in personal property replacement tax (PPRT) receipts.
- A 12.3% decrease in Corporate Fund miscellaneous income, which includes fees, fines, permit charges and concession income.
- Reducing by \$4.9 million the \$12.9 million reserved in the Real Estate Acquisition Fund in FY2004.
- The creation of a \$6.5 million unreserved fund balance in the Corporate Fund.

FOREST PRESERVE DISTRICT TOTAL RESOURCES: ALL FUNDS FY04 v. FY05				
Resource	FY2004	FY2005	\$ CHG	% CHG
Property Tax Levy	\$ 65,993,919	\$ 74,936,470	\$ 8,942,551	13.6%
PPRT	\$ 4,822,996	\$ 5,020,059	\$ 197,063	4.1%
Chicago Zoological Society Contribution	\$ 36,098,231	\$ 39,253,926	\$ 3,155,695	8.7%
Chicago Horticultural Society Contribution	\$ 14,931,582	\$ 15,280,000	\$ 348,418	2.3%
Reserve/Refunds	\$ -	\$ (6,630,705)	\$ (6,630,705)	...
Corporate Fund Miscellaneous Income	\$ 5,438,100	\$ 4,771,809	\$ (666,291)	-12.3%
Other Financing: Capital Improvements	\$ -	\$ 52,600,000	\$ 52,600,000	...
Other Financing: Self Insurance Fund	\$ -	\$ 4,250,000	\$ 4,250,000	...
Other Financing: Real Estate Acquisition Fund*	\$ 12,877,978	\$ 8,026,250	\$ (4,851,728)	-37.7%
Expired Construction & Development	\$ 700,000	\$ -	\$ (700,000)	-100%
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	...
TOTAL	\$ 140,862,806	\$ 204,007,809	\$ 63,145,003	45%

*Formerly labeled as a Restricted Fund

Sources: Summary of Appropriations and Sources Thereof FY2004 (p. iv) and Summary of Appropriations, Appropriations Sources, and Tax Levy FY2005 (p. v).

The next exhibit shows Corporate Fund revenue and resource trends. Overall, resources will increase by 15.3%, from FY2004 estimates of \$38.8 million to a projected figure of \$44.7 million in FY2005. Much of this increase, however, is due to the establishment of a \$6.5 million unreserved fund balance. Tax revenues are expected to increase by 3.3% while non-tax revenues from fees and charges will decline by 25.4%. All Corporate Fund tax and fee revenues are expected to decrease by 1.5%, or from approximately \$38.8 million to \$38.2 million.

Revenues from fines, fees and permits will decrease by 18% or by \$475,000. Golf privatization fees are projected to decrease by 28%, from \$1.2 million to \$990,000. However, in the FY2004 budget, golf fees were originally budgeted at \$900,000.²¹

FOREST PRESERVE DISTRICT CORPORATE FUND RESOURCES FY04 v. FY05				
Resources	FY2004 Est.	FY2005	\$ CHG	% CHG
Property Tax Levy (Net)	\$ 29,100,000	\$ 29,900,000	\$ 800,000	2.7%
PPRT	\$ 3,300,000	\$ 3,557,267	\$ 257,267	7.8%
Subtotal Tax Revenues	\$ 32,400,000	\$ 33,457,267	\$ 1,057,267	3.3%
Interfund Revenue	\$ 2,800,339	\$ 2,300,000	\$ (500,339)	-17.9%
Fines, Fees & Permits	\$ 1,675,000	\$ 1,200,000	\$ (475,000)	-28.4%
Golf Privatization Fees	\$ 1,225,000	\$ 990,000	\$ (235,000)	-19.2%
Concessions	\$ 180,000	\$ 150,000	\$ (30,000)	-16.7%
Interest Income	\$ 160,000	\$ 80,000	\$ (80,000)	-50.0%
Miscellaneous Income	\$ 365,000	\$ 60,000	\$ (305,000)	-83.6%
Subtotal Non-Tax Revenue	\$ 6,405,339	\$ 4,780,000	\$ (1,625,339)	-25.4%
SUBTOTAL REVENUES	\$ 38,805,339	\$ 38,237,267	\$ (568,072)	-1.5%
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	...
GRAND TOTAL RESOURCES	\$ 38,805,339	\$ 44,737,267	\$ 5,931,928	15.3%

²¹ The District receives a base fee annually of \$350,000 paid in three annual installments of \$116,000 each. The District also shares in the revenues generated from the golf courses. The District participates in gross revenues over \$6.4 million. It receives 10% of the revenues over \$6.4 million up to \$6.9 million, 20% from \$6.9 million to \$7.4 million, 30% from \$7.4 million to \$7.9 million and 50% or all revenues over \$7.9 million. The District also receives 20% of the revenues generated from the sale of alcohol. Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005

5-Year Forest Preserve District Resource Trends

Between FY2001 and FY2005, Forest Preserve District revenues will increase from \$145.2 million to \$204.0 million. This is a 40.5%, \$58.8 million increase. During this 5-year period, PPRT revenues declined by 29%, reflecting the negative fiscal impacts of the economic recession of the early 2000s. Funds reserved in the Real Estate Acquisition Fund were reduced by 55.1%, drawing that fund down by \$9.8 million, or from \$17.8 million to \$8.0 million. Much of the dollar increase in the period analyzed was due to the infusion of \$52.6 million in capital improvement funds in the FY2005 budget. The District is also budgeting for \$6.5 million in unreserved fund balance.

FOREST PRESERVE DISTRICT TOTAL RESOURCES: ALL FUNDS FY01 v. FY05				
Resource	FY2001	FY2005	\$ CHG	% CHG
Property Tax Levy	\$ 61,062,254	\$ 74,936,470	\$ 13,874,216	22.7%
Other Financing: Capital Improvements	\$ -	\$ 52,600,000	\$ 52,600,000	...
Chicago Zoological Society Contribution	\$ 34,520,999	\$ 39,253,926	\$ 4,732,927	13.7%
Chicago Horticultural Society Contribution	\$ 12,773,000	\$ 15,280,000	\$ 2,507,000	19.6%
Other Financing: Real Estate Acquisition Fund*	\$ 17,875,170	\$ 8,026,250	\$ (9,848,920)	-55.1%
PPRT	\$ 7,071,824	\$ 5,020,059	\$ (2,051,765)	-29.0%
Corporate Fund Miscellaneous Income	\$ 10,149,779	\$ 4,771,809	\$ (5,377,970)	-53.0%
Other Financing: Self Insurance Fund	\$ -	\$ 4,250,000	\$ 4,250,000	...
Corporate Fund Surplus	\$ 1,447,502	\$ -	\$ (1,447,502)	...
Zoo Restricted Fund	\$ 278,183	\$ -	\$ (278,183)	...
Expired Construction & Development	\$ -	\$ -	\$ -	...
Reserve/Refunds	\$ -	\$ (6,630,705)	\$ (6,630,705)	...
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	...
TOTAL	\$ 145,178,711	\$ 204,007,809	\$ 58,829,098	40.5%

*Formerly categorized as a Restricted Fund

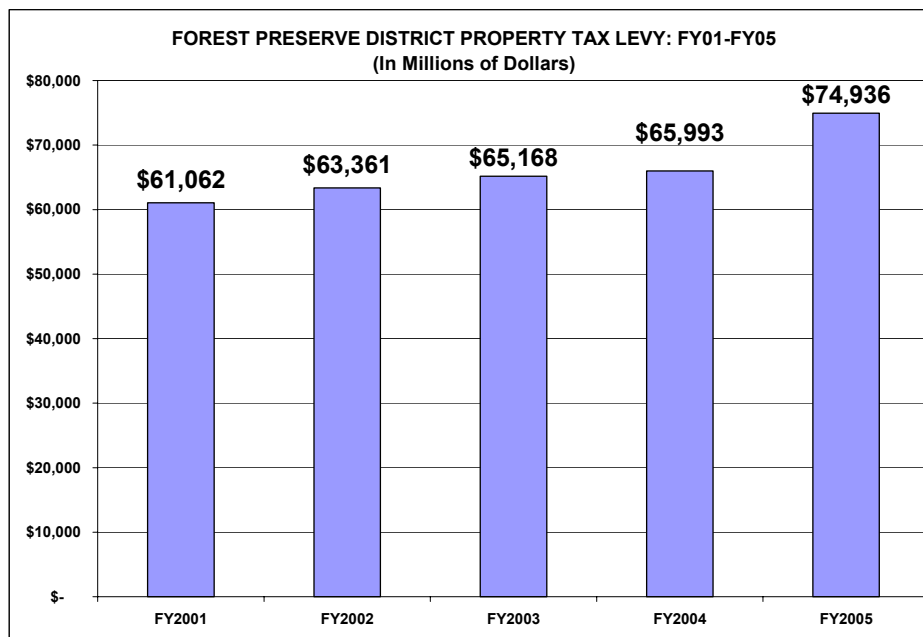
Sources: Summary of Appropriations and Sources Thereof FY2004 (p. 1) and Summary of Appropriations, Appropriations Sources, and Tax Levy FY2005 (p. v).

