

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017



Forest Preserve District of Cook County, Illinois

69 West Washington Street, Suite 2060

Chicago, Illinois 60602

PREPARED BY:

Stephen Hughes, Chief Financial Officer

Timothy Hicks, Comptroller

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS**

(A Component Unit of Cook County, Illinois)
As of and for the Year Ended December 31, 2017

PREPARED BY:

Stephen Hughes, Chief Financial Officer
Timothy Hicks, Comptroller

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

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**TONI PRECKWINKLE,
PRESIDENT**

**BOARD OF
COMMISSIONERS**

Luis Arroyo, Jr
Richard Boykin
Jerry Butler
John P. Daley
John A. Fritchey
Bridget Gainer
Jesus G. Garcia
Gregg Goslin
Edward M. Moody
Stanley Moore
Sean M. Morrison
Timothy O. Schneider
Peter N. Silvestri
Deborah Sims
Robert B. Steele
Larry Suffredin
Jeffrey R. Tobolski

July 18, 2018

President Toni Preckwinkle and Honorable
Members of the Cook County Forest Preserve
District Board of Commissioners and Citizens of Cook County

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Forest Preserve District of Cook County, Illinois (the District), for the fiscal year which ended December 31, 2017. The CAFR has been prepared by the District in accordance with the principles and standards for financial reporting set forth by the Government Accounting Standards Board (GASB), and audited by a firm of independent auditors retained by the District.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. We believe that the data, as presented, is accurate in all material respects, presents fairly the financial position and results of operations of the District as measured by the financial activity of its various funds and provides the reader with the relevant information needed to understand the District's financial activities.

Baker Tilly Virchow Krause, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended December 31, 2017. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of The Forest Preserve District of Cook County

The Forest Preserve District of Cook County was formed in 1914. Created by an act of the Illinois State Legislature, the District was the first countywide unit of government dedicated to land conservation in Illinois and one of the first in urban America.

The founders of the District were true visionaries. They predicted the explosive population growth and anticipated the wave of urban development that would sprawl far beyond the city limits of Chicago into the open prairie, forests, wetlands and farm fields. They dreamed of a region that preserved its natural character and sense of place, where city and suburb flowed together along vast expanses of open land following the natural mosaic of rivers, streams, prairies, marsh and woodland that traverse Cook County.

From its inception, the mission of the District has been to acquire and maintain lands in their natural state with the purpose of protecting and preserving the flora, fauna and scenic beauties for the education, pleasure and recreation of the public.

Today, the District encompasses more than 69,000 acres, which is approximately 11 percent of Cook County's footprint; most of the acres are open land. Each year, millions of people use these lands and facilities to enjoy or study nature, bicycle, hike, fish, cross-country ski, picnic, golf, canoe, or simply relax in a large preserve that leaves urban life behind. Facilities located in the preserves include golf courses and driving ranges, swimming pools, boat rentals, equestrian stables and nature centers.

In addition to general governmental services, the District has two component units that are included in the reporting entity, due to the significance of their operational and/or financial relationships with the District: the Brookfield Zoo and the Chicago Botanic Garden. The District has long-term operating agreements with these two world-class institutions located on Forest Preserve District land. Additional information on these component units can be found in the notes to the financial statements

The District is a separate body and political subdivision of the State of Illinois. The District has independent taxing powers though its boundaries are the same as those of Cook County. The District is governed by a President elected by Cook County voters and a Board of Commissioners elected by Cook County voters from seventeen (17) districts within the County. The President and Commissioners are elected for four-year terms. The President and Commissioners also serve on the Cook County Board in the same capacities.

Local Economy

Cook County is the largest of Illinois' 102 counties and is home to more than 40 percent of the state population.¹ In 2017, there were approximately 5.2 million residents, and represents the third largest metropolitan area in the country.

Cook County, and in particular the city of Chicago, acts as the economic engine for the Midwest region. Residents are afforded abundant employment opportunities within this deep and diverse regional economy. The county also benefits from an extensive infrastructure network, including a vast rail system, which supports continued growth. The employment base is represented by all major sectors with concentrations in the wholesale trade, professional and business services and financial sectors. Socioeconomic indicators are mixed with above-average per capita income and educational levels but also elevated individual poverty and unemployment rates.

Long-term financial planning and major initiatives

Governments and taxing bodies throughout Illinois and the nation continue to grapple with revenue shortfalls resulting from the economic downturn. Providing services desired by constituents without increasing their tax burden has proven to be a tremendous challenge. For 2017, the District presented the Board and taxpayers of Cook County a balanced budget.

¹ United States Department of Census

The District continues its focused efforts to better manage operations and implement efficiencies while enhancing the services it provides to the public. The 2018 Budget also reflects savings from taking advantage of economies of scale through numerous Intergovernmental Agreements that allow for collaboration with other Cook County departments to provide administrative services more effectively than if the District provided these services itself.

Relevant financial policies

The President of the Forest Preserve District Board of Commissioners submits to the Board a proposed budget for its fiscal year commencing on January 1. While there is no statutory limit on the size of the budget that may be adopted, as a non-home rule unit of government, state law establishes limits on the District's property tax rate. The District maintains fiscal controls to ensure compliance with the annual budget which is approved by the Board and known as the Forest Preserve District Appropriation Ordinance. Activities of the Corporate Fund, Special Revenue Funds, Debt Service Fund, and other funds are included in the Annual Appropriation Ordinance. The Administration is authorized by statute to transfer budgeted amounts between various detail objects within any fund. The level of control where expenditures may not exceed appropriations is the fund level of activity.

Illinois law requires real property taxes to be collected in the year following the levy year. Therefore, under accounting principles generally accepted in the United States of America for fund reporting, the 2017 property tax levies of the District are not recognized as revenue, as they are not available to fund operations in 2017.

Unassigned Fund Balance Level

The District endeavors to have a sufficient unassigned fund balance for the Corporate Fund to mitigate the risk stemming from 1) revenue fluctuations, 2) unexpected emergency expenditures, and 3) temporary periods of negative cash flow. To this end, a minimum fund balance shall be budgeted annually that is the total of the following percentages:²

1. Revenue Fluctuations: 5.5 percent of Corporate Fund Gross Revenues
2. Unexpected Expenditures: 1 percent of Corporate Fund Expenditures
3. Insufficient Operating Cash: 8 percent of Corporate Fund Expenditures

In any given year, the President may request that the Board waive this policy as operations demand. However, it is the intention of the President and the Board that this policy is adhered to in normal years. If, in any given year, the fund balance declines below the level specified by this policy, budgeted increases in the Fund Balance should be made over a maximum three-year period to bring the fund balance in accordance with the policy.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

²These percentages assume an allowance for uncollectible receivables based on a moving 5-year average of uncollected receivables and a minimum employee turnover of 5 percent. Use of the Working Cash fund is also assumed

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the valuation of costs and benefits requires estimates and the use of experienced judgments by management.

As a recipient of Federal and State financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and independent auditors.

Awards and Acknowledgements

This is the 16th year that the District has prepared the CAFR using the financial reporting requirements as described by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion & Analysis (MD&A).

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Forest Preserve District of Cook County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

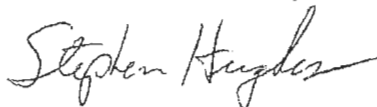
A Certificate of Achievement is valid for a period of one year only. We believe that our 2017 CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

The preparation and completion of this CAFR represents the culmination of numerous efforts by many Forest Preserve District employees, and the cooperation and assistance of the accounting firm engaged to audit the District's operations.

We would like to express our sincere appreciation to the members of our staff, and the staff of Baker Tilly Virchow Krause, LLP, for making this report possible.

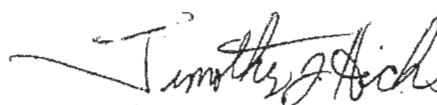
This CAFR reflects our ongoing commitment to the citizens of Cook County, the Board of Commissioners and all interested readers of this report to provide information in conformity with the highest standards of financial reporting.

Respectfully submitted,



Stephen Hughes
Chief Financial Officer

Respectfully submitted,



Timothy J. Hicks
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Forest Preserve District of Cook County
Illinois**

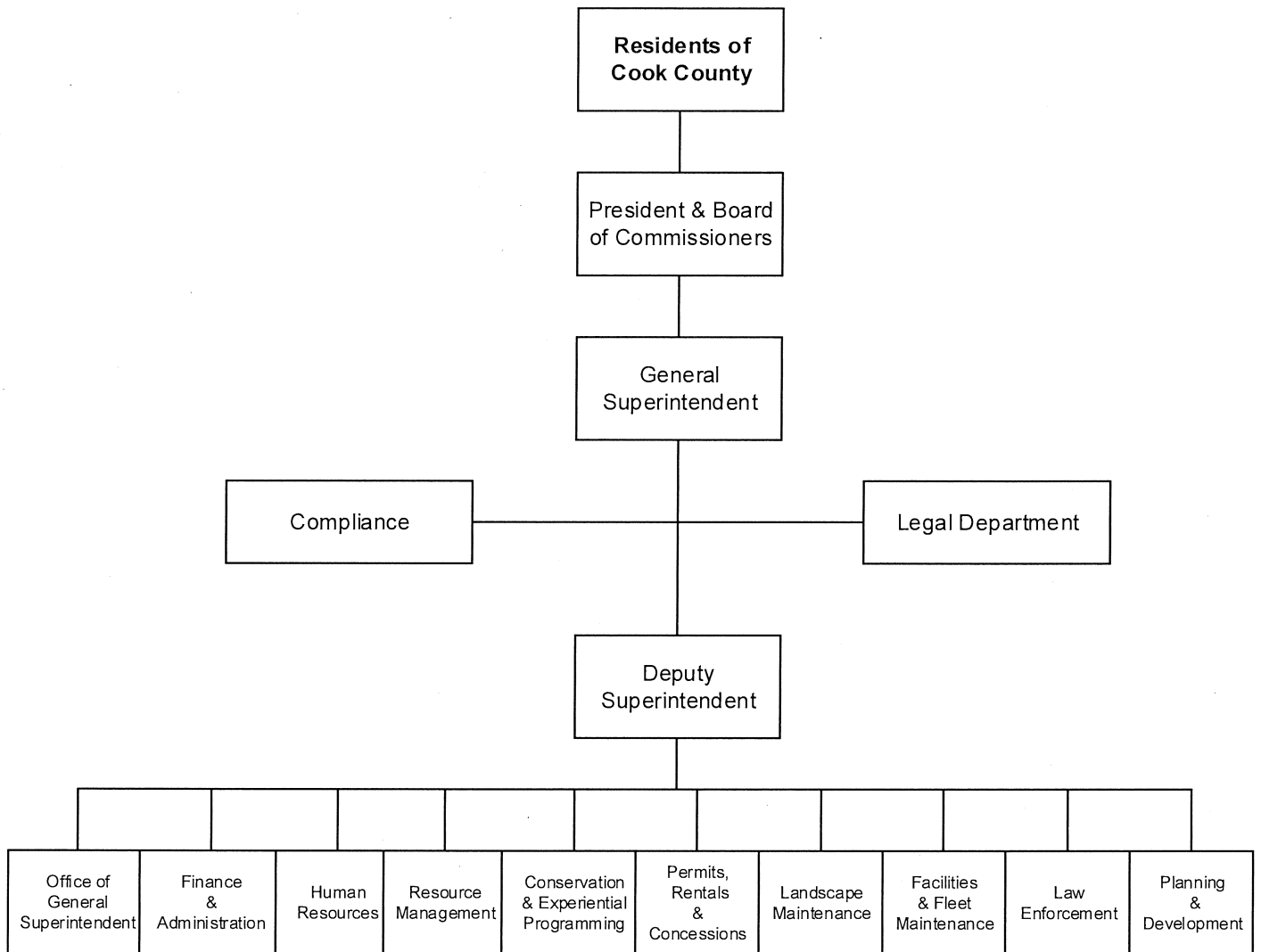
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

FOREST PRESERVE DISTRICT OF COOK COUNTY



INDEPENDENT AUDITORS' REPORT

To the Honorable President and Members of the Board of Commissioners
Forest Preserve District of Cook County, Illinois
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Forest Preserve District of Cook County, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Forest Preserve District of Cook County, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, the Chicago Horticultural Society and the Chicago Zoological Society. We also did not audit the financial statements of the Pension Fund and the Postemployment Group Health Benefit Fund, which represent 86.8 percent, 89.2 percent, and 95.0 percent, respectively, of assets/deferred outflows of resources, net position/fund balances, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chicago Horticultural Society, the Chicago Zoological Society, the Pension Fund and the Postemployment Group Health Benefit Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the Honorable President and Members of the Board of Commissioners
Forest Preserve District of Cook County, Illinois

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Forest Preserve District of Cook County, Illinois' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Forest Preserve District of Cook County, Illinois' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Forest Preserve District of Cook County, Illinois as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Forest Preserve District of Cook County, Illinois' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Honorable President and Members of the Board of Commissioners
Forest Preserve District of Cook County, Illinois

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Forest Preserve District of Cook County, Illinois' basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Chicago, Illinois
July 18, 2018

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

The discussion and analysis of Forest Preserve District of Cook County, Illinois' (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets/deferred outflows of resources of the District exceeded its liabilities/deferred inflows of resources at the close of the most recent fiscal year by \$28.0 million (net position). Of this amount, \$11.9 million is restricted for construction & development, capital improvements, grants and debt service. Additionally, the \$13.5 million Working Capital Fund was classified as permanently restricted in accordance with GASB 54. The classification results in unrestricted net position of (\$245.5) million.
- In total, government wide net position decreased by \$0.2 million. Most of the changes in assets/deferred outflows and liabilities/deferred inflows are due to the 2017 principal repayment and increase in net pension liability and post-employment benefit obligation.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$70.3 million, a decrease of \$11.5 million in comparison with the prior year. Approximately \$33.8 million is available for spending at the government's discretion (unassigned fund balance). However, \$8.7 million has been designated under the District's minimum fund balance policy and cannot be spent.
- General revenues accounted for \$72.6 million in revenue or 89% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$9.0 million or 11% of total governmental revenues of \$81.6 million.
- The District had \$81.8 million in expenses related to government activities. However, only \$9.0 million of these expenses were offset by program specific charges and grants.
- At the end of the current fiscal year, unassigned fund balance for the Corporate Fund was \$33.8 million, or 57% of total Corporate Fund expenditures.
- The District's total long-term liabilities (excluding postemployment benefit obligation and net pension liability) decreased by \$34.6 million during the current year.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements consist of one type of activity - governmental. Governmental activities present the functions of the District that are principally supported by taxes and intergovernmental revenues. The District's governmental activities include functions like general government.

The District is administered by a General Superintendent and Department Heads from each of eleven departments. The other departments comprising the District are Finance and Administration; Human Resources; Resource Management; Conservation and Experiential Programming; Permits, Rentals and Concessions; Landscape Maintenance; Facilities and Fleet Maintenance; Legal; Law Enforcement; and Planning and Development.

The Office of the General Superintendent contains the executive office including the General Superintendent, development, external affairs, and communications. This department also coordinates and administers the volunteer resources program.

Finance and Administration is responsible for all financial functions and administrative functions including general management accounting, billing and collection, information technology, Treasury, internal and external auditing, preparation of the annual budget and purchasing.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Human Resources administers Cook County's Human Resource Ordinance and handles all personnel issues including applications for benefits, processing of resignations and terminations and requests for family medical leave. It works with Cook County's Human Resources department in recruiting qualified individuals for District positions.

Resource Management manages the District's trails coordination, fisheries and wildlife management, resource ecology, and land management.