The final exhibit in this section presents a 5-year revenue and resource trend for the Forest Preserve District Corporate Fund. Since FY2001, Corporate Fund resources have increased slightly, by 0.5%. PPRT revenues are expected to drop by 35.5%, or by \$2.0 million. Non-tax revenues will decline sharply by 58.8%, falling from \$11.6 million to \$4.8 million. However, many of the revenues reported in FY2001 were gross figures from the District's operation of golf courses. These courses were costly to operate, a factor not shown in the revenue tables. Even though the now privatized golf courses yield much lower gross revenues, the revenues they do generate primarily represent a net profit, not simply a gross revenue figure.

FOREST PRESERVE DISTRICT CORPORATE FUND RESOURCES FY01 v. FY05				
Resources	FY2001	FY2005	\$ CHG	% CHG
Property Tax Levy (Net)	\$ 27,393,173	\$ 29,900,000	\$ 2,506,827	9.2%
PPRT	\$ 5,518,529	\$ 3,557,267	\$ (1,961,262)	-35.5%
Subtotal Tax Revenues	\$ 32,911,702	\$ 33,457,267	\$ 545,565	1.7%
Interfund Revenue (Reserves)	\$ -	\$ 2,300,000	\$ 2,300,000	...
Fines, Fees & Permits	\$ 1,209,638	\$ 1,200,000	\$ (9,638)	-0.8%
Golf Privatization Fees	\$ -	\$ 990,000	\$ 990,000	...
Golf Fees	\$ 5,588,586	\$ -	\$ (5,588,586)	...
Golf Cart Rentals	\$ 1,216,889	\$ -	\$ (1,216,889)	...
Driving Range Fees	\$ 706,034	\$ -	\$ (706,034)	...
Concessions	\$ 362,106	\$ 150,000	\$ (212,106)	-58.6%
Interest Income	\$ 841,129	\$ 80,000	\$ (761,129)	-90.5%
Miscellaneous Income	\$ 225,397	\$ 60,000	\$ (165,397)	-73.4%
Corporate Surplus	\$ 1,447,502	\$ -	\$ -	...
Subtotal Non-Tax Revenue	\$ 11,597,281	\$ 4,780,000	\$ (6,817,281)	-58.8%
SUBTOTAL REVENUES	\$ 44,508,983	\$ 38,237,267	\$ (6,271,716)	-14.1%
Unreserved Corporate Fund Balance	\$ -	\$ 6,500,000	\$ 6,500,000	...
GRAND TOTAL RESOURCES	\$ 44,508,983	\$ 44,737,267	\$ 228,284	0.5%

Property Tax Levy

The Forest Preserve District proposes to increase its property tax levy by 13.6% in FY2005 to \$74.9 million. This is a dollar amount increase of \$8.9 million. Since FY2001, the levy has risen by 22.7%, from \$61.1 million to \$74.9 million.

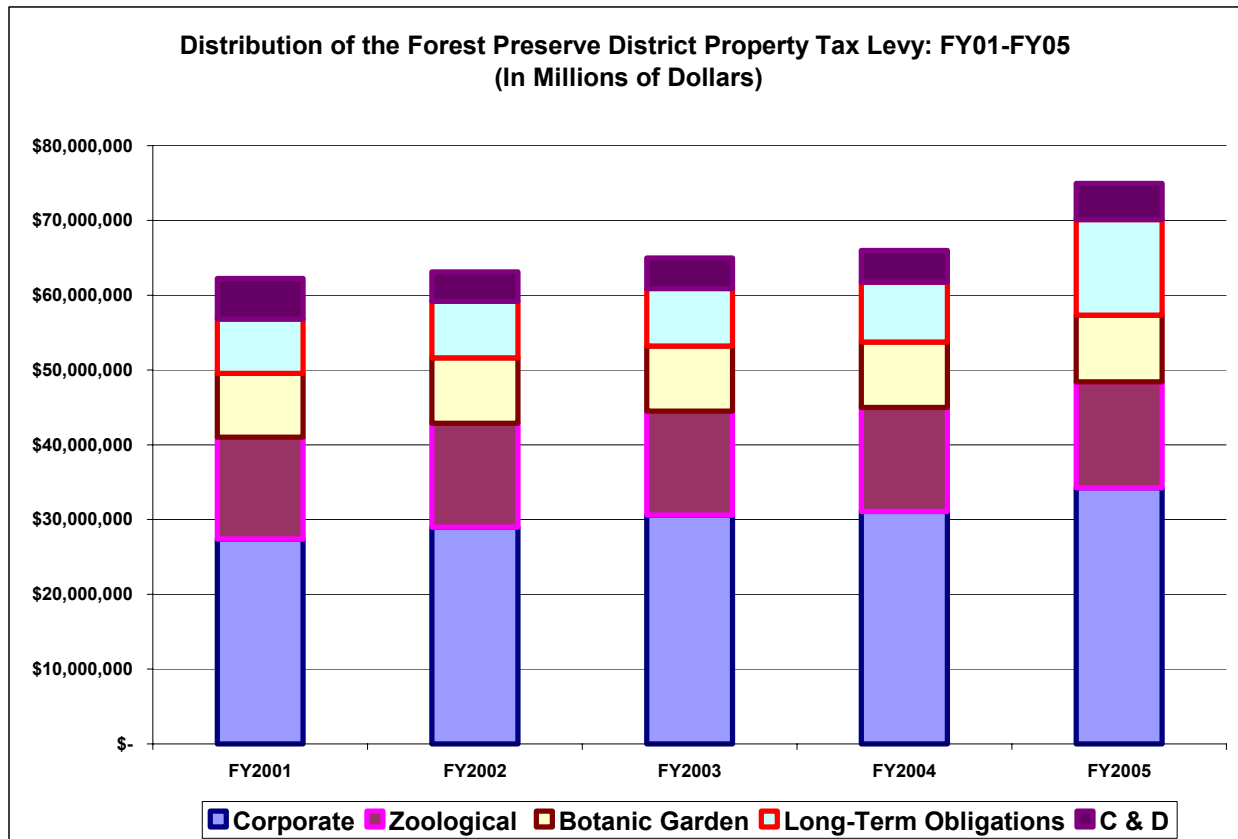


The next exhibit shows the distribution of property tax revenues by fund in FY2004 and FY2005. Corporate Fund property tax revenues will increase by 10.1%, or by \$3.2 million. The amount of property tax dollars earmarked for the Bond and Interest Fund for debt service payments will increase by 136.9%, or from \$4.3 million to \$10.1 million. This increase is due to the need to

pay for the debt service on the \$100 million in new General Obligation bonds recently issued by the District.