Conservation and Experiential Programming operates six Nature Centers, three Aquatic Centers, runs the Youth Education Outreach Team, and provides programmatic opportunities for citizens to take advantage of natural resources and recreation opportunities in the Forest Preserves.

Permits, Rentals, and Concessions issues permits for public use of District properties such as picnics, cabin rentals, camping, dog friendly areas, equestrian activities, model air planes, soccer and baseball. It issues special use permits for tents, caterers, rides, amplified sound and commercial photography. It also licenses concessions and monitors the private management of the District's golf courses and driving ranges.

Landscape Maintenance is responsible for the care and maintenance of picnic areas, scavenger services, mowing and trails.

Facilities and Fleet Maintenance provides a variety of routine maintenance, repairs, renovations, and services to help ensure properly maintained facilities, fleet, equipment, and infrastructures, while utilizing the latest energy efficient technologies, improving productivity & responsiveness.

Legal provides legal services to the District, either through District legal staff or supervision of outside counsel. It provides legal advice; drafts ordinances; handles land acquisition legal matters; interprets legal statutes affecting the District; and manages lawsuits. It handles employee matters which involve administrative bodies such as the EEOC, the Labor Board and Civil Service Commission. It also responds to requests for information under the Illinois Freedom of Information Act, administers workers compensation claims and oversees the District's land acquisition program.

Law Enforcement patrols all District properties; enforces all state, county and District laws and ordinances to serve and protect patrons, property and natural lands of the District; and issues tickets and fines for violators.

Planning and Development plans, designs and implements capital improvements and restoration programs at District sites. It is comprised of the following sections: landscape architecture, engineering and construction, building architecture, real estate and licensing, and geographic information systems.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

In addition to general governmental services, the District has two component units that are included in the reporting entity, due to the significance of their operational and/or financial relationships with the District: the Brookfield Zoo and the Chicago Botanic Garden. The District has long-term operating agreements with these two world-class institutions located on Forest Preserve District land. Additional information on these component units can be found in the notes to the financial statements.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Corporate Fund, Bond and Interest Fund, Construction and Development Fund, Capital Improvement Fund, 2012 Capital Improvement Bonds Fund, and Real Estate Acquisition Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The District adopts an annual budget for each of the major funds listed above. A budgetary comparison statement has been provided for each major fund, except for the 2012 Capital Improvement Bonds Fund for which no formal budget has been adopted, to demonstrate compliance with this budget.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Proprietary funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one type of proprietary fund - internal service. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions.

The District uses the internal service fund to account for the financing of self-insurance-related expenditures, including all workers' compensation claims, tort judgments/settlements, and associated legal fees. Charges for services come from the Corporate Fund through contributions into the Self-Insurance Fund. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The self-insurance operations are presented in the proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements. The District reports activities of the Forest Preserve District Employees Annuity and Benefit Fund of Cook County (Pension Fund) as a fiduciary fund.

Notes to basic financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's contributions and changes in net pension liability of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, as well as, budget to actual comparisons of the funds. Supplementary schedules include combining schedules of all non-major funds, individual fund schedules for all funds with an approved budget, and the internal service fund.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 (Unaudited)

Government-Wide Financial Analysis

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets			
Current and other assets	\$ 173.8	\$ 186.8	(7.0)%
Capital assets	<u>386.4</u>	<u>386.8</u>	(0.1)%
Total assets	<u>560.2</u>	<u>573.6</u>	(2.3)%
Deferred Outflows of Resources			
Deferred charge on refunding	0.5	0.6	(16.7)%
Deferred outflows of resources related to pensions	<u>6.9</u>	<u>14.1</u>	(51.1)%
Total deferred outflows of resources	<u>7.4</u>	<u>14.7</u>	(49.7)%
Liabilities			
Long-term liabilities	413.6	448.3	(7.7)%
Other liabilities	<u>23.1</u>	<u>24.4</u>	(5.3)%
Total liabilities	<u>436.7</u>	<u>472.7</u>	(7.6)%
Deferred Inflows of Resources			
Property taxes levied for future periods	67.9	66.1	2.7%
Deferred charge on refunding	0.8	1.1	-27.3%
Deferred inflows of resources related to pensions	<u>34.3</u>	<u>20.2</u>	69.8%
Total deferred inflows of resources	<u>102.9</u>	<u>87.4</u>	17.7%
Net position			
Net investment in capital assets	248.0	244.2	1.6%
Restricted	25.5	28.2	(9.6)%
Unrestricted	<u>(245.5)</u>	<u>(244.2)</u>	0.5%
Total net position	<u>\$ 28.0</u>	<u>\$ 28.2</u>	(0.7)%

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of capital assets through depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total net position decreased by \$0.2 million from \$28.2 million to \$28.0 million. This nominal fluctuation does not suggest any significant change in the District's overall financial position. The District's total assets and deferred outflows of resources equal \$567.6 million. The District's total liabilities and deferred inflows of resources equal \$539.6 million.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the net position of the governmental activities (\$12.0 million) is restricted for construction & development, capital improvement, grants and debt service. Additionally, \$13.5 million of net position in the working capital fund was classified as permanently restricted in accordance with GASB 54. The classification results in an unrestricted combined net position for governmental activities of (\$245.5) million.

The District's cash and short-term investments from governmental activities decreased by \$5.4 million. Capital assets, net of accumulated depreciation, decreased by \$0.4 million due to normal depreciation expense. Deferred outflows of resources decreased by \$7.3 million. There was a net decrease in long-term liabilities in the governmental activities of \$34.7 million. Current and other liabilities decreased by \$1.3 million while deferred inflows of resources increased \$15.5 million, for a net decrease in liabilities and deferred inflows of resources of \$20.5 million for 2017.

Total Claims Payable and Provision for Settlement of Tort combined for a \$1.9 million liability to the Self-Insurance Fund, which increased by \$1.5 million compared to FY 16.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Table 2 Condensed Statements of Activities (in millions of dollars)			
	<u>Governmental Activities</u> 2017 2016 Change		
Revenues			
<i>Program revenues</i>			
Charges for services	\$ 7.4	\$ 6.6	12.1%
Operating grants and contributions	0.6	-	
Capital grants and contributions	1.0	2.2	-54.5%
<i>General revenues</i>			
Property taxes	64.6	66.3	-2.6%
Other taxes	6.9	6.8	1.5%
Other general revenues	1.1	0.7	57.1%
Total revenues	<u>81.6</u>	<u>82.6</u>	-1.2%
Expenses			
General government	16.3	21.1	-22.7%
Resource management	6.6	10.4	-36.5%
Permits, rentals and concessions	26.1	34.2	-23.7%
Public safety	12.7	22.7	-44.1%
Planning and development	8.0	13.8	-42.0%
Conservation and experiential programming	6.1	9.8	-37.8%
Interest and fiscal charges	6.0	6.4	-6.3%
Total expenses	<u>81.8</u>	<u>118.4</u>	-30.9%
Change in net position	(0.2)	(35.8)	-99.4%
Net position, beginning of year	<u>28.2</u>	<u>64.0</u>	-55.9%
Net position end of year	<u>\$ 28.0</u>	<u>\$ 28.2</u>	-0.7%

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state replacement tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in 2017 approved rates – while certain tax rates are set by statute, the District has significant authority to impose and periodically increase/decrease rates (real estate license fees, dog tag fees, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the District's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the District to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the District.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the District to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the District is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

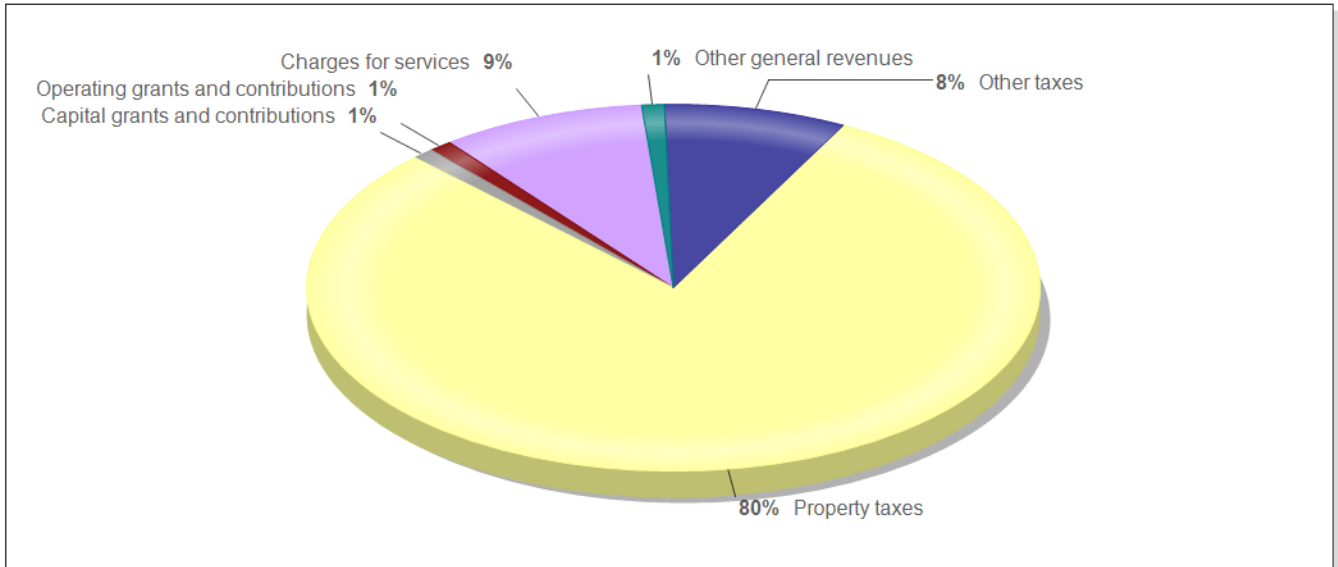
The Governmental Activities experienced a increase in revenue vs prior year due to increased property tax collection. Additionally, there was an increase in spending vs prior year, primarily in the areas of Public Safety, General Government, and Permits, Rentals and Concessions, and General Maintenance. Current year expenses exceeded revenues by \$0.2 million thus reducing net position to \$28.0 million.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 (Unaudited)

Governmental Activities

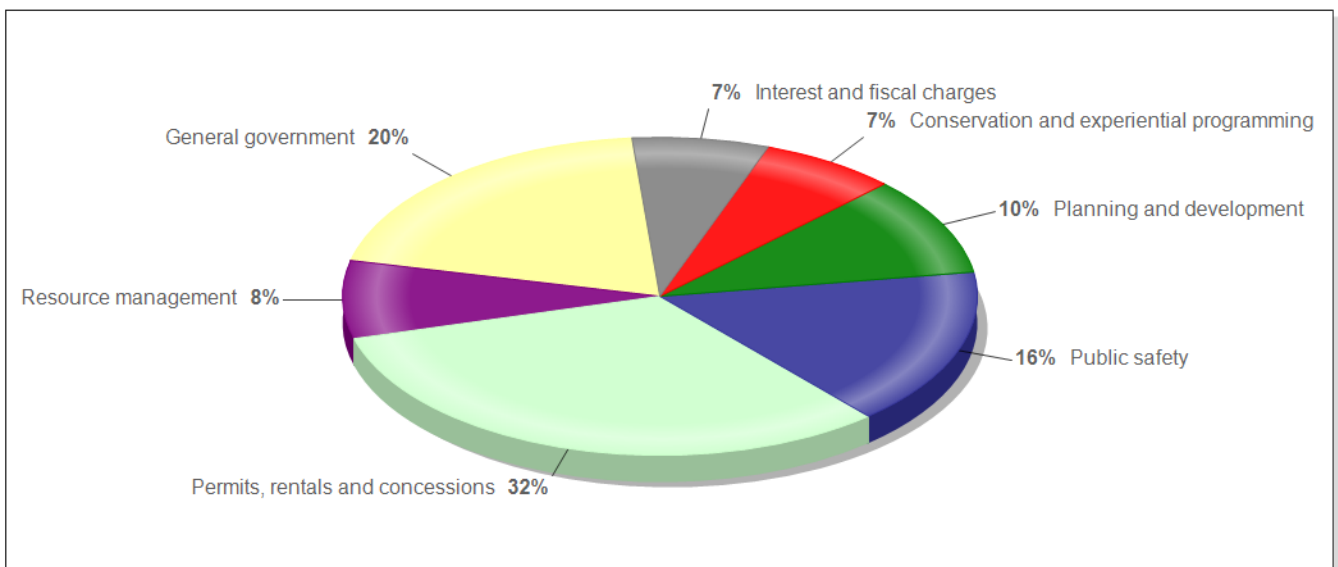
Governmental Revenues by Source



Revenues

Program revenue increased in 2017 by \$0.2 million as charges for services and grants increased. Total general revenue decreased by \$1.2 million from last year, primarily due to lower Property Tax collections.

Governmental Expenses by Function



FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Expenses

Expenses decreased by \$36.6 million for the year.

Financial Analysis of the District's Funds

Corporate Fund

The Corporate Fund is the primary operating fund of the District. At the end of the current fiscal year, the fund balance of the Corporate Fund was \$34.8 million, compared to \$37.3 million in the previous fiscal year. Of that, \$33.8 million was unassigned, compared with \$33.3 in 2016. Revenue exceeded departmental expenditures by \$1.5 million. Transfers out reduced the excess by \$3.9 million, resulting in an overall Corporate fund balance decrease of \$2.4 million. Property Tax collections were \$1.7 million less than 2016.

Bond and Interest Fund

The purpose of the Bond and Interest Fund is to accumulate resources for and to pay debt service for the District. This fund ended the year with a \$6.8 million fund balance, which represented a decrease of \$2.5 million over the prior fiscal year. This balance exceeds the requirements for debt service payments, and with its 2014 budget the District began to take steps to reduce this balance so that it only contains funds adequate to make required principal and interest payments.

Construction and Development Fund

The Construction and Development Fund is used to account for all capital projects funded by property taxes. Most large capital projects since FY 2005 have been funded out of the Capital Improvement and the Grant funds. This fund has been used primarily to fund small, short term projects such as the immediate repair or replacement of a shelter roof. It has also been used to fund matches on grants received by third parties such as the federal government. This fund had an ending fund balance of \$3.3 million at the end of FY 2017. Since property taxes are levied annually, Construction and Development funds are tracked and accounted for annually based on tax year. Appropriations to this fund are held for 5 years. Therefore, the \$3.3 million is a combined balance for the previous 5 years' Construction and Development tax levies.

Capital Improvement Fund

The purpose of the Capital Improvement Fund is to accumulate resources to fund various capital improvement projects at the District. After capital expenditures of \$4.8 million in 2017, this fund had a fund balance of \$3.4 million at the end of FY 2017.

2012 Capital Improvement Bonds Fund

The purpose of the 2012 Capital Improvement Bond Fund is to accumulate resources to fund various new capital improvement projects at the District. After capital expenditures of \$1.7 million in 2017, this fund had a fund balance of \$2.5 million at the end of FY 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Real Estate Acquisition Fund

The purpose of the Real Estate Acquisition Fund is to accumulate resources to fund the purchase of real estate to increase the land holdings of the District. After capital expenditures of \$2.4 million in 2017, this fund had a fund balance of \$4.7 million at the end of FY 2017.

General Fund Budgetary Highlights

The Corporate Fund realized revenues of \$61.2 million in 2017 versus a tax and non tax revenue budget of \$61.7 million.

Actual expenditures were \$59.8 million, which were \$2.0 million less than budgeted expenditures. Most of the variance is due to the District actively controlling expenditures for the year.