FPD PROPERTY TAX LEVY BY FUND: FY04 v. FY05				
Fund	FY2004	FY2005	\$ CHG	% CHG
Corporate	\$ 31,100,000	\$ 34,250,000	\$ 3,150,000	10.1%
Zoological	\$ 13,890,221	\$ 14,168,025	\$ 277,804	2.0%
Bond & Interest	\$ 4,282,625	\$ 10,147,481	\$ 5,864,856	136.9%
Botanic Garden	\$ 8,728,357	\$ 8,902,924	\$ 174,567	2.0%
Construction & Development	\$ 4,237,111	\$ 4,835,833	\$ 598,722	14.1%
Pension	\$ 3,755,604	\$ 2,632,208	\$ (1,123,396)	-29.9%
Total	\$ 65,993,918	\$ 74,936,471	\$ 8,942,553	13.6%

The distribution of the FPD property tax levy over a 5-year period by purpose reveals that the share of the levy dedicated to the Corporate Fund has risen from 44% in FY2001 to 46% in FY2005. Property taxes earmarked to pay for long-term obligations, which include pensions and debt service, have risen from 12% of the total levy from FY2001 through FY2004, to 17% in FY2005.



Unreserved Corporate Fund Balance

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

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

In FY2005, \$6.5 million will be earmarked as unreserved Corporate Fund balance. The President of the Forest Preserve District may request that the Board of Commissioners waive this policy as operations demand.

The minimum amount that could have been designated as unreserved fund balance in FY2005 was \$5.5 million.

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

PERSONNEL AND PERSONAL SERVICES APPROPRIATIONS TRENDS

In the FY2005 budget, the Forest Preserve District will eliminate two Full-Time Equivalent (FTE) positions. This budget provides FTE position counts for the first time rather than headcount. Therefore, part time and seasonal positions have been converted into full time equivalent positions.²³

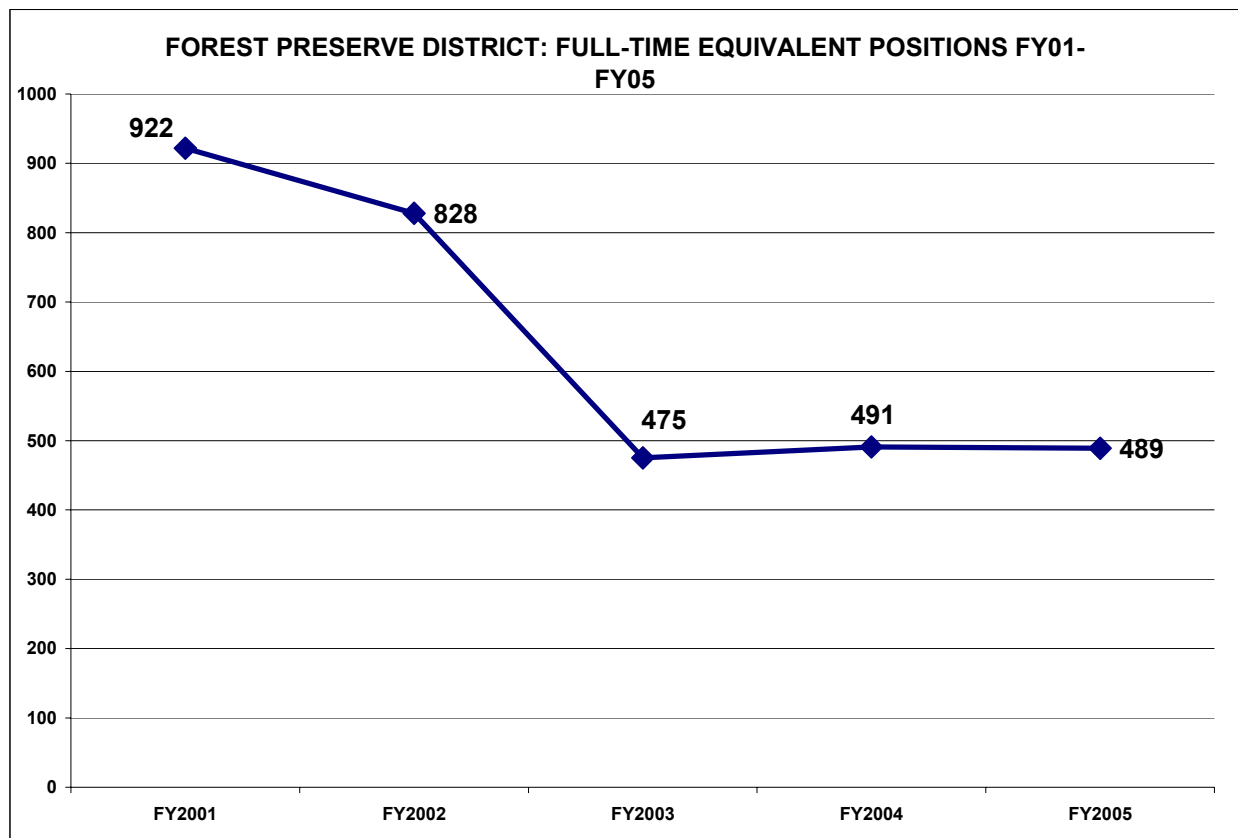
There will be reductions in staffing for General Maintenance, Finance and Administration, Planning and Development and Permit and Recreation Activities purposes. The Law Enforcement Department will receive an increase of 6 positions, Resource Management will add 3 positions, and 2 FTES will be added to the General Office/Legal function.

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

²³ *Forest Preserve District of Cook County FY2005 Budget*, Chart 1-A, p. 4. The headcount numbers in previous Civic Federation analyses are not comparable as those calculations were based on headcount, not full-time equivalent positions.

Forest Preserve District Position Summary: FY04-FY05			
Department	FY2004	FY2005	CHG
General Maintenance	206	199	-7
Law Enforcement	106	112	6
Resource Management	82	85	3
General Office/Legal	22	24	2
Finance & Administration	27	24	-3
Planning & Development	26	24	-2
Permit & Recreation Activities	22	21	-1
Total	491	489	-2

Over a 5-year period, the number of Forest Preserve District Full-Time Equivalent positions has declined from 922 to 489. This represents a 47% decline. Most of the reductions were implemented in FY2003, when 353 FTE positions were eliminated. Since FY2003, the District has added 14 positions, a 2.9% increase.



The following chart shows the breakdown of total budgeted positions for the departments funded by the Corporate Fund according to three functional categories – Management positions, Support Staff positions, and Direct Service positions. As shown, the functional composition of Forest Preserve District personnel has remained essentially static from FY2004 to FY2005.

PERSONNEL COMPOSITION		
Classification	2004	2005
MANAGEMENT	13.3%	13.1%
SUPPORT STAFF	6.7%	7.2%
DIRECT SERVICE	80.0%	79.7%
TOTAL	100.0%	100.0%

Based on Budgeted Personnel Figures from Forest Preserve District of Cook County - 2005 Executive Budget Recommendation

Personal Services Appropriation Trends

The following exhibit presents personal services appropriations in FY2004 and FY2005.²⁴ Personnel services will increase by 4.5%, or \$946,323 from approximately \$21.1 million in FY2004 to \$22.1 million in FY2005

Corporate Fund Personal Services	
FY2004	\$ 21,166,162
FY2005	\$ 22,112,485

Because of the District's significant reduction in employees, Corporate Fund personnel service appropriations will decline by 38.9% or from \$36.2 million to \$22.1 million between FY2001 and FY2005. Appropriations for personnel services were 81.3% of all Corporate Fund appropriation in FY2001. Five years later, 57.8% of total appropriations will be earmarked for personnel-related expenditures. Much of the decrease in appropriations is due to the 47% reduction in employees between FY2001 and FY2005.

FPD CORPORATE FUND PERSONNEL SERVICES APPROPRIATIONS			
Fiscal Year	Personnel Services Appropriations	Total Appropriations	% of Total
FY2001	\$ 36,206,797	\$ 44,508,983	81.3%
FY2005	\$ 22,112,485	\$ 38,229,326	57.8%

Forest Preserve District Benefit Expenses: FY2004 and FY2005

Expenses for employee benefits rose by 16.1% between FY2004 and FY2005 or from \$5.0 million to \$5.8 million. The largest single increase was for hospitalization insurance, which increased by 17.1%.