Capital Assets and Debt Administration

Capital assets

The Forest Preserve District of Cook County's investment in capital assets for its governmental activities as of December 31, 2017 total \$386.4 million net of accumulated depreciation. This investment in capital assets includes land, buildings, trails, parking lots, shelters, bridges, equipment, comfort stations and vehicles. There was a decrease in the District's net capital asset investment of \$0.4 million.

By the end of 2017, the District had compiled a total investment of \$487.5 million (\$386.4 million net of accumulated depreciation) in a broad range of capital assets. Total depreciation expense for the year was \$11.2 million. More detailed information about capital assets can be found in Note III.C of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$ 227.8	\$ 225.6	1.0%
Construction in progress	15.2	49.9	-69.5%
Land improvements	95.7	76.2	25.6%
Buildings	124.4	101.5	22.6%
Equipment and vehicles	24.3	23.4	3.8%
Total accumulated depreciation	(101.0)	(89.8)	12.5%
Total	<u>\$ 386.4</u>	<u>\$ 386.8</u>	-0.1%

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Debt Administration

Overall, the District's governmental activities report a total bonded debt of \$151.0 million. The District began the fiscal year with a balance of \$159.5 million in bonded debt and reduced debt by \$8.5 million, leaving a December 31, 2017 debt balance of \$151.0 million. More detailed information about debt administration can be found in Note III.E of the basic financial statements.

In 2017, the District's fiscal responsibility and sound financial decision-making allowed it to maintain its A2 rating from Moody's Investors Service. During 2017, Standard & Poor's downgraded its rating from AA to AA- and subsequent to the fiscal yearend, Fitch affirmed its AA- rating. The downgrade of the rating was based on the agencies concern about the District's growing pension liabilities.

Table 4
Long-Term Debt
(in millions of dollars)

	<u>Governmental Activities</u>		
	2017	2016	Change
General obligation bonds	\$ 151.0	\$ 159.5	
Other	<u>262.6</u>	<u>288.8</u>	
Total	<u>\$ 413.6</u>	<u>\$ 448.3</u>	-7.7%

Factors Bearing on the District's Future

Financial operations for the District have been consistently positive with annual surpluses since 2006. The key factors for the District's future are:

- **Pension Reform** The District is working with the County to develop a new pension funding policy that will stabilize the plan's funding level, which was 61.7% as of December 31, 2017. The District's unfunded liability will remain a challenge to future operations until a sustainable funding plan is approved and implemented.
- **Property Taxes** Property taxes are the primary revenue source at 83.4% of Corporate Fund revenues. Increases in the property tax are limited to the lesser of 5% or CPI. Financial challenges facing the District's overlapping entities such as the City of Chicago, Chicago Public Schools, and Cook County may limit the District's ability to increase its tax rate.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

(Unaudited)

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, need additional financial information, or would like a copy of the financial statements for the Chicago Zoological Society, Chicago Botanical Society, or the Forest Preserve Employees' Annuity and Benefit Fund of Cook County, contact the Finance Department:

Timothy Hicks, Comptroller
Forest Preserve District of Cook County, Illinois
69 W. Washington St., Suite 2060
Chicago, Illinois 60602

BASIC FINANCIAL STATEMENTS

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF NET POSITION As of December 31, 2017

	Primary Government	Component Units		Total Reporting Entity
	Governmental Activities	Chicago Horticultural Society	Chicago Zoological Society	
ASSETS				
Cash and cash equivalents	\$ 91,343,634	\$ 1,306,000	\$ 476,000	\$ 93,125,634
Investments	-	107,634,000	76,998,000	184,632,000
Receivables (net)				
Property taxes	68,065,040	-	-	68,065,040
Intergovernmental	867,749	-	-	867,749
Grants	1,821,256	-	-	1,821,256
Golf	273,457	-	-	273,457
Concession	73,999	-	-	73,999
Other	48,632	17,474,000	8,473,000	25,995,632
Inventories and prepaid items	-	394,000	783,000	1,177,000
Restricted assets				
Restricted investments	11,195,539	-	-	11,195,539
Restricted investments - capital assets	61,660	-	-	61,660
Capital assets				
Capital assets not being depreciated	242,992,279	5,241,000	279,000	248,512,279
Capital assets being depreciated	244,480,718	223,769,000	274,685,000	742,934,718
Less: Accumulated depreciation	(100,999,467)	(103,277,000)	(142,876,000)	(347,152,467)
Total Assets	<u>560,224,496</u>	<u>252,541,000</u>	<u>218,818,000</u>	<u>1,031,583,496</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	489,259	-	-	489,259
Deferred outflows of resources related to pensions	<u>6,960,961</u>	<u>-</u>	<u>-</u>	<u>6,960,961</u>
Total Deferred Outflows of Resources	<u>7,450,220</u>	<u>-</u>	<u>-</u>	<u>7,450,220</u>
LIABILITIES				
Accounts payable	4,650,674	3,916,000	2,475,000	11,041,674
Accrued payroll	2,686,541	-	2,669,000	5,355,541
Claims payable - current portion	1,876,000	-	-	1,876,000
Other liabilities	931,739	3,001,000	5,050,000	8,982,739
Due to other governmental units	58,273	-	-	58,273
Unearned revenues	12,820,250	962,000	9,012,000	22,794,250
Deposits	12,103	-	-	12,103
Noncurrent liabilities				
Due within one year	10,034,127	-	-	10,034,127
Due in more than one year	<u>403,694,388</u>	<u>49,489,000</u>	<u>34,894,000</u>	<u>488,077,388</u>
Total Liabilities	<u>436,764,095</u>	<u>57,368,000</u>	<u>54,100,000</u>	<u>548,232,095</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	67,864,009	-	-	67,864,009
Deferred charge on refunding	804,689	-	-	804,689
Deferred inflows of resources related to pensions	<u>34,282,540</u>	<u>-</u>	<u>-</u>	<u>34,282,540</u>
Total Deferred Inflows of Resources	<u>102,951,238</u>	<u>-</u>	<u>-</u>	<u>102,951,238</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF NET POSITION As of December 31, 2017

	Primary Government	Component Units		Total Reporting Entity
	Governmental Activities	Chicago Horticultural Society	Chicago Zoological Society	
NET POSITION				
Net investment in capital assets	\$ 248,008,094	\$ 76,244,000	\$ 97,194,000	\$ 421,446,094
Restricted for				
Grants	2,306,387	-	-	2,306,387
Debt service	6,342,912	-	-	6,342,912
Construction and development	3,316,476	-	-	3,316,476
Working cash - permanent	13,518,810	-	-	13,518,810
Component units	-	64,568,000	26,487,000	91,055,000
Unrestricted	(245,533,296)	54,361,000	41,037,000	(150,135,296)
TOTAL NET POSITION	<u>\$ 27,959,383</u>	<u>\$ 195,173,000</u>	<u>\$ 164,718,000</u>	<u>\$ 387,850,383</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 16,265,075	\$ 5,444,403	\$ 3,359	\$ -
Resource management	6,647,805	-	231,816	-
Permits, rentals, concessions, and general maintenance	26,052,354	1,378,920	119,160	-
Public safety	12,733,845	113,365	-	-
Real estate acquisition	-	-	-	1,018,284
Planning and development	8,028,210	415,826	185,751	-
Conservation and experiential programming	6,143,204	-	85,000	-
Interest and fiscal charges	5,983,516	-	-	-
Total Governmental Activities	<u>81,854,009</u>	<u>7,352,514</u>	<u>625,086</u>	<u>1,018,284</u>
Total Primary Government	<u>\$ 81,854,009</u>	<u>\$ 7,352,514</u>	<u>\$ 625,086</u>	<u>\$ 1,018,284</u>
Component Units				
Chicago Horticultural Society	\$ 48,907,000	\$ 14,091,000	\$ 14,248,000	\$ 6,710,000
Chicago Zoological Society	<u>78,426,000</u>	<u>44,836,000</u>	<u>14,760,000</u>	<u>830,000</u>
Total Component Units	<u>\$ 127,333,000</u>	<u>\$ 58,927,000</u>	<u>\$ 29,008,000</u>	<u>\$ 7,540,000</u>
General Revenues				
Taxes				
Property taxes				
Personal property replacement taxes				
Investment income				
Miscellaneous				
Total General Revenues				

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position			
Primary Government	Component Units		
Governmental Activities	Chicago Horticultural Society	Chicago Zoological Society	Total Reporting Entity
\$ (10,817,313)	\$ -	\$ -	\$ (10,817,313)
(6,415,989)	-	-	(6,415,989)
(24,554,274)	-	-	(24,554,274)
(12,620,480)	-	-	(12,620,480)
1,018,284	-	-	1,018,284
(7,426,633)	-	-	(7,426,633)
(6,058,204)	-	-	(6,058,204)
(5,983,516)	-	-	(5,983,516)
<u>(72,858,125)</u>	<u>-</u>	<u>-</u>	<u>(72,858,125)</u>
<u>(72,858,125)</u>	<u>-</u>	<u>-</u>	<u>(72,858,125)</u>
-	(13,858,000)	-	(13,858,000)
<u>-</u>	<u>-</u>	<u>(18,000,000)</u>	<u>(18,000,000)</u>
<u>-</u>	<u>(13,858,000)</u>	<u>(18,000,000)</u>	<u>(31,858,000)</u>
64,605,068	9,170,000	14,606,000	88,381,068
6,904,777	242,000	510,000	7,656,777
593,120	14,412,000	5,674,000	20,679,120
<u>510,473</u>	<u>651,000</u>	<u>1,531,000</u>	<u>2,692,473</u>
<u>72,613,438</u>	<u>24,475,000</u>	<u>22,321,000</u>	<u>119,409,438</u>
(244,687)	10,617,000	4,321,000	14,693,313
<u>28,204,070</u>	<u>184,556,000</u>	<u>160,397,000</u>	<u>373,157,070</u>
<u>\$ 27,959,383</u>	<u>\$ 195,173,000</u>	<u>\$ 164,718,000</u>	<u>\$ 387,850,383</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	Corporate Fund	Bond and Interest Fund	Construction and Development Fund	Capital Improvement Fund
ASSETS				
Cash and cash equivalents	\$ 65,606,900	\$ -	\$ -	\$ -
Receivables (net)				
Taxes	53,088,332	11,143,819	3,832,889	-
Intergovernmental	867,749	-	-	-
Grants	-	-	-	-
Golf	160,957	-	-	-
Concession	73,999	-	-	-
Other	42,422	-	-	-
Interfund receivable	69,967	4,609,305	3,908,419	4,214,234
Restricted investments	-	2,188,566	-	-
Restricted investments - capital assets	-	-	-	61,660
TOTAL ASSETS	<u>\$119,910,326</u>	<u>\$ 17,941,690</u>	<u>\$ 7,741,308</u>	<u>\$ 4,275,894</u>

See accompanying notes to financial statements.

2012 Capital Improvement Bonds Fund	Real Estate Acquisition Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 13,778,924	\$ 79,385,824
-	-	-	68,065,040
-	-	-	867,749
-	-	1,821,256	1,821,256
-	-	112,500	273,457
-	-	-	73,999
-	-	6,210	48,632
582,305	228,449	3,228,887	16,841,566
2,667,159	4,758,528	1,581,286	11,195,539
-	-	-	61,660
<u>\$ 3,249,464</u>	<u>\$ 4,986,977</u>	<u>\$ 20,529,063</u>	<u>\$ 178,634,722</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	Corporate Fund	Bond and Interest Fund	Construction and Development Fund	Capital Improvement Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,875,133	\$ -	\$ 603,520	\$ 865,851
Accrued payroll	2,686,541	-	-	-
Interfund payable	17,735,292	-	-	-
Other liabilities	169,278	-	2,275	-
Due to other governments	58,273	-	-	-
Unearned revenues	9,605,890	-	-	-
Deposits	12,103	-	-	-
Total Liabilities	<u>32,142,510</u>	<u>-</u>	<u>605,795</u>	<u>865,851</u>
Deferred Inflows of Resources				
Property taxes levied for future purposes	52,919,505	11,125,467	3,819,037	-
Unavailable revenues for grants	-	-	-	-
Total Deferred Inflows of Resources	<u>52,919,505</u>	<u>11,125,467</u>	<u>3,819,037</u>	<u>-</u>
Fund Balances				
Nonspendable for permanent funds	-	-	-	-
Restricted for grants	-	-	-	-
Restricted for bond and interest	-	6,816,223	-	-
Restricted for construction and development	-	-	3,316,476	-
Restricted for capital improvements	-	-	-	-
Committed for real estate acquisition	-	-	-	-
Committed for capital improvement	1,000,000	-	-	-
Committed for dog parks	-	-	-	-
Assigned to capital project funds	-	-	-	3,410,043
Assigned to resident watchmen facilities	-	-	-	-
Unassigned	33,848,311	-	-	-
Total Fund Balances	<u>34,848,311</u>	<u>6,816,223</u>	<u>3,316,476</u>	<u>3,410,043</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$119,910,326</u>	<u>\$ 17,941,690</u>	<u>\$ 7,741,308</u>	<u>\$ 4,275,894</u>

See accompanying notes to financial statements.

<u>2012 Capital Improvement Bonds Fund</u>	<u>Real Estate Acquisition Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 706,827	\$ -	\$ 521,058	\$ 4,572,389
-	-	-	2,686,541
-	-	69,967	17,805,259
-	286,160	715	458,428
-	-	-	58,273
-	-	3,214,360	12,820,250
-	-	-	12,103
<u>706,827</u>	<u>286,160</u>	<u>3,806,100</u>	<u>38,413,243</u>
-	-	-	67,864,009
-	-	<u>2,092,022</u>	<u>2,092,022</u>
-	-	<u>2,092,022</u>	<u>69,956,031</u>
-	-	13,518,810	13,518,810
-	-	214,365	214,365
-	-	-	6,816,223
-	-	-	3,316,476
2,542,637	-	293,127	2,835,764
-	4,700,817	-	4,700,817
-	-	-	1,000,000
-	-	372,057	372,057
-	-	204,987	3,615,030
-	-	27,595	27,595
-	-	-	33,848,311
<u>2,542,637</u>	<u>4,700,817</u>	<u>14,630,941</u>	<u>70,265,448</u>
<u>\$ 3,249,464</u>	<u>\$ 4,986,977</u>	<u>\$ 20,529,063</u>	<u>\$ 178,634,722</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

As of December 31, 2017

Total Fund Balances - Governmental Funds	\$ 70,265,448
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III C.	386,473,530
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Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	2,092,022
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	6,960,961
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(34,282,540)
--	--------------

Internal service funds are reported in the statement of net position as governmental activities.	10,967,218
--	------------

Some liabilities, including long-term debt, and deferred outflows of resources are not due and payable in the current period and therefore, are not reported in the funds.

Bonds payable	(151,010,000)
Unamortized bond premium	(13,741,905)
Unamortized deferred loss on refunding	489,259
Unamortized deferred gain on refunding	(804,689)
Accrued interest	(473,311)
Compensated absences	(2,306,876)
Net pension liability	(220,081,673)
Net postemployment benefit obligation	<u>(26,588,061)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 27,959,383</u>
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FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Corporate Fund	Bond and Interest Fund	Construction and Development Fund	Capital Improvement Fund
REVENUES				
Property taxes	\$ 51,117,643	\$ 9,578,586	\$ 3,908,839	\$ -
Personal property replacement taxes	2,907,526	3,997,251	-	-
Fees	5,011,610	-	-	-
Fines	113,365	-	-	-
Grants	20,688	-	-	-
Concessions	415,826	-	-	-
Winter sports activities	4,853	-	-	-
Golf course revenue	726,647	-	-	-
Equestrian license	53,909	-	-	-
Damage restitution	29,568	-	-	-
Special events	100,420	-	-	-
Miscellaneous	480,905	-	-	-
Investment income	308,410	31,604	-	286
Total Revenues	<u>61,291,370</u>	<u>13,607,441</u>	<u>3,908,839</u>	<u>286</u>
EXPENDITURES				
Current				
General office	2,853,387	-	-	-
Finance and administration	3,122,741	-	-	-
Resource management	5,488,141	-	-	-
General maintenance	20,786,434	-	-	22,407
Permits, rentals and concessions	1,578,970	-	-	-
Public safety	11,022,629	-	-	-
Legal department	1,400,148	-	-	-
Planning and development	2,292,401	-	-	-
District wide services	5,350,514	-	-	-
Conservation and experiential programming	5,610,686	-	-	-
Capital Outlay	283,582	-	3,966,310	4,741,462
Debt Service				
Debt service - principal retired	-	8,480,000	-	-
Debt service - interest	-	7,628,472	-	-
Total Expenditures	<u>59,789,633</u>	<u>16,108,472</u>	<u>3,966,310</u>	<u>4,763,869</u>
Excess (deficiency) of revenues over expenditures	<u>1,501,737</u>	<u>(2,501,031)</u>	<u>(57,471)</u>	<u>(4,763,583)</u>

See accompanying notes to financial statements.

2012 Capital Improvement Bonds Fund	Real Estate Acquisition Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 64,605,068
-	-	-	6,904,777
-	47,602	331,282	5,390,494
-	-	-	113,365
-	-	1,018,284	1,038,972
-	-	-	415,826
-	-	-	4,853
-	-	547,000	1,273,647
-	-	-	53,909
-	-	-	29,568
-	-	-	100,420
-	-	-	480,905
<u>52,003</u>	<u>-</u>	<u>101,505</u>	<u>493,808</u>
<u>52,003</u>	<u>47,602</u>	<u>1,998,071</u>	<u>80,905,612</u>
-	-	-	2,853,387
-	-	-	3,122,741
-	-	-	5,488,141
-	-	-	20,808,841
-	-	13,352	1,592,322
-	-	-	11,022,629
-	212,653	-	1,612,801
-	-	-	2,292,401
-	-	-	5,350,514
-	-	-	5,610,686
1,657,284	2,160,000	3,746,644	16,555,282
-	-	-	8,480,000
-	-	-	<u>7,628,472</u>
<u>1,657,284</u>	<u>2,372,653</u>	<u>3,759,996</u>	<u>92,418,217</u>
<u>(1,605,281)</u>	<u>(2,325,051)</u>	<u>(1,761,925)</u>	<u>(11,512,605)</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Corporate Fund	Bond and Interest Fund	Construction and Development Fund	Capital Improvement Fund
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ 3,910,000
Transfers out	<u>(3,910,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,910,000)</u>	<u>-</u>	<u>-</u>	<u>3,910,000</u>
Net Change in Fund Balances	(2,408,263)	(2,501,031)	(57,471)	(853,583)
FUND BALANCES - Beginning of Year	<u>37,256,574</u>	<u>9,317,254</u>	<u>3,373,947</u>	<u>4,263,626</u>
FUND BALANCES - END OF YEAR	<u>\$ 34,848,311</u>	<u>\$ 6,816,223</u>	<u>\$ 3,316,476</u>	<u>\$ 3,410,043</u>

See accompanying notes to financial statements.

<u>2012 Capital Improvement Bonds Fund</u>	<u>Real Estate Acquisition Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 3,910,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,910,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,605,281)	(2,325,051)	(1,761,925)	(11,512,605)
<u>4,147,918</u>	<u>7,025,868</u>	<u>16,392,866</u>	<u>81,778,053</u>
<u>\$ 2,542,637</u>	<u>\$ 4,700,817</u>	<u>\$ 14,630,941</u>	<u>\$ 70,265,448</u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (11,512,605)
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	10,868,779
Depreciation is reported in the government-wide financial statements	(11,187,526)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	604,398
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	8,480,000
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Governmental funds report debt premiums, discounts, and deferred charges on refunding as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as deferred outflows of resources or changes to long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of bond premium	1,433,394
Amortization of deferred loss on refunding	(99,504)
Amortization of deferred gain on refunding	268,230

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(2,441)
Net post employment benefit obligation	(2,955,146)
Accrued interest on debt	42,836
Net pension liability	27,575,395
Deferred outflows of resources related to pensions	(7,164,351)
Deferred inflows of resources related to pensions	(14,048,636)

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.

	<u>(2,547,510)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	<u>\$ (244,687)</u>
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See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2017

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 11,957,810
Interfund receivable	<u>963,693</u>
Total Current Assets	<u>12,921,503</u>
LIABILITIES	
Current Liabilities	
Accounts payable	78,285
Claims payable - current portion	<u>1,876,000</u>
Total Current Liabilities	<u>1,954,285</u>
NET POSITION	
Unrestricted	<u>10,967,218</u>
TOTAL NET POSITION	<u><u>\$ 10,967,218</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2017

	Governmental Activities - Internal Service Fund
	<u>Service Fund</u>
OPERATING REVENUES	<u>\$ -</u>
OPERATING EXPENSES	
Claims, settlements and other payments	2,246,930
Other charges	<u>399,892</u>
Total Operating Expenses	<u>2,646,822</u>
 Operating Loss	 <u>(2,646,822)</u>
NONOPERATING REVENUES	
Investment income	<u>99,312</u>
Total Nonoperating Revenues	<u>99,312</u>
 Change in Net Position	 (2,547,510)
 NET POSITION - Beginning of Year	 <u>13,514,728</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 10,967,218</u></u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Paid to suppliers for goods and services	\$ (4,152,555)
Net Cash Flows From Operating Activities	<u>(4,152,555)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>99,312</u>
Net Cash Flows From Investing Activities	<u>99,312</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from other funds	<u>16,011,053</u>
Net Cash Flows From Noncapital Financing Activities	<u>16,011,053</u>
Net Change in Cash and Cash Equivalents	11,957,810
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 11,957,810</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (2,646,822)
Changes in assets and liabilities	
Accounts payable	(28,733)
Claims payable and provision for settlement of tort	<u>(1,477,000)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (4,152,555)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2017

	<u>Pension Fund</u>	<u>Postemployment Group Health Benefit Fund</u>
ASSETS		
Investments		
U.S. and international equities	\$ 112,414,952	\$ -
Collective international equity fund	14,607,348	-
Commingled fixed income fund	35,051,663	-
Exchange traded funds	4,315,663	-
Hedge fund	21,691,553	-
Real estate	13,440,254	-
Short-term investments	5,574,696	-
Receivables		
Employer contributions	3,486,512	151,689
Employee contributions	3,787	-
Accrued investment income	198,409	-
Receivable for securities sold	320,866	-
Collateral held for securities on loan	<u>5,865,002</u>	<u>-</u>
Total Assets	<u>216,970,705</u>	<u>151,689</u>
LIABILITIES		
Accounts payable	86,570	-
Healthcare insurance payable	-	151,689
Due to County Employees' and Officers' Annuity and Benefit Fund of Cook County	359,334	-
Payable for securities purchased	288,853	-
Securities lending collateral	<u>5,865,002</u>	<u>-</u>
Total Liabilities	<u>6,599,759</u>	<u>151,689</u>
NET POSITION		
Restricted for pension benefits	<u><u>\$ 210,370,946</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended December 31, 2017

	<u>Pension Trust</u>	<u>Postemployment Healthcare</u>
Change in Net Position	-	-
NET POSITION - Beginning of Year	<u>-</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

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FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Forest Preserve District of Cook County, Illinois ("the District"), a component unit of Cook County, Illinois, was established in July 1915. The District is a separate governmental entity with boundaries coterminous with Cook County, Illinois. The District operates under a Board of Commissioners form of government and provides the following services as authorized by its charter: law enforcement, recreation, resources management, planning and development, and general administrative services.

The accounting policies of the Forest Preserve District of Cook County, Illinois, conform to accounting principles generally accepted in the United States of America as applicable to governmental units or, in the case of the discretely presented component units, as applicable to not-for-profits. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Forest Preserve District of Cook County, Illinois. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (CONT.)

Pension Trust Funds

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is an Illinois local government; as such, being a separate legal entity with its own management and budget authority and is administered in accordance with Chapter 108-1/2, Article 10, of the Illinois Pension Code. This fund exists solely to provide pension benefits for the District's employees. The financial statements of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of and for the fiscal year ended December 31, 2017 are included as fiduciary funds in the District's financial statements as trust funds. The separately issued financial statements of the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County may be obtained from the District at 69 West Washington Street, Suite 2060, Chicago, Illinois 60602.

Discretely Presented Component Units

Chicago Horticultural Society

The government-wide financial statements include the Chicago Horticultural Society ("Horticultural Society") as a discretely presented component unit. The Horticultural Society is a legally separate organization that operates the Chicago Botanical Garden. The Horticultural Society maintains its own board; however, their annual property tax levy requests require the District's approval. The District owns the site of the Chicago Botanical Garden. The Horticultural Society is subject to an agreement with the District to operate and maintain the Chicago Botanical Garden, which expires in 2055. The agreement provides for an automatic renewal for 40 years upon agreement of both parties. See Note III G. As a component unit, the Horticultural Society's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The separately issued financial statements of the Horticultural Society may be obtained from the District at 69 West Washington Street, Suite 2060, Chicago, Illinois 60602.

Chicago Zoological Society

The government-wide financial statements include the Chicago Zoological Society ("Zoological Society") as a discretely presented component unit. The Zoological Society is a legally separate organization that operates the Brookfield Zoo. The Zoological Society maintains its own board; however, their annual property tax levy requests require the District's approval. The District owns the site of the Brookfield Zoo. The Zoological Society is subject to an agreement with the District to operate and maintain Brookfield Zoo, which expires in 2026. See Note III H. As a component unit, the Zoological Society's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The separately issued financial statements of the Zoological Society may be obtained from the District at 69 West Washington Street, Suite 2060, Chicago, Illinois 60602.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. District-wide services reported in the fund financial statements are allocated to the functional expense categories that are reported in the government-wide financial statements. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

Corporate Fund - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Bond and Interest Fund - used to account for the accumulation of resources for the payment of principal, interest, and related costs of long-term debt.

Construction and Development Fund - used to account for property taxes that are legally restricted to fund the acquisition and construction of major capital facilities.

Capital Improvement Fund - used to account for financial resources to be used for major capital improvements.

2012 Capital Improvement Bonds Fund – used to account for proceeds from the 2012 General Obligation Bonds issued to be used for capital improvements.

Real Estate Acquisition Fund – used to account for financial resources used for purchases of real estate.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

The District reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Grant Fund
Dog Parks Fund
Resident Watchmen Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Golf Courses Capital Improvement Fund
2015 Capital Improvement Bonds Fund

Permanent Fund - used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Working Cash Fund

In addition, the District reports the following fund types:

Internal service fund is used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis.

Self-Insurance Fund

Pension (and other employee benefits) trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Pension Fund
Postemployment Group Health Benefit Fund

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied for a future period are reported as deferred inflows of resources. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Fund Financial Statements (CONT.)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Self Insurance Fund are internal charges for services to governmental funds. Operating expenses for proprietary funds include the claims and settlement payments and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the District to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

The District maintains a cash and investment pool that is available for use by all funds except its Pension Fund. This pool holds deposits, certificates of deposit, and other investments with a maturity of less than one year. The portion of each fund's share of this pool is displayed as cash and cash equivalents. Investments are stated at fair value. Accrued interest on investments is separately stated. The Illinois Statutes authorize the District to discretionarily allocate interest income to the various funds, except for the pro rata share belonging to the Bond and Interest Fund.

The District has adopted an investment policy. That policy follows the Illinois Statutes (Public Funds Investment Act of the State of Illinois) for allowable investments.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

1. Deposits and Investments (cont.)

Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The District's policy limits the District to investments with a maturity of no more than 3 years from the date of purchase, unless matched to a specific cash flow. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as possible with the expected use of funds. The intent to invest in securities with longer maturities are required to be disclosed to the Board of Commissioners in writing. In addition to the maturity restrictions, the policy requires the District's investment portfolio to be sufficiently liquid to meet all cash flow requirements as they come due.

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The District's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The District's policy further states that no financial institution shall hold more than 25% of the District's total portfolio at the current time of investment placement. In addition, no more than 33% of total investments may be invested in commercial paper at any time. The District operates its investments as an internal investment pool where each fund reports its pro rata share of the investments made by the District.

Custodial Credit Risk - Deposits

The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

The District's investment policy requires all securities to be held by a third party custodian designated by the Comptroller's Office and evidenced by safekeeping receipts.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2017 attaches as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2017 tax levy, which attached as an enforceable lien on the property as of January 1, 2017, has been recorded as a receivable as of December 31, 2017, as the tax was levied by the District on December 12, 2017 and therefore, is measurable at December 31, 2017.

Tax bills for levy year 2017 are prepared by Cook County and issued on or about February 1, 2018 and July 1, 2018, and are payable in two installments, on or about March 1, 2018 and August 1, 2018 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2017 property tax levy is recognized as a receivable and deferred inflows in fiscal 2017, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2017, the property taxes receivable and deferred inflows consisted of the estimated amount collectible from the 2017 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to \$0 of outstanding property taxes at December 31, 2017.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 40 Years
Land Improvements	15 - 40 Years
Equipment	5 - 20 Years
Vehicles	6 - 20 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Compensated absences for accumulated unpaid vacation is paid to employees at retirement or termination. An employee is paid 100% of accumulated vacation, overtime, and severance pay. Compensated absences are accrued as they are earned in the government-wide financial statements. Expenditures and liabilities for compensated absences are recorded in the fund financial statements when due and payable. Included in the long-term obligations of the statement of net position are provisions for compensated absences of \$1,384,127 due within one year and \$922,749 due in more than one year, which will be paid from the Corporate Fund. District employees are granted compensated absences (vacation and sick leave) as follows:

1) Employees can generally accumulate and carry forward a portion or all of unused vacation earned in one year to the following year. In the event of death, retirement, or termination, unused vacation is usually paid to the employee or the employee's beneficiary. The payment provides for partial unused vacation credits earned in the current year.

2) All full-time, non-seasonal employees have the discretion to accumulate a maximum of 1,400 hours (175 days) of sick leave. All rights for compensation for sick leave terminate when an employee severs employment with the District. Since sick pay is not vested, a provision for accrued sick pay is not provided.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

8. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable, bond premium costs, accrued compensated absences, net pension liabilities and net OPEB obligations.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONT.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board of Commissioners may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District's Corporate Fund minimum fund balance policy requires the annual budget to provide for a minimum unassigned fund balance equal to the total of 5.5 percent of budgeted Corporate Fund gross revenues and 9 percent of budgeted Corporate Fund expenditures.

See Note III. F. for further information.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for the Corporate Fund, Bond & Interest Fund, Capital Improvement Fund, Construction and Development Fund, Real Estate Acquisition Fund, Resident Watchmen Fund, and Self Insurance Fund. A budget has not been formally adopted for the Grant Fund, 2012 Capital Improvement Bonds Fund, 2015 Capital Improvement Bonds Fund, Dog Parks Fund, Golf Course Capital Improvement Fund, and Working Cash Fund.

Prior to December 31, the District Chief Financial Officer submits to the District Board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The District is authorized to change budgeted amounts within any fund; however, revision must be approved by the Board of Commissioners. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The District Chief Financial Officer is authorized to transfer budget amounts between departments within any fund; however, the District Board must approve revisions that alter the total expenditures of any fund.