FPD BENEFIT EXPENSES: FY04 v. FY05				
	FY04	FY05	\$ CHG	% CHG
Hospitalization Insur.	\$ 4,641,478	\$ 5,434,134	\$ 792,656	17.1%
Dental Insur.	\$ 187,240	\$ 195,456	\$ 8,216	4.4%
Life Insur.	\$ 139,781	\$ 145,650	\$ 5,869	4.2%
Vision Plan	\$ 84,084	\$ 89,884	\$ 5,800	6.9%
Total Benefits	\$ 5,052,583	\$ 5,865,124	\$ 812,541	16.1%

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

²⁴ Forest Preserve District of Cook County FY2005 Budget, p. 14.

Selected Departments: Appropriations, Revenue, and Personnel

This section of the analysis presents trend information about appropriations, revenue and personnel for selected Forest Preserve District departments.

Law Enforcement

The Forest Preserve District Law Enforcement Department proposes a 13% increase in appropriations this year, from \$6.2 million in FY2004 to \$7.0 million in FY2005. This includes an increase in FTE positions from 106 to 112. Four of these positions are police officers. Personnel service expenditures represent 97% of the FY2005 Law Enforcement budget.

Permit and Recreation Administration

The Permit and Recreation Administration manages permit issuances and concessions, monitors Billy Casper Golf Management Inc.'s performance and contract compliance, and operates one swimming pool. The Department proposes a 5% reduction in appropriations this year, from \$1.05 million in FY2004 to \$0.99 million in FY2005. This includes a position reduction from 22 FTEs in FY2004 to 20.8 FTEs in FY2005. Personnel services represent 93% of the FY2005 Permit and Recreation Administration budget.

The District owns three aquatic facilities: Whealan Aquatic Center, Cermak Pool, and Green Lake Pool. Currently, only the Whealan Aquatic Center pool is operational.

The District's golf courses were privatized in 2003 and their management was turned over to Billy Casper Golf Management, Inc. The Deloitte & Touche 2001 *Cost of Services Study* estimated that the costs of operating the District's 10 golf courses exceeded revenues by \$1.54 million.²⁵ The District's 2003 contract with Billy Casper specified that the District receive from Casper annual base fees of \$350,000 and capital improvements fees of \$300,000 for ten years. In addition, the District is to receive an increasing percentage, up to a maximum of 50%, of gross revenues exceeding \$6.4 million. Casper's gross revenue for the District golf courses was \$8.7 in 2003.²⁶

PENSION TRENDS

The Civic Federation used three measures to present a multi-year evaluation of the Forest Preserve Pension Fund's fiscal health: funded ratios, the value of unfunded liabilities, and the investment rate of return.²⁷

²⁵ Deloitte & Touche, *Cost of Services Study for The Forest Preserve District of Cook County*, November 1, 2001, p. 16.

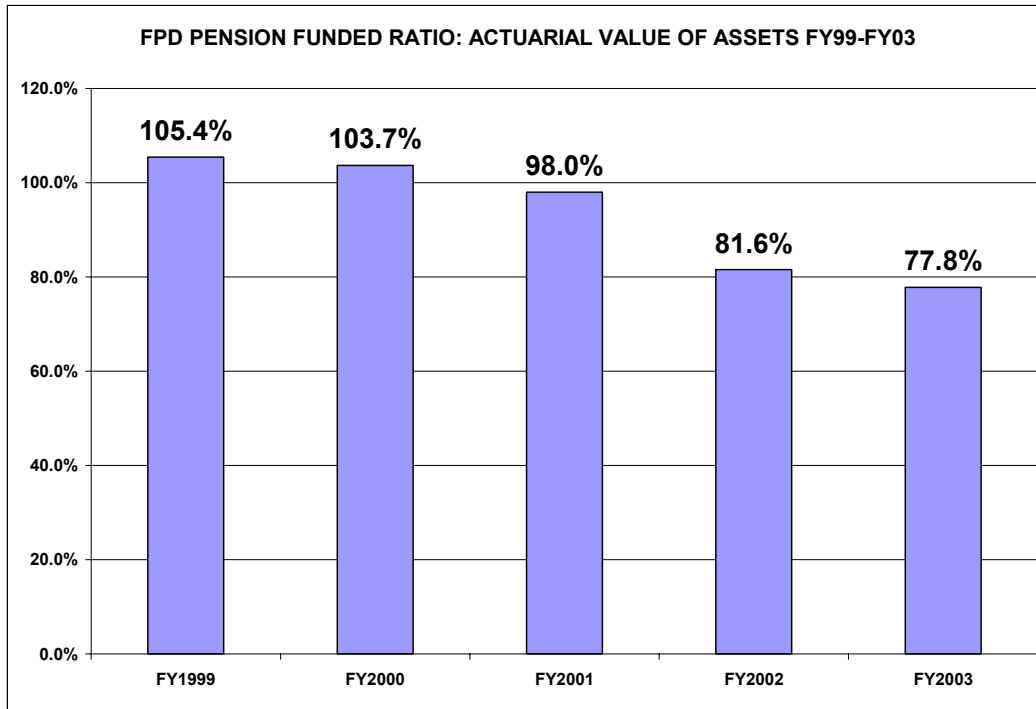
²⁶ Standard & Poor's, *Research: Cook County Forest Preserve District, Illinois*, October 13, 2004.

²⁷ The discussion of Forest Preserve District pension trends is drawn from Civic Federation. *Status of Local Pension Funding 2003* (Chicago: Civic Federation, 2005).

Funded Ratios

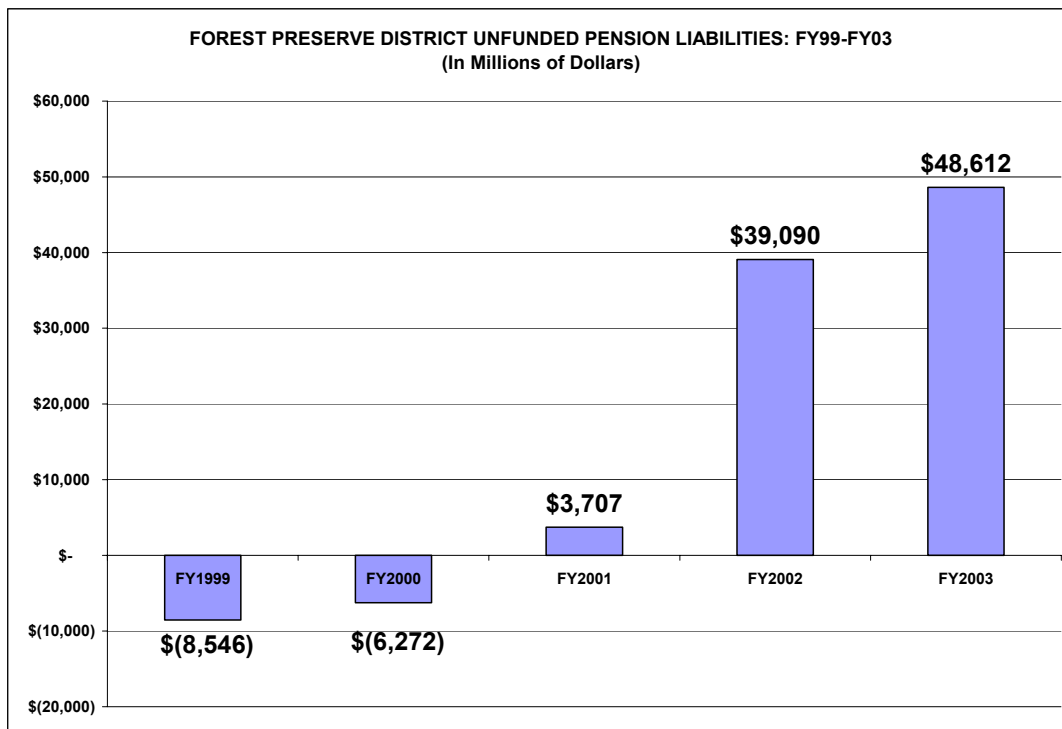
The following exhibit shows funded ratios for the Forest Preserve District's pension fund from FY1999 to FY2003. This ratio shows the percentage of pension liabilities covered by assets. The lower the percentage the more difficulty a government may have in meeting future obligations.

Between FY2001 and FY2003, the District pension fund's funded ratio fell from 98.0% to 77.8%. Although the funded ratio has dropped for two years, the fund still has sufficient assets to meet its liabilities.