B. EXCESS EXPENDITURES OVER BUDGET

Budgeted expenditures in the Construction and Development Fund were \$3,665,625. Total expenditures were \$3,966,310. This results in excess expenditures of \$300,685.

Budgeted expenditures in the Real Estate Acquisition Fund were \$0. Total expenditures were \$2,372,653. This results in excess expenditures of \$2,372,653.

Budgeted expenditures in the Capital Improvement Fund were \$3,910,000. Total expenditures were \$4,763,869. This results in excess expenditures of \$853,869.

The District controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the District's year-end budget to actual report.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. *DEFICIT BALANCES*

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. None of the District's funds had deficit fund balances at December 31, 2017.

D. *LIMITATIONS ON THE DISTRICT'S TAX LEVY*

Tax rate ceilings are established by Illinois state law under the Property Tax Extension Limitation Act (PTELA) and are subject to change only by the approval of the voters of the District. The tax rate ceilings are applied at the fund level.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lessor of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the December 31, 2017 and December 31, 2016 tax levies were 2.1% and 0.7%, respectively.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The deposits and investments of the pension trust funds are held separately from those of other funds.

The District's deposits and investments at year end were comprised of the following:

	Government- wide	Fiduciary	Total
Cash and cash equivalents	\$ 91,343,634	\$ -	\$ 91,343,634
Investments	11,257,199	207,096,129	218,353,328
Total cash and investments	<u>\$ 102,600,833</u>	<u>\$ 207,096,129</u>	<u>\$ 309,696,962</u>

Reconciliation to the financial statements

Per Statement of Net Position

Cash and cash equivalents	\$ 91,343,634
Restricted investments	11,195,539
Restricted short-term investments - capital assets	61,660

Per Statement of Net Position - Fiduciary Funds

U.S. and international equities	112,414,952
Collective international equity fund	14,607,348
Commingled fixed income fund	35,051,663
Exchange traded funds	4,315,663
Hedge fund	21,691,553
Real estate	13,440,254
Short-term investments	<u>5,574,696</u>

Total cash and investments	<u>\$ 309,696,962</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

Type of Investment	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Primary Government:				
Money Market Mutual Funds	\$ 11,022,680	\$ -	\$ -	\$ 11,022,680
	<u>\$ 11,022,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,022,680</u>
Fiduciary Funds:				
U.S. and international equities	\$ 112,414,952	\$ -	\$ -	\$ 112,414,952
Exchange traded funds	4,315,663	-	-	4,315,663
Total investments by fair value level	<u>\$ 116,730,615</u>	<u>\$ -</u>	<u>\$ -</u>	116,730,615
Investments measured at net asset value				<u>90,365,514</u>
Total investments at fair value				\$ 207,096,129

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

The valuation methods for investments measured at net asset value (NAV) are presented on the following table:

	Fair Value 12/31/2017	Unfunded Commitments	Frequency (If Eligible)	Notice Period
Investments measured at net asset value				
Collective international equity fund (1)				
Lazard/Wilmington Emerging Markets Sudan Free Portfolio	\$ 14,607,348 \$	-	Daily	N/A
Commingled fixed income fund (2)				
EB DV Non-SL Aggregate Bond Index Fund	35,051,663	-	Daily	N/A
Hedge fund (3)				
Burnham Harbor Fund Ltd.	21,691,553	-	Monthly	95 days
Real estate funds (4)				
JMPCB Strategic Property Fund	7,105,673	-	Quarterly	45 days
PRISA Separate Account	6,334,581	-	Quarterly	90 days
Short-term investments (5)				
BNY Mellon EB Temporary Investment Fund	5,574,696	-	Daily	N/A
Total investments measured at net asset value	\$ <u>\$ 90,365,514</u> \$	-		

- (1) Collective international equity fund – The fund's investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-related securities of issuers that are located, or do significant business, in emerging market countries. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (2) Commingled fixed income fund – The fund's investment objective is to track the performance of the Barclays U.S. Aggregate Index. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (3) Hedge fund – the fund was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers. The fair value of the investment in the fund has been determined using the NAV per share of the investment.
- (4) Real estate funds – This investment includes a commingled pension trust fund and an insurance company separate account that are both designed as funding vehicles for tax-qualified pension plans. Their investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Due to the nature of the investments and available cash in hand, significant redemptions in this type of investment may at times be subject to additional restrictions.
- (5) Short-term investments – This investment's objective is to invest in short-term investments of high quality and low risk to protect capital while achieving investment returns. The fair value of the investment in the fund has been determined using the NAV per share of the investment.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Primary Government

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. As of December 31, 2017, all of the District's deposits were collateralized in accordance with their investment policy.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, no investments were exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The District's formal investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District's certificates of deposit and money market funds are not rated. The following table presents a summarization of the District's credit quality ratings of investments at December 31, 2017:

Type of Investment	S&P	Moody's
Money Market Mutual Funds	AAAm	Aaa

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District operates its investments as individual portfolios within each fund. As of December 31, 2017, the District did not have concentrations of credit risk.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the District's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1	1 - 5
Money Market Mutual Funds	\$ 11,027,680	\$ 11,027,680	\$ -
Totals	\$ 11,027,680	\$ 11,027,680	\$ -

Fiduciary Funds

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Plan had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name, as of December 31, 2017.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy has set the average credit quality for each manager's total fixed income portfolio (corporate and U.S. Government holdings) of not less than A- by two of three credit agencies (Moody's Investors Service, Standard and Poor's and/or Fitch). The following table presents a summarization of the plan's credit quality ratings of investments at December 31, 2017 as valued by Moody's Investors Service, Standard and Poor's, and/or Fitch:

Type of Investment	Ratings	
	S&P	Moody's
Commingled fixed income fund	Not Rated	Not Rated
Short-term investments	Not Rated	Not Rated

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Fiduciary Funds (CONT.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plan's investment policy for the duration of each manager's total fixed income portfolio is within plus or minus 30% of the duration for the fixed income performance benchmark (Barclays Capital Agreement Fixed Income which was 5.98 years at December 31, 2017). At December 31, 2017, the Plan's non-equity investments consisted of the following:

Investment Type	Fair Value	Investment Maturity (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Commingled fixed income fund	\$ 35,051,663	\$ -	\$ -	\$ 35,051,663	\$ -
Short-term investments	5,574,696	5,574,696	-	-	-
Totals	\$ 40,626,359	\$ 5,574,696	\$ -	\$ 35,051,663	\$ -

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. The Plan's investment policy limits the amount of investments in foreign equities to 20% of total Plan assets. The Plan's exposure to foreign currency risk at December 31, 2017 is as follows:

Investment	Fair Value (U.S. Dollars)
Equities:	
British pound sterling	\$ 9,619,912
Canadian dollar	3,381,223
Danish krone	1,016,739
European euro	12,030,897
Israeli shekel	1,255,544
Japanese yen	8,982,474
New Zealand dollar	832,118
Norwegian krone	1,009,225
Singapore	903,704
Swedish krona	2,220,062
Swiss franc	1,491,797
U.S. dollar	69,671,257
Total equities	\$ 112,414,952

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Fiduciary Funds (CONT.)

Securities Lending

State statutes and the Plan's investment policy permit the Plan to lend securities to brokers-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 102 days for 2017; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral is invested in a separately managed portfolio, which had an average weighted maturity at December 31, 2017 of 2 days.

As of December 31, 2017, the fair value (carrying amount) of loaned securities was \$10,775,607. As of December 31, 2017, the fair value (carrying amount) of cash collateral received by the Plan was \$5,865,002 and the fair value (carrying amount) of noncash collateral received by the Plan was \$5,178,579.

Although the Plan's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

Indemnification deals with a situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Plan if borrowers fail to return the securities or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

During 2017, there were no losses due to default of a borrower or the lending agent.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Fiduciary Funds (CONT.)

Fiduciary Fund – Securities Lending (cont.)

A summary of securities loaned at fair value as of December 31, 2017 follows:

Securities loaned - cash collateral:	
U.S. and international equities	\$ 2,265,059
Exchange traded funds	<u>3,462,160</u>
Total securities loaned - cash collateral	<u>5,727,219</u>
Securities loaned - non-cash collateral:	
U.S. and international equities	<u>5,048,388</u>
Total securities loaned - non-cash collateral	<u>5,048,388</u>
Total	<u><u>\$ 10,775,607</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes levied for future periods	\$ 67,864,009	\$ -
License fee receivable	9,605,890	-
Grants receivable	<u>3,214,360</u>	<u>2,092,022</u>
Total Unearned/Unavailable Revenue for Governmental Funds	\$ <u>80,684,259</u>	\$ <u>2,092,022</u>
Unearned revenue included in liabilities	\$ 12,820,250	
Unearned revenue included in deferred inflows	67,864,009	
Unavailable revenue included in deferred inflows	<u>2,092,022</u>	
Total Unearned and Unavailable Revenue for Governmental Funds	\$ <u>82,776,281</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 225,630,782	\$ 2,150,000	\$ -	\$ 227,780,782
Construction in progress	49,888,509	7,780,573	42,457,585	15,211,497
Total capital assets not being depreciated	<u>275,519,291</u>	<u>9,930,573</u>	<u>42,457,585</u>	<u>242,992,279</u>
Capital assets being depreciated:				
Land improvements	76,250,348	19,495,178	-	95,745,526
Buildings	101,457,704	22,962,407	-	124,420,111
Equipment	7,097,853	601,541	-	7,699,394
Vehicles	16,279,022	336,665	-	16,615,687
Total capital assets being depreciated	<u>201,084,927</u>	<u>43,395,791</u>	<u>-</u>	<u>244,480,718</u>
Less accumulated depreciation for:				
Land improvements	28,139,214	4,503,652	-	32,642,866
Buildings	44,415,481	4,886,063	-	49,301,544
Equipment	5,839,216	444,010	-	6,283,226
Vehicles	11,418,030	1,353,801	-	12,771,831
Total accumulated depreciation	<u>89,811,941</u>	<u>11,187,526</u>	<u>-</u>	<u>100,999,467</u>
Total capital assets being depreciated, net	<u>111,272,986</u>	<u>32,208,265</u>	<u>-</u>	<u>143,481,251</u>
Governmental activities capital assets, net	<u>\$ 386,792,277</u>	<u>\$ 42,138,838</u>	<u>\$ 42,457,585</u>	<u>\$ 386,473,530</u>

Depreciation expense was charged to governmental functions of the District as follows:

General government	\$ 7,976,108
Resource management	548,887
Permits, concessions, and volunteer resources and general maintenance	2,201,525
Public safety	444,515
Planning and development	16,491
Total depreciation expense - governmental activities	<u>\$ 11,187,526</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Corporate Fund	Nonmajor Governmental Funds	\$ 69,967
Bond and Interest Fund	Corporate Fund	4,609,305
Construction and Development Fund	Corporate Fund	3,908,419
Capital Improvement Fund	Corporate Fund	4,214,234
2012 Capital Improvement Bond Fund	Corporate Fund	582,305
Real Estate Acquisition Fund	Corporate Fund	228,449
Nonmajor Governmental Funds	Corporate Fund	3,228,887
Self Insurance Fund	Corporate Fund	963,693
Total - Fund Financial Statements		<u>17,805,259</u>
Less: Fund eliminations		<u>(17,805,259)</u>
Total Internal Balances - Government-Wide Statement of Position		<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds is to loan resources between funds to support operations. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (CONT.)

Transfers

The following is a schedule of interfund transfers as of December 31, 2017:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Capital Improvement Fund	Corporate Fund	\$ 3,910,000
Total - Fund Financial Statements		<u>3,910,000</u>
Less: Fund eliminations		<u>(3,910,000)</u>
Total - Government-Wide Statement of Activities		\$ <u><u>-</u></u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The \$3,910,000 transfer from the Corporate Fund to the Capital Improvement Fund is for capital projects.

For the statement of activities, interfund transfers within the governmental are netted and eliminated.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Refundings/ Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 159,490,000	\$ -	\$ 8,480,000	\$ 151,010,000	\$ 8,650,000
Unamortized bond premium	15,175,299	-	1,433,394	13,741,905	-
Compensated absences	2,304,435	2,001,173	1,998,732	2,306,876	1,384,127
Postemployment benefit obligation	23,632,915	4,260,221	1,305,075	26,588,061	-
Net pension liability	247,657,068	-	27,575,395	220,081,673	-
Total long-term liabilities	<u>\$ 448,259,717</u>	<u>\$ 6,261,394</u>	<u>\$ 40,792,596</u>	<u>\$ 413,728,515</u>	<u>\$ 10,034,127</u>

The obligations for postemployment benefits, net pension liability, and compensated absences will be repaid from the Corporate Fund.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (CONT.)

General Obligation Debt (CONT.)

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

	Interest Rates	Original Indebtedness	Carrying Amount
Series 2004 General Obligation Bonds - Due in annual installments of \$3,270,000 to \$8,000,000 through November 15, 2024	5.00% - 5.25%	\$ 100,000,000	\$ 12,745,000
Series 2012A General Obligation Unlimited Tax Refunding Bonds - Due in annual installments of \$815,000 to \$6,905,000 through November 15, 2022	2.00% - 5.00%	31,575,000	19,105,000
Series 2012B General Obligation Limited Tax Project and Refunding Bonds - Due in annual installments of \$45,000 to \$4,250,000 through December 15, 2037	2.00% - 5.00%	54,905,000	52,025,000
Series 2012C General Obligation Unlimited Tax Bonds (Personal Property Replacement Tax Alternative Revenue Source) - Due in annual installments of \$1,250,000 to \$3,805,000 through December 15, 2037	2.00% - 5.00%	56,450,000	49,810,000
Series 2015A General Obligation Refunding Bonds - Due in annual installments of \$130,000 to \$7,925,000 through December 15, 2024	2.99%	16,620,000	16,355,000
Series 2015B General Obligation Limited Tax Bonds - Due in annual installments of \$125,000 to \$1,230,000 through December 15, 2024	2.39%	<u>2,325,000</u>	<u>970,000</u>
Total Governmental Activities - General Obligation Bonds		\$ <u><u>261,875,000</u></u>	\$ <u><u>151,010,000</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (CONT.)

Debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 8,650,000	\$ 7,196,448	\$ 15,846,448
2019	9,370,000	6,770,155	16,140,155
2020	9,840,000	6,307,962	16,147,962
2021	10,045,000	5,822,370	15,867,370
2022	10,545,000	5,326,789	15,871,789
2023-2027	37,245,000	20,437,232	57,682,232
2028-2032	28,695,000	13,599,250	42,294,250
2033-2037	<u>36,620,000</u>	<u>5,671,500</u>	<u>42,291,500</u>
Total	\$ <u>151,010,000</u>	\$ <u>71,131,706</u>	\$ <u>222,141,706</u>

The District is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 0.345% of the most recent available equalized assessed valuation of the District. As of December 31, 2017, the statutory debt limit for the District was \$495,017,233, providing a debt margin of \$352,657,233.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 227,780,782
Construction in progress	15,211,497
Other capital assets, net of accumulated depreciation	143,481,251
Less: Outstanding debt related to capital assets	(126,240,521)
Less: Unamortized premium related to capital assets	(11,909,485)
Less: Net unamortized deferred charge on refunding related to capital assets	(315,430)
Total Net Investment in Capital Assets	<u>248,008,094</u>
Restricted:	
Grants	2,306,387
Debt service	6,342,912
Permanent fund	13,518,810
Construction and development	<u>3,316,476</u>
Total Restricted	<u>25,484,585</u>
Unrestricted	<u>(245,533,296)</u>
Total Governmental Activities Net Position	\$ <u><u>27,959,383</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY

Nature of Organization

The Chicago Horticultural Society (the “Society”) operates the Chicago Botanic Garden (CBG) on land owned by the Forest Preserve District of Cook County (the “District”) under an agreement expiring in 2055. Such agreement provides for an automatic renewal for 40 years upon agreement of the parties. The Society is considered a component unit of the District under the generally accepted accounting standards followed by the District; however, the Society is a separate legal entity.

The Entity’s major sources of revenue and support are tax revenue and government grants.

Summary of Significant Accounting Policies

Basis of Consolidation – The consolidated financial statements include the accounts of the Society and Chicagoland Grows, Inc. (collectively referred to as the Society). There are no significant intercompany transactions between these entities.

Basis of Presentation – The consolidated financial statements of the Society have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAPUSA).

Classification of Net Position – The Society’s net position has been grouped into the following three classes:

1. Unrestricted – Net position that is not subject to donor-imposed restrictions. Unrestricted net position may be designated for specific purposes by action of the Board of Directors.
2. Temporarily Restricted – Net position whose use by the Society is subject to donor-imposed restrictions that can be fulfilled by actions of the Society pursuant to those restrictions or that expire by the passage of time.
3. Permanently Restricted – Net position subject to donor-imposed restrictions that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on the assets.

Contributions and Revenue - Contributions are recorded as increases in unrestricted, temporarily restricted or permanently restricted net position, depending on the existence or nature of any donor restrictions. Contributions received with donor imposed restrictions limiting the use of the donated assets are reported as temporarily restricted revenue. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net position are reclassified to unrestricted net position and reported in the consolidated statements of activities as net position released from restriction.

Contributions of donated securities are sold upon receipt unless there are donor restrictions restricting the sale of such securities.

Government grant revenue is recognized as expenses are incurred on the project.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Tax revenue appropriated and collected by the District partially supports the services provided by the Society under its agreement with the District to operate the Chicago Botanic Garden. Amounts received from the District under the agreement for 2017 represent the amounts appropriated by the District for 2016 property taxes and personal property replacement taxes, which are due for payment from taxpayers in 2017 for ultimate distribution to the Society. Tax revenues also include the Society's share of any amounts remitted to the District by the Cook County Collector (the County) for prior year property tax payments, net of the Society's share of any property tax refunds returned to the taxpayers by the County. Support from the District for any given year is recognized at the net amount reported as collected by the District to operate the Chicago Botanic Garden. A receivable is recorded at year end for any amounts reported as collected by the District but not yet remitted to the Society.

The Society recognizes revenue from the District bond issue as costs are incurred on capital improvements.

Membership revenue is recognized in full in the year received. This method reasonably approximates the earnings process for membership revenue.

Pledges Receivable – Contributions, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises to give and grants expected to be received over more than one year are initially recorded at fair value by the Society as contribution receivable. They are subsequently valued at the present value of future cash flows. Conditional promises are recorded when donor stipulations are substantially met.

Accounts Receivable – Accounts receivable consist of government grants and other receivables that are carried at original invoice and voucher amount. Management monitors the collection of these receivables on a monthly basis and amounts are written off when deemed uncollectible.

Investments – Investments are measured at a fair value in the accompanying consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, changes in unrealized holding gains and losses, interest and dividends) on investments is included in investment income and return in the consolidated statements of activities. Gains and losses on securities transactions are accounted for on the specific-identification method. Certain investments require advance notice to sell the Society's share of its investment.

The Society's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and will materially affect the amounts reported in the consolidated financial statements.

In 1996, the Society established a spending policy based on the total return concept, and approved an investment payout of five (5) percent of the average fair value of the long-term investment pool for allocation to operations as directed by the Board of Directors. To the extent the investment payout exceeds investment income; it is reported as a nonoperating activity in the consolidated statements of activities.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Property and Equipment – All real property of the Society, whether purchased with District tax funds or private funds, is owned by the District. Personal property is owned by the Society. Property and equipment, whether owned by the District or the Society, is capitalized on the Society's books and depreciation is recorded using the straight-line method, based on estimated useful lives of the related assets or the term of the agreement. The useful lives of building and improvements, land improvements and equipment are 20 to 40 years, 20 years and 3 to 10 years, respectively.

Museum Assets – Purchased museum assets and rare books are capitalized at the time of purchase and not depreciated. Contributed material or services are not valued and thus are not reflected in the consolidated financial statements.

Financial Instruments – The Society's financial instruments consist of cash, pledges and accounts receivables, investments, accounts payable, bonds payable, and interest rate swaps. Investments and interest rate swaps are carried at fair value as disclosed. Based on the weekly remarketing of the interest rates, the carrying amount of the bonds approximates its fair value as of December 31, 2017. For the remaining financial instruments other than pledges receivable, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. The fair values of the Society's pledges receivable are estimated based on the current interest rates and the period of collectability. These financial instruments would have been classified as a Level 2 input if they had been included in the fair value measurements table.

Interest Rate Swaps – The Society's interest rate swaps are recognized as a liability on the statement of financial position and measured at fair value. Any change in fair value is recognized immediately as earnings. In order to present the interest expense at the fixed amount paid, the periodic settlement payments are recorded as interest expense and are included as operating expenses in the statements of activities. The change in the fair value of these financial instruments, net of the periodic settlement payments, has been recorded in non-operating activities in the statements of activities.

Income Tax – The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended from time to time) as well as similar provisions of state and local revenue laws.

Chicagoland Grows, Inc. is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Chicagoland Grows, Inc. is one of the most innovative plant introduction programs in the horticulture industry. The program's main goal is to develop and promote the use of new plant cultivars that are well-adapted to the growing conditions of the Upper Midwest.

The Society's application of GAAPUSA regarding uncertain tax positions had no effect on its financial position as management believes the Society has no material unrecognized income tax liabilities, including any potential risk of loss of its exempt status. The Society would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax liabilities as income tax expense.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Use of Estimates – The preparation of financial statements in conformity with GAAPUSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of providing the program and support services have been reported on a functional basis in the consolidated statements of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Financial Statement Presentation – The Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU No. 2016-14 requires changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Society, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Society's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Society is currently gathering the appropriate information to implement these disclosures, including the impact on classifications of net assets, enhanced disclosure about liquidity, and the inclusion of a statement of functional expenses. The changes are not anticipated to have a significant effect on the Society's consolidated financial statements.

Revenue Recognition – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principal that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Society's year ending December 31, 2018. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods: retrospectively to each period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Society will most likely adopt the cumulative catch-up method if the implementation of the standard does not result in a significant adjustment. Management expects the new standard to have an impact on the recognition of membership revenue as it is common for memberships to extend beyond a year. Management is evaluating the contracts in place to determine the full impact this standard will have and plans to complete this evaluation by the end of 2018.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Pledges Receivable

Contributions are recorded at fair value initially and present value thereafter. The Society discounted contributions due in more than one year using rates between 1.20% and 2.33%. Unconditional promises to give are expected to be received in the following periods as of December 31, 2017:

Within one year	\$ 4,547,000
One to five years	7,820,000
More than five years	2,915,000
Less:	
Discount to present value	(607,000)
Allowance for uncollectible promises to give	<u>(17,000)</u>
	\$ <u>14,658,000</u>

Beneficial Interests in Third-Party Trusts

Beneficial interests in third-party trusts primarily consist of charitable remainder trusts. These interests are adjusted to fair value using an interest rate of 4.20% to 8.40% for the discount rate.

Gross beneficial interests	\$ 1,711,000
Less fair value discount	<u>(684,000)</u>
	\$ <u><u>1,027,000</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Investments

Investments consist of the following as of December 31, 2017:

Corporate bonds and fixed income funds	\$ 7,836,000
Common stock and equity funds	59,869,000
Money market funds	8,351,000
Fixed income commingled fund	6,673,000
Open-end real estate funds	8,860,000
Hedge funds	12,742,000
Private equity funds	2,272,000
Real estate funds	1,031,000
	<u>\$ 107,634,000</u>

Total investment return consists of the following:

Interest and dividends	\$ 1,495,000
Realized gain on sale of investments	3,364,000
Change in unrealized gain on investments	8,563,000
	<u>\$ 13,422,000</u>

Investment income included in operations totaled \$2,649,000 for 2017. The total investment return is net of \$145,000 of investment consulting fees for the year ended December 31, 2017.

Fair Value Measurements

GAAPUSA defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. GAAPUSA does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

Financial assets and liabilities carried at fair value are classified in one of the following three categories based upon the inputs to the valuation technique:

- *Level 1* – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Investments included in Level 1 include listed equities.
- *Level 2* - Observable market-based inputs or unobservable inputs that are corroborated by market data. Investments which are generally included in this category include less liquid and certain over-the-counter derivatives. Investments that are included in this category also include investments in investment partnerships such as hedge funds and open-end real estate funds.
- *Level 3* - Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using net asset value per share of the funds. Investments that are included in this category generally include investments in investment partnerships such as private equity and real estate funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements. The Society's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgments and considers factors specific to the investment. The following section describes the valuations techniques used by the Society to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not considered in the fair value hierarchy below. The estimated fair values for the fixed income, hedge, private equity, and real estate funds were based on net asset value per share of the fund for the year ended December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

The following table presents the Society's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

Investment Type	Total Fair Value	Fair Value Measurements at Using			Net Asset Value
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets – Investments					
Equity mutual funds:					
Equity – U.S. Large cap	\$ 23,481,000	\$ 23,481,000	\$ -	\$ -	\$ -
Equity – U.S. Mid cap	5,871,000	5,871,000	-	-	-
Equity – U.S. Small cap	5,682,000	5,682,000	-	-	-
International growth	19,229,000	19,229,000	-	-	-
Emerging market value	5,605,000	5,605,000	-	-	-
Fixed income mutual funds:					
U.S. core bond	7,836,000	7,836,000	-	-	-
Money Market Fund	8,351,000	8,351,000	-	-	-
Other					
Fixed income commingled fund	6,673,000	-	-	-	6,673,000
Multi-strategy hedge funds	2,000	-	-	-	2,000
Hedged equity fund	6,148,000	-	-	-	6,148,000
Relative value hedge funds	6,593,000	-	-	-	6,593,000
Open ended real estate funds	8,860,000	-	-	-	8,860,000
Private equity funds	2,272,000	-	-	-	2,272,000
Real estate funds	1,031,000	-	-	-	1,031,000
Subtotal	107,634,000	76,055,000	-	-	31,579,000
Beneficial interests					
In third party trusts	1,027,000	-	-	1,027,000	-
Totals	\$ 108,661,000	\$ 76,055,000	\$ -	\$ 1,027,000	\$ 31,579,000
Liabilities					
Interest rate swaps	\$ 2,216,000	\$ -	\$ 2,216,000	\$ -	\$ -

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

At December 31, 2017, the Society had \$22,922,000 invested in the Vanguard Institutional Index Fund. This single investment is a significant portion of the Society's investment balance, making up approximately 21% of the total portfolio as of December 31, 2017.

Level 1

Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sale price on the day of valuation.

Level 2

Estimated fair values for hedge funds were based on net asset value per share of the funds with no redemption restrictions.

Interest rate swaps are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility, and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained by an independent third-party advisor. These adjustments include amounts to reflect counterparty credit quality and liquidity risk. A schedule of potential counterparty risk was also provided by an independent third-party advisor. This schedule assumed the maximum exposure assuming the counterparty had no claims-paying ability and had not posted collateral with a third party.

Level 3

The Society's beneficial interests in third-party trusts are stated at estimated fair value based on the Society's percentage of the trust applied to the total fair value of the trust, which is based primarily on quoted market prices. Changes in fair value of the underlying trust assets, as determined by the trustees that hold and manage these assets, are recognized in the consolidated statements of activities in the periods in which they occur.

The Society's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the year of change in circumstances that caused the transfer.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

The following table presents a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy as of December 31, 2017:

Assets:	
Beginning balance	\$ 947,000
Total gain/losses (realized and change in unrealized) included in change in assets	80,000
Purchases	<u>-</u>
Ending balance	<u><u>\$ 1,027,000</u></u>

The amount of total gain/losses for the year
included in change in net assets attributable
to the change in unrealized gain/losses
relating to assets still held at December 31, 2017 \$ 80,000

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

At December 31, 2017, the fair value, unfunded commitments, redemption rules, and investment strategies of investments valued at NAV or its equivalent are as follows:

	Fair Values as of December 31, 2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income commingled fund ^(a)	\$ 6,673,000	\$ -	quarterly	30 days
Hedge funds:				
Multi-strategy hedge funds ^(b)	2,000	-	quarterly	45-90 days
Hedged equity hedge funds ^(c)	6,148,000	-	quarterly	5 days
Relative value hedge fund ^(d)	6,593,000	-	quarterly	65 days
Open-end real estate funds ^(e)	8,860,000	-	quarterly	90 days
Private equity funds ^(f)	2,272,000	260,000	see paragraph f	see paragraph f
Real estate funds ^(g)	1,031,000	-	see paragraph g	see paragraph g
	<u>\$ 31,579,000</u>	<u>\$ 260,000</u>		

(a) This category invests in a commingled fund that seeks a high level of current income by investing in floating rate loans and floating rate debt securities. The fund generally invests at least 80% of its assets in floating rate loans and floating rate debt securities. The fund may invest up to 25% of its assets in U.S. dollar denominated foreign investments, principally in developed markets. It may invest up to 20% of its assets in certain other types of debt instruments or securities, including non-investment grade debt instruments.

(b) This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The investments consist of a hedge fund of funds that invests in hedge funds through a multi-manager, multi-strategy approach. The underlying hedge fund managers invest in individual equity, fixed income, derivatives, and private securities through various strategies in different global markets. The fund of funds typically invests over 50% of its portfolio with managers pursuing an equity long/short strategy.

(c) This category contains a hedge fund that seeks to provide a defensive equity exposure that is expected to provide favorable risk-adjusted performance relative to the S&P 500 Index over the long term, and is expected to produce the strongest relative performance when the S&P 500 is experiencing negative returns. The strategy is designed to provide equity exposure and downside protection through core positions in the S&P 500 index (50%) and U.S. Treasury bills (50%), combined with fully covered equity index call and put options. The strategy does not utilize leverage.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

(d) This category includes a hedge fund that seeks to achieve a substantial return on capital through opportunistic investments primarily in a broad range of public and private credit instruments with an emphasis on corporate credit securities, asset-backed securities, mortgage-backed securities, commercial real estate, structured credit, and collateralized loan obligations.

(e) This category includes a perpetual life, open-end real estate fund that seeks to combine an attractive yield with long-term capital growth by acquiring or otherwise investing in primarily institutional quality real estate assets and real estate-related investments within the United States. The fair value of the investments in this category has been estimated using the net asset value of the Society's ownership interest in partners' capital.

(f) This category includes several private equity funds that invest in a wide range of equity and equity-related securities of management buyout transactions and special equity transactions. A characteristic of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These investments may not be redeemed without the prior written consent of the general partner. If these investments were held, it is estimated that the underlying assets of the fund would be liquidated over five to eight years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment in this category will be sold, the fair value of each individual investment has been estimated using the net asset value of the Society's ownership interest in partners' capital.

(g) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Society's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. These investments may not be redeemed without the prior written consent of the general partner. It is estimated that the underlying assets of the fund will be liquidated over the next three to eight years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the Society's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management must approve of the buyer before the sale of the investment can be completed.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Property and Equipment

Property and equipment are reflected at cost and consist of the following:

Buildings and improvements	\$ 126,369,000
Land improvements	81,891,000
Equipment	15,509,000
Museum Assets	4,342,000
Construction in progress	<u>899,000</u>
Total capital assets	229,010,000
Accumulated depreciation	<u>(103,277,000)</u>
Total capital assets, net of accumulated depreciation	<u><u>\$ 125,733,000</u></u>

Depreciation expense was \$8,050,000 for the year ended December 31, 2017.