Unfunded Liabilities

Unfunded liabilities are the dollar value of liabilities not covered by assets. Because the Forest Preserve District pension fund was overfunded until FY2000, there were more assets than liabilities until FY2000. However, in FY2001, the pension fund reported \$3.7 million in unfunded liabilities. By FY2003, the unfunded liabilities had increased to \$48.6 million. Because the fund continues to be well funded, this increase is not yet a cause for concern. However, the trend does bear watching in future years.

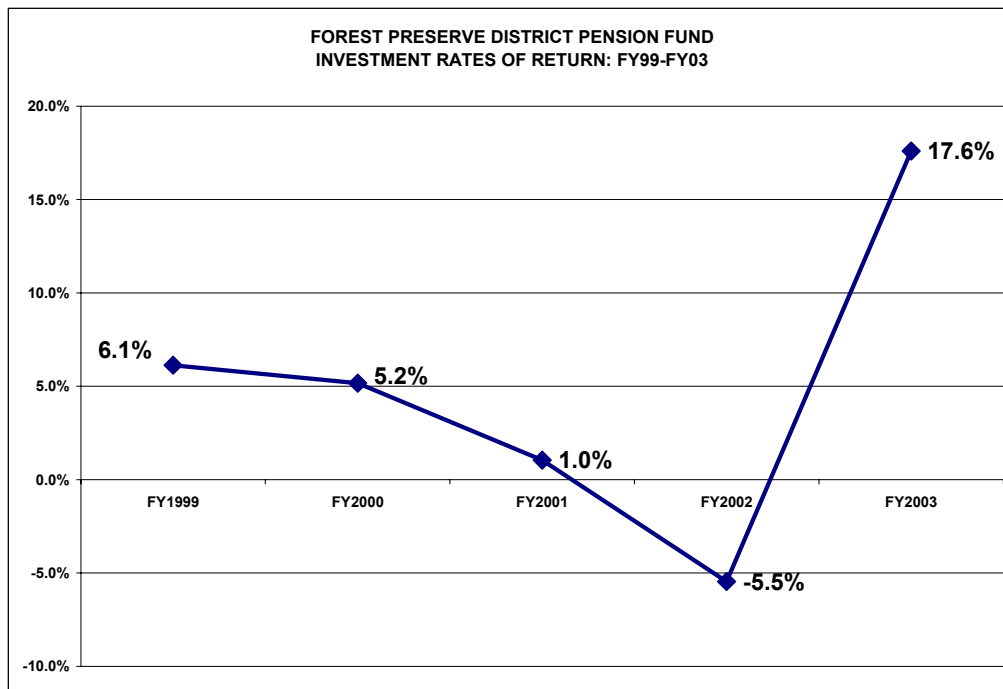


Investment Rates of Return

Investment income typically provides a significant portion (over 50%) of the funding for pension funds. Thus, declines over a period of time can have a negative impact on pension assets. It should be noted that the volatility in the rates of return reflects fluctuations in the market value of the investments within the fund. Under the Generally Accepted Accounting Principles (GAAP), the fair value of an investment is the amount at which the asset could be bought or sold. The value of an investment may increase or decline depending upon market conditions. Just as many pension fund investments experienced losses during difficult markets in 2000 through 2002, the investments benefited from the improvements in the investment and economic environments in 2003.²⁸

Between FY1999 and FY2002, Forest Preserve District pension fund investment rates of return fell from 6.1% to a negative 5.5%. This decline mirrored the performance in other local government pension funds. However, the Pension Fund's financial position improved in FY2003, as did the financial position of most other local pension funds. The Fund reported a sharp increase in rate of return to a positive 17.6% in that year.

²⁸ For example, in fiscal 2003, all four of the City of Chicago's pension funds reported positive, double digit rates of return for investments - a sharp turnaround from the previous two fiscal years, when all four funds reported negative results. The average market rate of return for all City of Chicago pension funds rose to 21.6% in FY2003.



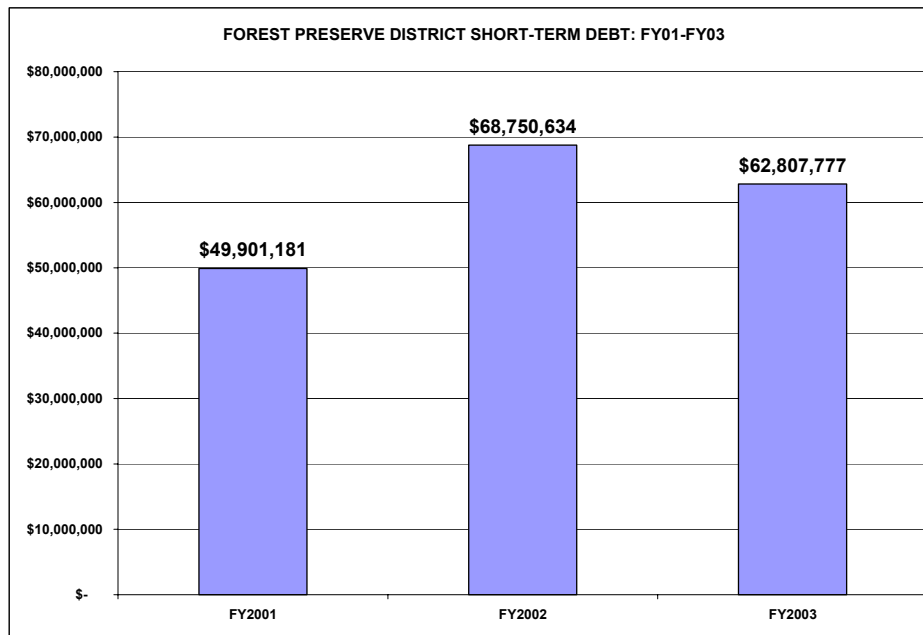
DEBT TRENDS

The Civic Federation has employed two measures of debt for purposes of this analysis: short-term debt trends and long-term debt per capita. The data are drawn from the District's audited financial reports. The last year for which data are available is FY2003.

Short-Term Debt Trends

Short-term debt is a financial obligation that must be satisfied within one year. An increasing trend in short-term debt may be a warning sign of future financial difficulties. It is a measure of budgetary solvency, that is, a government's ability to generate enough revenue over the course of a normal budgetary period to meet its expenditures and prevent deficits. Forest Preserve District short-term debt includes obligations such as accounts payable, contracts payable, deposits, interest payable, interest due to other funds, and liabilities from restricted assets. In sum, it includes all liabilities except accrued salaries and wages, accrued payroll, compensated absences and long-term debt. For purposes of consistency over time, we have calculated short-term debt for Governmental Activities, or activities in the four Governmental Funds.

Short-term debt levels fell 8.6% between FY2002 and FY2003, declining from \$68.8 million to \$62.8 million. This reverses the sharp 37.8% increase between FY2001 and FY2002. This is a positive sign.



Long-Term Debt Composition

The Forest Preserve District's long-term debt includes general obligation bonds payable, capital leases payable, a Master Loan,²⁹ compensated absences, provision for tort³⁰ and worker's compensation.

COMPOSITION OF FOREST PRESERVE DISTRICT LONG-TERM DEBT					
	FY2000	FY2001	FY2002	FY2003	2004 Bond Issue
Master Loan	\$ 1,231,048	\$ 579,313	\$ -	\$ -	\$ -
Compensated Absences	\$ 4,218,291	\$ 1,526,645	\$ 1,526,645	\$ 1,349,122	\$ 1,349,122
Provision for Tort	\$ 700,000	\$ 2,396,938	\$ 2,327,407	\$ 8,927,252	\$ 8,927,252
Deferred Amounts: On Refunding	\$ -	\$ (2,348,575)	\$ (1,761,431)	\$ (1,174,287)	\$ (1,174,287)
Deferred Amounts: Premium Bonds	\$ -	\$ 608,874	\$ 568,282	\$ 527,690	\$ 527,690
General Obligation Bonds. Series 1993	\$ 16,645,000	\$ 2,010,000	\$ 1,030,000	\$ -	\$ -
General Obligation Bonds. Series 1996	\$ 23,575,000	\$ 4,150,000	\$ 3,400,000	\$ 2,610,000	\$ 2,610,000
General Obligation Bonds. Series 2001 A&B	\$ -	\$ 35,285,000	\$ 35,030,000	\$ 34,745,000	\$ 34,745,000
General Obligation Bonds. Series 2004	\$ -	\$ -	\$ -	\$ -	\$ 100,000,000
TOTAL	\$ 46,369,339	\$ 44,208,195	\$ 42,120,903	\$ 46,984,777	\$ 146,984,777

Sources: FY2004 Official Statement of \$100 General Obligation Bond Issue; other years audited Financial Statements.