Construction in progress as of December 31, 2017 consists of expenditures associated primarily with the construction of the headhouse, north greenhouse, shade garden, and various other projects.

As of December 31, 2017, the Society had agreements with several contractors for approximately \$11,000,000 to complete the headhouse and greenhouse projects. Accounts payable included \$548,000 of construction in progress of various projects as of December 31, 2017.

Line of Credit

The Society had two \$5 million lines of credit (\$5 million committed and \$5 million uncommitted) available in 2017. Outstanding amounts bear interest at a prime based rate or a LIBOR-based rate. There were no borrowings outstanding on this line of credit as of December 31, 2017. The Society has agreed to maintain a funded indebtedness (cash, unrestricted investments, and unrestricted pledges to indebtedness) financial ratio of at least .85 to 1.0 at December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Bonds Payable

Bonds payable at December 31, 2017, consist of the following amounts due to the Illinois Finance Authority, which issued Adjustable Demand Revenue Bonds on the Society's behalf:

Series 2008, payable 2043	\$	30,000,000
Series 1999, payable 2029		20,000,000
Unamortized Debt Issuance Costs		<u>(511,000)</u>
	\$	<u>49,489,000</u>

The Society has obtained a letter of credit from a bank for each bond issue, which provides credit enhancement for the bonds. The letters of credit for the Series 1999 bonds and Series 2008 bonds expire on December 31, 2020.

The bonds' proceeds were used by the Society to finance the costs of construction, to equip new operating facilities and gardens, and to pay certain issuance costs.

The bonds' interest rate is adjustable weekly based on a national index of tax-exempt variable rate bonds. The weekly rates for 2017 averaged 0.89%.

Total interest expense for all debt, and including the interest payments made under the swap agreements and amortization of bond issuance costs for 2017 was \$1,809,000. In the event that the remarketing agent is unable to remarket the bonds, the bonds become pledged bonds to the bank under the letter of credit. If the letter of credit cannot be renewed and an alternative letter of credit cannot be obtained, so long as certain conditions are satisfied under the reimbursement agreement in effect between the Society and the bank, the bonds shall be repaid according to an amortization schedule consisting of eight quarterly installments of principal, with the first of such installments commencing on the due date, which is 13 months after the date on which the bonds were purchased by the bank pursuant to the letter of credit. The Society has agreed to maintain a funded indebtedness (cash, unrestricted investments, and unrestricted pledges to indebtedness) financial ratio of at least 0.85 to 1.0 on the combined bond issues as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Interest Rate Swaps

The Society entered into two interest rate swap agreements, which are considered derivative financial instruments. The Society does not utilize interest rate swaps or other similar financial instruments for trading or other speculative purposes. The counterparty for these swap agreements is The Northern Trust Company (the Bank), a major financial institution with which the Society also has other financial relationships.

The principal objective of these swap agreements is to minimize the risks associated with financing agreements by reducing the impact of changes in interest rates on floating rate debt. These swap agreements are a contract to exchange fixed interest payments for the floating rate interest received over the life of the swap agreements without the exchange of the underlying notional amounts. Effective July 1, 2010, the Society entered into an agreement to limit the interest rate exposure to 3.64% on a notional amount of \$12,000,000 that expires on June 1, 2025. Effective February 12, 2009, the Society entered into an agreement to limit the interest rate exposure to 2.47% on a notional amount of \$38,000,000 that expires February 1, 2019. The Society is exposed to credit loss in the event of nonperformance by the Bank to the interest rate swap agreements. However, the Society does not anticipate nonperformance by the Bank.

The following table presents the amounts and the locations of the amounts relating to the Society's interest rate swaps in the Society's financial statements for the year ended December 31, 2017:

Statement of Financial Position Information Location on	
statement of fair value of liability:	
Interest rate swaps	\$ <u>2,216,000</u>
Statement of Activities Information:	
Change in fair value of interest rate swaps	990,000
Periodic settlement payments recorded as interest	
expense and included in the operating expenses	<u>(983,000)</u>
Total loss on interest rate swaps	\$ <u>7,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Capital Lease

In 2017, the Society entered into a capital lease agreement involving automated office equipment. The future minimum lease payments are as follows:

2018	\$	37,000
2019		37,000
2020		37,000
2021		18,000
		<u>129,000</u>
less amount representing interest		29,000
		<u>\$ 100,000</u>

The equipment purchased under the capital lease agreement has been capitalized and is included in the property and equipment. Depreciation of assets under capital leases totaled \$28,000 in 2017 and is included in depreciation expense. The outstanding balance of the lease payments is included in other liabilities on the consolidated statements of financial position.

Temporarily and Permanently Restricted Net Position

Temporarily restricted net position consists of the following as of December 31, 2017:

Garden construction and improvement projects - time and purpose restriction	\$	14,248,000
Educational and research programs - time and purpose restriction		4,400,000
Time restriction		1,110,000
Endowments - time and purpose restriction		<u>13,835,000</u>
Total	\$	<u>33,593,000</u>

Net position of \$22,310,000 was released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time in 2017.

Permanently restricted net position consists of endowment funds as of December 31, 2017. The income earned on the investment of permanently restricted net position is generally available for use in garden maintenance and supporting the Society's research programs.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Endowment

The Society's endowment consists of 80 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAPUSA, net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on existences or absences of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Endowment (CONT.)

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the total return of the weighted average blend of a combination of global equity and fixed income benchmarks utilizing strategies consistent with the Society's portfolio strategy while assuming a moderate level of investment risk. Additional comparisons are made to endowment and foundation peer groups. The Society expects its endowment funds, over time, to provide a long-term average rate of return of approximately 6.5 percent annually. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has established a spending policy based on the total return concept and approved an investment payout of up to five (5) percent of the rolling three (3) year average fair value of the long-term investment pool for allocation to operations as directed by the Board of Directors. In establishing this policy, the Society considered the long-term expected return on its endowment. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Endowment (CONT.)

Endowment net position composition by type of fund as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 13,835,000	\$ 28,227,000	\$ 42,062,000
Board-designated endowment funds	57,687,000	-	-	57,687,000
Total funds	<u>\$ 57,687,000</u>	<u>\$ 13,835,000</u>	<u>\$ 28,227,000</u>	<u>\$ 99,749,000</u>

Changes in endowment net position for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ 51,927,000	\$ 10,124,000	\$ 26,022,000	\$ 88,073,000
Investment return:				
Investment income	827,000	599,000	-	1,426,000
Net appreciation (realized and change in unrealized)	6,859,000	4,982,000	-	11,841,000
Total investment return	7,686,000	5,581,000	-	13,267,000
Contributions	-	-	1,590,000	1,590,000
Collections of pledges restricted for investment in endowment	-	-	615,000	615,000
Bequests and contributions designated by the board for endowment	520,000	-	-	520,000
Appropriation of endowment assets for expenditure	(2,783,000)	(1,768,000)	-	(4,551,000)
Transfers to add assets to board-designated endowment funds	337,000	(102,000)	-	235,000
Ending balance	<u>\$ 57,687,000</u>	<u>\$ 13,835,000</u>	<u>\$ 28,227,000</u>	<u>\$ 99,749,000</u>

Reconciliation to Permanently Restricted Net Position:

Pledges restricted for investment in endowment	2,625,000
Beneficial interests in third-party	123,000
Total Permanently Restricted Net Position	<u>\$ 30,975,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT – CHICAGO HORTICULTURAL SOCIETY (CONT.)

Employee Benefit Plan

The Society sponsors an Internal Revenue Code Section 403(b) defined contribution money purchase retirement plan. Participation in the plan is voluntary for all eligible employees who have completed one year of service. The employee and the Society make contributions to the plan trustee. The Society's expense for this plan for 2017 was \$306,000.

Beginning in 2010, the Society established an Internal Revenue Code Section 457(f) Plan covering employees with certain contractual arrangements. The benefits under the plan are contingent upon completion of contractual obligations and are valued on an annual basis to reflect the return on the Society's investments. The assets of the plan in the amount of \$10,000 as of December 31, 2017 are included in investments in the statement of net position. There were no liabilities as of December 31, 2017 as the plan terminated on December 31, 2017.

In 2015, the Society established an Internal Revenue Code Section 457(b) Retirement Plan, the purpose of which is to encourage selected key managerial employees to maintain their employment with the Garden by providing retirement benefits for them, and pre-retirement benefits for their survivors. The Society makes contributions to the Plan, and participants may voluntarily defer compensation within prescribed limits. Participants are fully vested at all times in both their voluntary deferrals and employer contributions. The Society's expense for this plan for 2017 was \$87,000.

Concentrations

The Society maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant credit risk on cash.

Related-Party Transactions

The Society purchases goods and services from several businesses that are associated with the Board of Directors in its normal course of business. Total expenditures to these related companies amounted to \$520,000 for 2017. These goods and services were provided at rates consistent with the market rates for not-for-profit organizations.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY

Nature of Organization

The mission of The Chicago Zoological Society (the “Society”) is to inspire conservation leadership by connecting people with wildlife and nature. The Society (an Illinois not-for-profit corporation) maintains and operates the Brookfield Zoo (the “Zoo”) under a contract with the Forest Preserve District of Cook County (the “District”) extending through April 2026. The contract provides for an automatic renewal for an additional 20 years unless revoked in writing 12 months prior to the end of the contract by either the Society or the District. Under the contract, the land occupied by the Zoo is provided by the District at no charge. In addition, the District funds a significant portion of the Society’s operations under the contract through taxes levied by the District and distributed to the Society. Additional funding for the development and operation of the Zoo by the Society is obtained through private donations, memberships, and various admission, exhibit, and concession fees.

Summary of Significant Accounting Policies

Basis of Presentation – The consolidated financial statements have been prepared on the accrual basis of accounting. The Society maintains its books and records in accordance with the principles and practices of fund accounting. This is the procedure by which resources are classified into funds established according to their nature and purpose and on the existence of donor-imposed restrictions. Accordingly, net position of the Society is reported as follows:

- **Unrestricted** - Those resources over which the Board of Trustees has discretionary control. These include any designated amounts the Board has set aside for a particular purpose.
 - **General Fund** – Represents the portion of expendable funds that is available for support of society operations.
 - **Designated Fund** – Represents funds that have been designated for specific purposes, other than for park improvements, by the Society’s board. Amounts used for programmatic purposes are released from designation when the expense is incurred. These designations can be changed or removed at any time by action of the board.
 - **Capital Fund** – Represents contributions from district bonds, revenue bonds, and board-designated unrestricted contributions. The funds are designated for capital improvement and renovation expenditures. These designations can be charged or removed at any time by action of the board.
- **Temporarily Restricted** – Those resources subject to donor-imposed restrictions that will be satisfied either by actions of the Society or the passage of time. When a donor restriction is met, temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.
- **Permanently Restricted** – Those resources subject to donor-imposed restrictions that stipulate that the principal of these endowments be permanently invested by the Society. The donors of these resources have permitted the Society to use all of the income earned, including capital appreciation, for unrestricted or temporarily restricted purposes.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Revenue and Support - Tax revenue appropriated and collected by the District partially supports the services provided by the Society under its contract with the District to operate the Zoo. Amounts recognized from the District under the contract for 2017 represent the amounts appropriated by the District for 2016 property taxes and personal property replacement taxes, which are due for payment from taxpayers in 2017 for ultimate distribution to the Zoo. Tax revenue also includes the Society's share of any amounts remitted to the District by the Cook County Collector (the "County") for prior year property tax payments, net of the Society's share of any property tax refunds returned to the taxpayers by the County. Support from the District for any given year is recognized at the net amount reported as collected by the District to operate the Zoo. A receivable is recorded at year end for any amounts reported as collected by the District but not yet remitted to the Society.

Cash contributions are recognized in the period received. Pledges, including grants, are recognized in the period pledged. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of cash and other assets, including unconditional promises to give in the future, are reported at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. An allowance for uncollectible pledges receivable is provided based on management's judgment considering factors such as prior collection history, type of contribution, and nature of fundraising activity.

Sponsorship revenue is recognized in the period the sponsorship benefits take place, resulting in some cases in a deferral of all or a portion of the sponsorship.

Guest services revenue includes daily food and retail operations as well as catered events. Admissions and parking revenue include daily entrance and parking fees charged to guests as well as tickets to in park attractions. Revenue is recognized for these activities when the service is delivered.

Membership revenue is deferred and recorded as revenue ratably over the membership period. Memberships are valid one to two years from the date of purchase.

Cash - The Society maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant credit risk on cash and cash equivalents.

Inventories - Merchandise inventories are recorded at the lower of weighted-average cost or market, which is approximately 67 percent of total inventories as of December 31, 2017. Concession inventories are recorded at the lower of the last-in cost or market, which is approximately 33 percent of total inventories as of December 31, 2017. A reserve is recorded for slow-moving items. Inventories are stated net of an allowance for obsolete inventories of \$118,000 as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Investments - Investments are reported at fair value. Investment income, including net realized and unrealized gains (losses), is reflected in the statement of activities as an increase (decrease) in net position. Interest and dividend income is recorded on the accrual basis. The Society invests cash in excess of daily requirements in short-term investments. Realized gains and losses are determined based on specific identification of securities sold.

The Society's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near future and will materially affect the amounts reported in the financial statements.

The Society classifies cash receipts from the sale of donated securities, which upon receipt had no donor imposed limitations for sale and were converted nearly immediately into cash as operating cash flows.

Park Improvements and Equipment - Park improvements and equipment are stated at cost. Depreciation is computed using the straight-line method based on estimated useful lives of the assets as shown below:

	<u>Years</u>
Park Improvements	10 – 40
Equipment	5

The Society capitalizes individual equipment expenditures over \$5,000 and park improvement projects over \$5,000. The land site of the Zoo is owned by the District and, accordingly, is not recorded in the Society's financial statements. All park improvements acquired by the Society are legally owned by the District. All exhibit buildings and similar facilities, including those purchased with the District funds, including equipment, are recorded as park improvements on the books of the Society and are depreciated over their estimated useful lives. This depreciation expense for park improvements is not funded by the District tax collections.

Tax Status – The Society is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3), except for taxes on unrelated business income. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability if the society has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Society and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services - The Society's Zoo volunteers have made significant contributions of their time to develop, manage, and operate the Zoo and the Society's programs. The value of this time is not reflected in the financial statements, as they do not require specialized skills. The value of time donated for services requiring specialized skills, which the Society would have had to otherwise purchase, has been included in both revenue and expense in the statement of activities.

Animal Collection - Animal collections, which were acquired through breeding loans, purchases, and contributions, are not recognized as assets on the statement of financial position. Costs to acquire collection items are recorded as decreases in unrestricted net position in the year in which the animals are acquired. Proceeds from deaccessions are reflected as increases in the appropriate net asset class.

The Society's animal collections consist of specimens with numerous attributes including taxonomic group, age, sex, relationship and value to other animals, endangered status, and breeding potential. The Society retains a record of every animal in a permanent file. An inventory of the collection is prepared annually. Professionally trained keeper staff and population managers provide daily care for the collection and determine population needs.

Interest Rate Swaps - The Society entered into three interest rate swap agreements to manage its exposure on its variable rate Revenue Bonds Series 1995B and Series 2008. The two interest rate swaps on the Revenue Bond Series 1995B expired in 2016 and were not renewed. The Society's interest rate swaps are recognized as a liability on the statement of financial position and measured at fair value. Any changes in the fair value of the swap agreements are recognized in the statement of activities.