²⁹ From time to time, pursuant to a 1997 Master Loan Agreement Ordinance, the District issues bonds to Cook County as a loan financing for the purchase of capital items. The District intends to issue a bond to Cook County in the amount of \$1.25 million as security for a 2005 loan in the same amount, the proceeds of which will be used to finance capital expenditures with a useful life in excess of three years.

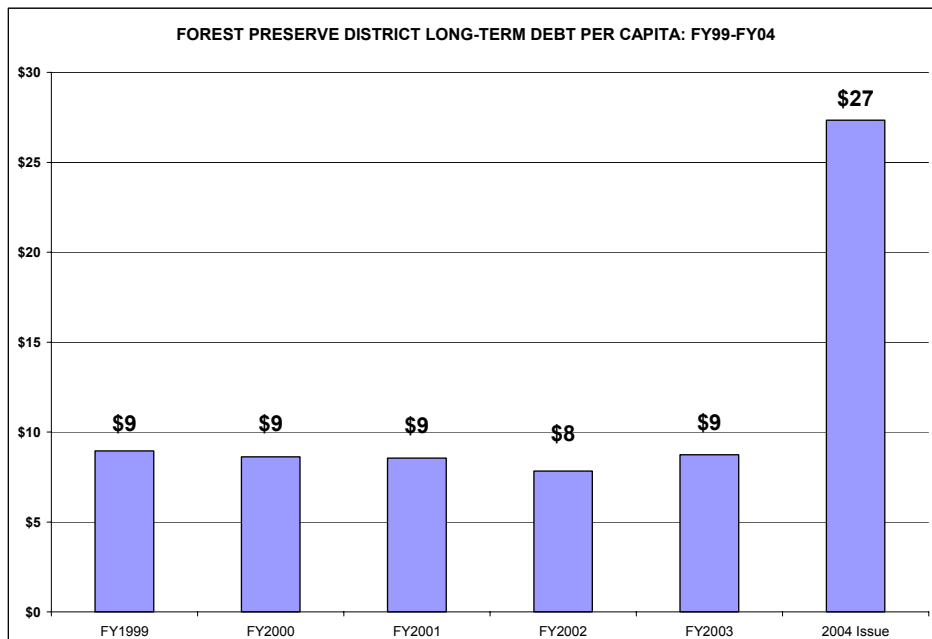
³⁰ The District is exposed to risk of losses related to torts and are reported when losses are probable and when the amounts may be reasonable estimated. These liabilities are expensed and reported as long term debt. Claim settlements and judgments are paid from the Corporate Fund. (See FPD CAFR, Note 13: Risk Management.) On December 2, 2004, Steven M. Bylina, General Superintendent of the District submitted for approval by the Board of Forest Preserve Commissioners. The resolution, which was approved by the Board, establishes a new Self-Insurance Fund which will accumulate and provide resources to meet insurance claims and obligations. As a result of the resolution, all of the funds previously held in the Corporate Fund representing budgeted amounts for claim settlements and judgments, as well as some portion of operating savings, were transferred to accounts within the Self-Insurance Fund. (General Superintendent Steve M. Bylina's Transmittal Letter, December 2, 2004. Resolution No: 12-01-24-2004)

Long-Term Debt Per Capita

Long-term debt per capita is a measure of a government's ability to maintain its current financial policies. This long-term debt analysis takes the total long-term debt liabilities reported in Note #7 of the District's audited financial statements and divides them by population. Increases in long-term debt bear watching as a potential sign of increasing financial risk.

At the close of FY2003, Forest Preserve District total long term debt was \$47 million. Long term debt had increased to an addition of a \$6.6 million provision for tort. However, bonds outstanding, the largest component of long term debt, had been decreasing since 1997. In that year, long term debt was \$50.2 million and debt per capita was \$9.

In October of 2004, the District issued a total of \$100 million in general obligation bonds to provided for the financing of capital improvement and capital equipment projects for the District, the Chicago Botanical Garden, and the Brookfield Zoo. This debt issuance dramatically increased the per capita debt burden to \$27 per capita (or \$26 per capita, when non-bonded debt is excluded).



Distribution of Series 2004 Bond Proceeds

The 2004 bond issue provides the District with approximately \$50 million for District Capital Improvements, \$25 million for Brookfield Zoo capital improvements, and \$25 million for Chicago Botanic Garden capital improvements ³¹.

³¹ Standard & Poor's Research: Cook County Forest Preserve District, Illinois; Tax Secured, General Obligation, October 13, 2004.

In addition, the 2004 bonds were issued at a 110% premium. Bonds issued at a premium pay a higher rate of interest than bonds issued at 100% of face value. For the 2004 bonds, the Original Issue Premium of \$10.2 million provided the District with \$2.5 million for Capitalized Interest through May 15, 2005, \$1.6 million for Costs of Issuance, and an additional \$6.2 million for Project Fund Deposits. The bond documents permit the District a great deal of latitude with respect to the Project Fund including reserving the right to change the purposes of expenditure, to revise costs allocations, and to substitute projects.³²

FOREST PRESERVE DISTRICT APPLICATION OF 2004 BOND PROCEEDS	
Sources of Funds	
Principal Amount	\$ 100,000,000
Original Issue Premium	\$ 10,219,024
Total Sources	\$ 110,219,024
Uses of Funds	
Project Fund Deposits	\$ 106,176,196
Capitalized Interest	\$ 2,468,605
Costs of Issuance	\$ 1,574,223
Total Uses	\$ 110,219,024

Source: Series 2004 Official Statement

Impact of the 2004 Bond Issue upon Appropriations for Annual Debt Service

The 2004 bond issue was approved on October 6, 2004 by the Forest Preserve District Board of Commissioners – nearly two months in advance of the release of the proposed budget. The bonds represent direct and general obligations of the Forest Preserve District. The tax collections pledged to the 2004 bonds are to be deposited directly by the County Collector with the Trustee for the bonds.³³ At the time the 2004 bond issue was authorized, it was unclear whether the District would increase property taxes to support the increased debt levels.³⁴ However, the FY2005 budget contains a provision for a \$5.9 million increase in the portion of the property tax levy earmarked for the Bond and Interest Fund.³⁵ These funds will be used to pay for principal and interest payments on the new bond issue.

The next exhibit presents the debt service schedule through 2024 for the Forest Preserve District’s bonds issued before 2004 and the new \$100 million General Obligation debt issue of 2004. Over the entire 20 year period, debt service for outstanding issues and the new issue will total \$210.4 million. Approximately \$160.8 million or 76% of the \$210.4 million amount will be used to pay for the principal and interest of the new \$100 million issue.

³² Official Statement, Forest Preserve District of Cook County, Illinois, General Obligation Bonds, Series 2004, page 3.

³³ Official Statement, Forest Preserve District of Cook County, Illinois, General Obligation Bonds, Series 2004.

³⁴ Brett McNeil. “Forest district bonds OKd \$100 million issue may mean tax hike.” *Chicago Tribune*, October 7, 2004.

³⁵ The portion of the District levy earmarked for debt service is expected to increase from \$4.2 million to \$10.1 million in FY2005.

BOND DEBT SERVICE SCHEDULE			
Year	Prior Issues Debt Service	2004 G.O Issue Debt Service	Total Debt Service
2004	\$ 3,024,535	\$ -	\$ 3,024,535
2005	\$ 3,853,983	\$ 2,503,997	\$ 6,357,979
2006	\$ 3,853,448	\$ 8,277,994	\$ 12,131,442
2007	\$ 3,857,413	\$ 8,249,494	\$ 12,106,907
2008	\$ 3,862,013	\$ 8,288,088	\$ 12,150,101
2009	\$ 3,862,219	\$ 8,290,588	\$ 12,152,807
2010	\$ 3,860,594	\$ 8,294,088	\$ 12,154,682
2011	\$ 3,866,706	\$ 8,303,088	\$ 12,169,794
2012	\$ 3,874,706	\$ 8,306,838	\$ 12,181,544
2013	\$ 3,872,563	\$ 8,310,088	\$ 12,182,651
2014	\$ 3,932,625	\$ 8,317,338	\$ 12,249,963
2015	\$ 3,934,769	\$ 8,327,838	\$ 12,262,607
2016	\$ 3,937,406	\$ 8,338,238	\$ 12,275,644
2017	\$ -	\$ 8,344,200	\$ 8,344,200
2018	\$ -	\$ 8,355,200	\$ 8,355,200
2019	\$ -	\$ 8,355,188	\$ 8,355,188
2020	\$ -	\$ 8,359,438	\$ 8,359,438
2021	\$ -	\$ 8,377,938	\$ 8,377,938
2022	\$ -	\$ 8,377,000	\$ 8,377,000
2023	\$ -	\$ 8,385,250	\$ 8,385,250
2024	\$ -	\$ 8,400,000	\$ 8,400,000
Total	\$ 49,592,980	\$ 160,761,891	\$ 210,354,862

Source: 2004 Official Statement, p. 31.

The FY2005 Forest Preserve District budget includes a table showing the portion of the property tax levy earmarked for the Bond and Interest Fund from 2005 through 2023. This portion of the total levy is used to pay for debt service on bonds and other forms of borrowing by the District.³⁶

³⁶ Unfortunately, in the budget book, the title used for this table on p. 68, “Bond and Interest Fund, Debt Service Schedule and Related Tax Levy,” is misleading as this table does not present a debt service schedule but rather a tax levy schedule.

PROPERTY TAX LEVY FOR FOREST PRESERVE DISTRICT BOND & INTEREST FUND							
Year	1996	1996	Master Loan	2001 A	2001 B	2004 G.O. Issue	Total for Existing Debt
2005	\$ 825,562	\$ 113,000	\$ 1,308,000	\$ 2,257,231	\$ 635,694	\$ 5,007,994	\$ 10,147,481
2006			\$ 1,308,000	\$ 2,794,431	\$ 1,012,781	\$ 8,196,291	\$ 13,311,503
2007			\$ 1,308,000	\$ 2,799,353	\$ 1,015,263	\$ 8,199,337	\$ 13,321,953
2008			\$ 1,308,000	\$ 2,793,850	\$ 1,017,556	\$ 8,197,337	\$ 13,316,743
2009				\$ 2,792,566	\$ 1,013,584	\$ 8,196,087	\$ 12,002,237
2010				\$ 2,775,306	\$ 1,032,900	\$ 8,199,962	\$ 12,008,168
2011				\$ 2,746,509	\$ 1,064,625	\$ 8,198,462	\$ 12,009,596
2012				\$ 2,716,656	\$ 1,088,438	\$ 8,196,212	\$ 12,001,306
2013				\$ 991,125	\$ 2,852,572	\$ 8,197,587	\$ 12,041,284
2014				\$ 991,250	\$ 2,849,838	\$ 8,195,537	\$ 12,036,625
2015				\$ 989,125	\$ 2,849,578	\$ 8,198,718	\$ 12,037,421
2016						\$ 8,197,200	\$ 8,197,200
2017						\$ 8,200,194	\$ 8,200,194
2018						\$ 8,199,812	\$ 8,199,812
2019						\$ 8,196,187	\$ 8,196,187
2020						\$ 8,197,469	\$ 8,197,469
2021						\$ 8,196,125	\$ 8,196,125
2022						\$ 8,195,125	\$ 8,195,125
2023						\$ 8,200,000	\$ 8,200,000
Total	\$825,562	\$113,000	\$5,232,000	\$24,647,402	\$16,432,829	\$152,567,640	\$199,816,429

Impact of the 2004 Bond Issue upon District Bond Ratings

In conjunction with the 2004 bond issue, all of the District’s general obligation bonds were upgraded to A1, with a positive outlook, by Moody’s Investors Service. Standard and Poor’s rates the issues A+. A rating upgrade is a rating agencies’ assessment of an improvement of the ability of the issuer to meet it’s debt service obligations. It is important to note that while the 2004 bond issue clearly increased the debt burden of the District, other measures of fiscal health such as eliminating deficits through cost cutting measures such as reducing personnel, have bolstered the District’s ability to manage this new level of debt.

Moody's Rating History	
Mar-74	A1
Dec-74	Aa
Aug-89	Aa1
Jul-89	Aa
Dec-96	A
Aug-99	A3
4-Oct	A1

Impact of the 2004 Issue on Future Taxpayer Burden

Clearly, the issuance of \$100 million in new debt markedly increased the amount of property tax revenue dedicated to debt service (approximately \$8.2 million annually, beginning in 2006).³⁷

THE FOREST PRESERVE DISTRICT CAPITAL IMPROVEMENT PLAN

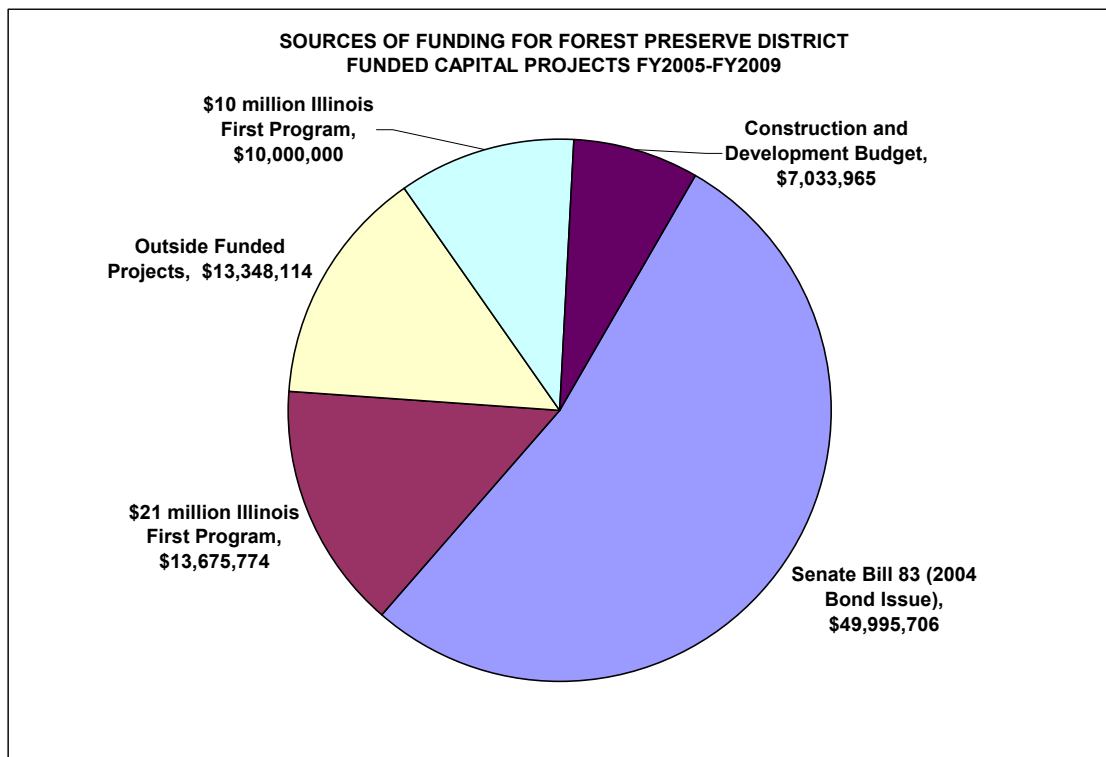
³⁷ Forest Preserve District of Cook County, Illinois. General Obligation Bonds, Series 2004. Final Official Statement.

Unlike previous years, the Forest Preserve District's FY2005 Budget Book contains summary information regarding the District's capital improvement plan (CIP). The capital improvement plans for the Brookfield Zoo and the Chicago Botanic Garden, which are independent institutions receiving tax subsidies from the District, are not accounted for within the District CIP.³⁸ The CIP provides the following information:

- The estimated cost of completing identified District capital improvements for each year in the 5-year period from FY2005 through FY2009;
- Identification of funding sources for the capital projects selected to be considered between FY2005 through FY2009; and
- A glossary of funding categories.

Capital Improvement Plan Highlights

The Forest Preserve District's CIP proposes a total of \$172.2 million in capital projects. Approximately 45% of all planned projects, or \$78 million, are not yet funded. The largest unfunded project is a \$51.5 million planned improvement of nature centers and resource management facilities, or which \$40.8 million remains unfunded. The sources of funding for the remaining 55% of the CIP projects that are funded are shown in the pie chart below. The single largest funding source for the District's capital improvements is the 2004 bond issue which provided the District with approximately \$50 million, or 53% of the total funding for capital projects planned through 2009.³⁹



³⁸ See <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0601> for the full text of Senate Bill 83, the authorizing resolution.

³⁹ Forest Preserve District FY2005 Budget Book, p. 64.

Capital Improvement Fund

The District's Capital Improvement Fund is used to account for annual capital expenditures of the District that are funded by debt or other financing sources not related to land acquisitions or accounted for in another fund. For FY2005, the recommended capital expenditures total \$52.6 million, of which \$50.5 million is funded by proceeds from the 2004 bond issue.⁴⁰

FUNDING SOURCES FOR FY2005 FPD CAPITAL IMPROVEMENT FUND	
Bond Proceeds	\$ 50,500,000
Master Loan	\$ 1,250,000
Operating Transfer In	\$ 850,000
Total Funding Sources	\$ 52,600,000

Source: FPD FY2005 Budget, p. 62.

Review of Capital Improvement Plan: Lack of Adequate Transparency

The information provided in the FY2005 budget about the District's capital projects and its capital planning process is a definite improvement from the information provided in previous budgets. However, much more transparency is needed to fully inform citizens about the costs and potential benefits of the District's capital improvement plans.

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

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

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

- Individual projects because there is no narrative description and no timetable for project completion;
- How projects are prioritized and selected; and
- Whether the District's capital needs are matched with the projects ultimately selected.

Furthermore, there is a lack of review and participation in the full capital improvement process by those who pay for and utilize the improvements: the taxpaying public. Not even the Forest Preserve District's legislative body, the Board of Commissioners, appear to have a full and formal participatory role in the CIP process. The Board does approve all District contract items with a monetary value of over \$10,000 and appropriates funds for individual projects. And the

⁴⁰ Forest Preserve District FY2005 Budget Book, p. 62.

public has the ability to comment on individual items as they are discussed on the Board agenda at hearings.⁴¹ But, the Board does not debate and approve the fill CIP nor does it participate in the prioritization process.

The stunning lack of transparency in the CIP process reaffirms the concerns the Civic Federation expressed earlier this year when we opposed approval of the \$100 million bond issue. At that time, we expressed concern because of the District’s failure to fully inform the public about the intended use of the bond funds and the failure to link the bond issue to the operating budget. Unfortunately, the CIP information provided in the budget does not enhance anyone’s ability to assess the feasibility and prioritization of the \$100 million in proposed projects.

	Elements of a Capital Improvement Plan Recommended for Greater Transparency	Included in Forest Preserve District CIP?
1	Narrative Overview of CIP Process and/or Capital Program	No
2	Information about Impact of Capital Spending on Annual Operating Budget for Each Project	Yes – summary form only
3	Narrative Description of Individual Projects (Including Purpose, need, history and current status)	No
4	Time frame for fulfilling capital projects and priorities	No
5	Integration of CIP into Long-Term Financial Plan	No – District does not have a formal long-term financial plan
6	Needs Assessment Conducted Prior to Project Approval	Unclear – No Formal Disclosure
7	Formal Prioritization Process to Determine Project Selection	No
8	Stakeholder Input into Capital Project Prioritization and Selection	No
9	Period of Public Review of CIP	No
10	Public Hearing on CIP	No
11	Formal Approval of CIP by Board of Commissioners	No
12	5-Year Summary List of Projects and Expenditures Per Project in Budget	Yes
13	5-Year Summary Information about Capital Project Funding Sources in Budget	Yes

⁴¹ Communication from Chief Financial Officer Lenny Moore to the Civic Federation, December 21, 2004 received on January 18, 2005.

CIVIC FEDERATION RECOMMENDATIONS

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

End Legal Relationship between the Forest Preserve District and Cook County

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

For the past 75 years, the Forest Preserve District has suffered from neglect. We believe that much of the neglect is a result of the current governance system, which burdens Cook County Commissioners with untenable oversight responsibilities for the District. Because of this neglect, the legal relationship between the District and the County should be ended.

Establishing a separate Forest Preserve District Board of Commissioners would allow them to focus solely on District issues. This Board would have the political imperative to sustain and expand upon the promising start proposed in the FY2003 budget. County Commissioners, in turn, could focus all of their attention on County issues. In short, separating the two governments would substantially improve the operations and management of both governments.

Establish a Formal Capital Improvement Plan and Process

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

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

Eliminate Forest Preserve Police Department

The Forest Preserve District should work to eliminate duplication of effort whenever possible to yield cost savings. For example, The Civic Federation has had a longstanding recommendation

that District evaluate the efficacy of maintaining a police force. We believe that the police force could be eliminated and its functions assumed by the County Sheriff or local municipalities.

Transfer Ownership of Swimming Pools to Municipalities

The Civic Federation believes that it would be a cost effective strategy to completely transfer ownership of the Forest Preserve District swimming pools to interested park districts or community organizations.

According to the 2001 *Cost of Services* study prepared by Deloitte and Touche for the District, the pools cost as much as \$856,790 per year to operate.⁴² Currently, two of the pools are closed for renovation and will be re-opened at a future date. A proposal has been advanced by Commissioner Quigley to transfer pool *operation* to another government in order to reduce the cost of operation to the District. However, the Civic Federation has concerns with that proposal because it may be difficult for another entity to assume full operating costs and maintain the practice of free or inexpensive admission. In addition, the District would still retain responsibility for liability issues.

We believe it would more cost effective for the District to fully transfer *ownership* of the pools to other entities. The District should focus on its core mission, which does not include the maintenance of pools. Swimming pools are more appropriately maintained by park districts or private swim clubs. The money spent on their maintenance and operation could be better spent on core activities of land acquisition and preservation.

Implement a Long-Term Financial Planning Process

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.⁴³ The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and/or reviewed by key policymakers and stakeholders.

Develop and Utilize Performance Measures

All governments should evaluate the performance of programs and services they provide. This is the best means available to determine if they are accomplishing intended program goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of actual results compared to expectations.⁴⁴ Using a few well-chosen measures, particularly those measuring efficiency and effectiveness that are produced consistently and developed with the support of staff can be a valuable tool in assisting the District to improve its management and operations. The Civic Federation recommends that the Forest Preserve District develop and utilize a performance measurement system as part of a broader strategic planning process.

⁴² Deloitte & Touche. *Cost of Services Study for the Forest Preserve District of Cook County*, November 1, 2001, p. 24

⁴³ See National Advisory Council on State and Local Budgeting and Government Finance Officers Association

⁴⁴ See Recommended Practice 11.1 "Monitor, Measure, and Evaluate Program Performance," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

Provide Additional Information in Budget Document

The *FY2005 Forest Preserve District Budget Book* is a marked improvement from previous budget books. However, the Civic Federation believes that it could be strengthened further by including:

- Performance measurements and statistics for all programs and staff.
- Better information about the workings of the Land Acquisition Fund, including a narrative description of activity in the fund and information about pending acquisitions.
- Aggregate information about personal services expenditures and appropriations, such as the amounts budgeted or spent on wages and salaries, health insurance, worker's compensation and other items.