Upcoming Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Society's year ending December 31, 2018. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Society plans to apply the standard using the modified retrospective method. During management's evaluation of the various revenue contracts, management determined contracts related to sponsorships and government grants may have a significant impact on the timing of recognizing revenue. Additionally, there will be new disclosures related to revenue from contracts with customers.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Summary of Significant Accounting Policies (CONT.)

Upcoming Accounting Pronouncements (cont.) -In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Society, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Society's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Society has determined that the standard will have an impact on its financial statements, specifically on the classifications of net assets, the addition of the statement of functional expenses, and the addition of liquidity and availability disclosures. The Society is currently gathering the appropriate information to implement these changes in a timely manner.

Unconditional Pledges and Grants Receivable

Unconditional pledges and grants receivable as of December 31, 2017, are due to be received as follows:

Within one year	\$ 4,059,000
One to five years	4,178,000
Less:	
Discount to present value	(212,000)
Allowance for uncollectible promises to give	(155,000)
Allowance for State of Illinois Grants	<u>(494,000)</u>
	<u>\$ 7,376,000</u>

The discount rate used in determining the net present value of unconditional pledges and grants receivable ranged from .38% to 2.01% as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Fair Value Measurements

The Society categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Society's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Society has the following recurring fair value measurements as of December 31, 2017:

Investment Type	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2017
Assets - Investments:				
Mutual Funds:				
Commodity futures	\$ 370,000	\$ -	\$ -	\$ 370,000
Equity - Emerging markets	3,177,000	-	-	3,177,000
Equity - International	7,011,000	-	-	7,011,000
Equity - U.S. Large cap	9,838,000	-	-	9,838,000
Equity - U.S. Small cap	2,550,000	-	-	2,550,000
Fixed - High yield bonds	1,666,000	-	-	1,666,000
Fixed - International bonds	2,133,000	-	-	2,133,000
Fixed - Master limited partnerships	1,706,000	-	-	1,706,000
Fixed - Treasury inflation protected	1,716,000	-	-	1,716,000
Fixed - U.S. Intermediate bonds	12,097,000	-	-	12,097,000
Fixed - U.S. Short-term bonds	6,082,000	-	-	6,082,000
U.S. real estate	1,811,000	-	-	1,811,000
Commercial paper	-	999,000	-	999,000
U.S. Government and Agency	-	997,000	-	997,000
Total assets	\$ 50,157,000	\$ 1,996,000	\$ -	\$ 52,153,000
Liabilities - Interest rate swaps				
	\$ -	\$ 128,000	\$ -	\$ 128,000

Not included in the above table is \$24,845,000 in cash and cash equivalents in brokerage accounts as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Fair Value Measurements (CONT.)

Level 1 Inputs – Estimated fair values for the Society's publicly traded mutual funds were based on quoted market prices.

Level 2 Inputs

Bonds and Commercial Paper – Estimated fair values for the Society's municipal and corporate bonds, government securities, and commercial paper were based on similar investments that are traded on the secondary market. The estimated fair value observable inputs also consider that the municipal and corporate bonds are weekly variable rate taxable bonds, which have a weekly redemption option at face value.

Interest Rate Swaps – The Society's swaps are not traded on an exchange. The valuation model used to calculate fair value of the Society's interest rate swaps includes a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility, and correlations of such inputs.

Level 3 Inputs – There are no Level 3 investments as of December 31, 2017.

Investments

Investment Income (loss) consists of the following for the year ended December 31, 2017:

	Unrestricted			Temporarily Restricted	Total Investment Income
	General Fund	Designated Fund	Capital Fund		
Dividends and interest	\$ 160,000	\$ 64,000	\$ -	\$ 771,000 *	\$ 995,000
Realized gains	1,000	1,779,000	-	656,000	2,436,000
Change in unrealized gain/loss	1,000	1,539,000	-	703,000	2,243,000
Total investment income	\$ 162,000	\$ 3,382,000	\$ -	\$ 2,130,000	\$ 5,674,000

*Net of related expenses of \$20,000 for the year ended December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Property and Equipment

Park improvements included the following classifications as of December 31, 2017:

Park improvements	\$ 265,143,000
Equipment	9,542,000
Construction in progress	279,000
Total	274,964,000
Accumulated Depreciation	(142,876,000)
Net	\$ 132,088,000

Depreciation expense for 2017 was \$8,888,000.

Line of Credit

During 2017, the Society had available a \$5,000,000 unsecured evergreen line of credit demand note with a bank available. The Society has the option to select the prime rate, LIBOR plus 1.1 percent, or the federal funds rate plus 1.1 percent. There were no borrowings outstanding on this line of credit at any time during 2017.

Revenue Bonds

Revenue bonds outstanding as of December 31, 2017 are as follows:

Village of Brookfield - Series 2008	\$ 30,720,000
Illinois Education Facilities Authority (IEFA) - Series 1995B	4,420,000
Less debt issuance costs - net of accumulated amortization	(246,000)
Total	\$ 34,894,000

In June, 2008, the Village of Brookfield issued \$39,850,000 of Revenue Bonds, Chicago Zoological Society Series 2008. These bonds are subject to a loan agreement with the Village of Brookfield, which assigned its interest to The Bank of New York Trust Company, as trustee. Series 2008 Bonds mature on June 1, 2038, bear interest at a variable rate based on weekly re-marketing, and have adjustable methods of demand features, purchase features, redemption provisions, rate determination dates, rate change dates, and interest payment dates.

Expenses incurred in connection with the Series 2008 Bond offerings of \$297,000 were deferred and are being amortized on a straight-line basis over the period the bonds are to be outstanding. The debt issuance costs are reported net of the revenue bond payable on the statement of financial position. The Series 2008 Bonds are secured by a letter of credit that expires on June 18, 2018. In the event that the agent is unable to remarket the bonds, the bonds become a demand note under an irrevocable letter of credit issued by The Northern Trust Company. Should the irrevocable letter of credit not be renewed, an alternative credit facility must be obtained or the bonds require repayment in twelve equal quarterly installments. Management is assessing whether it will extend the letter of credit.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

On July 10, 2015, the Society entered into a ten-year interest rate swap agreement for \$10,000,000 of the 2008 Series Bonds with The Northern Trust Company to exchange a variable rate interest payment equal to the SIFMA for a fixed interest payment of 1.966 percent. The SIFMA variable interest rate approximates the weekly remarketing variable rate. The swap exposes the Society to basis risk should the relationship between the weekly remarketing rate and SIFMA rate change significantly. The fair value liability for the obligation under this instrument was \$128,000 as of December 31, 2017. This swap agreement will mature on July 10, 2025.

The remaining \$20,720,000 of Series 2008 bonds had an effective variable interest rate of 0.83 percent during 2017.

In December 1995, the Society issued tax-exempt bonds through IEFA. Series 1995B Serial Bonds mature on December 15, 2025, bear interest at a variable rate based on weekly remarketing, and have adjustable methods of demand features, purchase features, redemption provisions, rate determination dates, rate change dates, and interest payment dates. The bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed plus accrued interest to the redemption date on December 15 of the following years and in the following principal amounts:

<u>Years Ending December 31</u>	<u>Amount</u>
2018	\$ 465,000
2019	490,000
2020	510,000
2021	535,000
2022	555,000
Thereafter	<u>1,865,000</u>
Total	<u>\$ 4,420,000</u>

Expenses incurred in connection with the Series 1995B Bond offerings of \$202,000 were deferred and are being amortized on a straight-line basis over the period the bonds are to be outstanding. The debt issuance costs are reported net of the revenue bond payable on the statement of financial position. The Series 1995B Serial Bonds are secured by a letter of credit that expires on June 18, 2018. In the event that the agent is unable to remarket the bonds, the bonds become a demand note under an irrevocable letter of credit issued by The Northern Trust Company. Should the irrevocable letter of credit not be renewed, an alternative credit facility must be obtained or the bonds require repayment in 12 equal quarterly installments. Management is assessing whether it will extend the letter of credit.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Revenue Bonds (CONT.)

On November 14, 2005, the Society entered into an 11-year interest rate swap agreement with The Northern Trust Company to exchange a variable rate interest payment equal to the SIFMA for a fixed interest payment of 4.18 percent. The swap's notional amount of \$5,000,000 matches the \$5,000,000 1995B variable rate bonds while the SIFMA variable interest rate approximates the weekly remarketing variable rate. The swap exposes the Society to basis risk should the relationship between the weekly remarketing rate and SIFMA rate change significantly. This swap agreement matured on December 15, 2016. The remaining \$4,420,000 of Series 1995B Bonds had an effective variable interest rate of 0.90 during 2017.

The letters of credit for the Series 2008 Bonds and Series 1995B Bonds are subject to certain financial covenants, the most restrictive of which is a restriction concerning unrestricted cash and investments plus Leadership Campaign pledge receivables as a percentage of total debt.

Total interest expense is \$410,000 for the year ended December 31, 2017.

The following table presents the amounts and the locations of the amounts relating to the Society's interest rate swap in the Society's financial statements as of and for the year ended December 31, 2017:

Statement of financial position information -	
Interest rate swaps	\$ <u>128,000</u>
Statement of activities information*:	
Change in the fair value of interest rate swap agreements	\$ (22,000)
Interest expense	<u>(108,000)</u>
Total income on interest rate swaps	\$ <u>(130,000)</u>

* Both interest expense and the change in the fair value of the interest rate swaps are classified in the statement of activities allocated among the following expense lines: animal collection and conservation programs, care of buildings and grounds, admissions and parking, and guest services.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Tax Collections

Tax collections received by the Society from the District were made up of the following components:

Real estate taxes - Tax year 2016/2015	\$ 14,574,000
Personal property replacement taxes	510,000
Prior year taxes, refunds, and other - net	<u>32,000</u>
Total	<u>\$ 15,116,000</u>

Net Assets

Temporarily restricted net assets as of December 31, 2017 are available for the following purposes:

Purpose restrictions:

Capital improvements	\$ 5,888,000
Conservation research program	2,679,000
Education and communication program	1,388,000
Other	<u>1,592,000</u>

Time restrictions:

Leadership campaign	\$ 40,000
Unappropriated earnings on unrestricted endowment	<u>3,767,000</u>

Time and purpose restrictions - Donor-restricted endowments:

Leadership campaign	\$ 439,000
Education and communication program	1,463,000
Other	<u>1,018,000</u>
Total	<u>\$ 18,274,000</u>

Permanently restricted net assets are invested in perpetuity. The income on such investments, as specified by the donor, is to be used for the purposes noted. Permanently restricted net assets as of December 31, 2017 are as follows:

Conservation research program	\$ 1,037,000
Education and communication program	4,550,000
Other	<u>2,626,000</u>
Total	<u>\$ 8,213,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Donor-restricted and Board-designated Endowments

The Society's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policies of the Society

Endowment net asset composition by type of fund is as follows:

Endowment Net Asset Composition by Type of Fund				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 6,687,000	\$ 8,213,000	\$ 14,900,000
Board-designated endowment funds	5,174,000	-	-	5,174,000
Total	<u>\$ 5,174,000</u>	<u>\$ 6,687,000</u>	<u>\$ 8,213,000</u>	<u>\$ 20,074,000</u>
Changes in Endowment Net Assets				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning	\$ 4,563,000	\$ 5,265,000	\$ 7,871,000	\$ 17,699,000
Investment return:				
Investment income	81,000	229,000	-	310,000
Net gains (realized and unrealized)	677,000	1,901,000	-	2,578,000
Total investment return	758,000	2,130,000	-	2,888,000
Board designations and contributions	(15,000)	-	342,000	327,000
Appropriation of endowment assets for expenditure	(132,000)	(708,000)	-	(840,000)
Endowment net assets - end of year	<u>\$ 5,174,000</u>	<u>\$ 6,687,000</u>	<u>\$ 8,213,000</u>	<u>\$ 20,074,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Endowment (CONT.)

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017.

Return Objectives and Risk Parameters - The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the respective benchmarks for the different asset classes provided for in the Society's investment policy. These asset classes include domestic and international equities, high-grade corporate and government bonds and cash equivalents, but specifically excludes any direct investment in real estate and commodities (i.e., gold). Any investments in hedge funds or derivatives require separate approval by the Board of Trustees. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually, net of management fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Society has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year end two years preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Net Assets Released from Restrictions

Net position was released from donor restrictions during the year ended December 31, 2017 by passage of time or incurring expenses satisfying the following restricted purposes:

Capital improvements	\$ 3,000
Conservation research program	2,364,000
Education and communication program	1,597,000
Leadership campaign - Time Restricted	257,000
Other	<u>1,357,000</u>
Total	<u>\$ 5,578,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Retiree Medical Benefits

The Society has a postretirement medical and dental plan available to all non-union employees hired prior to January 1, 2016 at age 62 with 10 or more years of service. As of April 2, 2012, all active union participants are eligible at age 62 with 15 or more years of service and are covered under a union health plan for a three-year period commencing at age 62 and ending at age 65.

GAAP requires the Society to recognize the funded status of its postretirement benefit plan as a liability in the statement of financial position with an offsetting amount in the statement of activities and to recognize changes in that funded status in the year in which changes occur through the change in net position. Additionally, GAAP requires the Society to measure the funded status of the plan.

The following tables provide information about the Society's postretirement medical and dental benefit plan as of December 31, 2017 as measured on January 1, 2018.

Change in benefit obligation	
Benefit obligation at beginning of year	\$ 2,627,000
Service cost	101,000
Interest cost	100,000
Amendments	38,000
Actuarial loss	32,000
Service cost	<u>(252,000)</u>
Benefit obligation at end of year	<u>2,646,000</u>
Fair value of plan assets at end of year	<u>-</u>
Funded status at end of year	<u><u>\$ (2,646,000)</u></u>
Amounts recognized in the statement of financial position:	
Accrued postretirement benefits	<u><u>\$ (2,646,000)</u></u>
Amounts recognized in net assets	
(not yet recognized in net periodic benefit cost):	
Actuarial losses - net	\$ (568,000)
Prior year service credit	<u>(1,254,000)</u>
Total	<u><u>\$ (1,822,000)</u></u>
Change in amounts not yet recognized in postretirement benefits	
Arising	\$ (70,000)
Recognized	(27,000)
Prior year service cost (recognized)	<u>(183,000)</u>
Total	<u><u>\$ (280,000)</u></u>
Amounts recognized in net assets to be recognized	
in statement of activities in 2017:	
Actuarial losses - net	\$ -
Prior year service cost	<u>(183,000)</u>
Total	<u><u>\$ (183,000)</u></u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Retiree Medical Benefits (CONT.)

Weighted-average assumptions used to determine benefit obligations at December 31:

Weighted average assumption as of end of year (benefit obligation) - Discount rate	3.43%
Weighted average assumption as of beginning of year (net benefit cost) - Discount rate	3.95%

Assumed healthcare cost trend rates at December 31:

Health care cost trend rate assumed for next year	7.00%
Rate that cost trend rate gradually declines to	4.50%
Year that rate reaches the assumed ultimate rate	2028
Annual rate of increase in dental per capita cost	3.75%

Assumed health care cost trend rates have a significant effect on the amounts reported for the plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost for 2017	\$ 40,000	\$ (33,000)
Effect on year-end 2017 postretirement benefit obligation	672,000	(552,000)

The following benefit payments, which reflect expected future service, are expected to be paid for each of the fiscal years as of December 31, 2017:

Years Ending December 31	Amount
2018	\$ 221,000
2019	208,000
2020	206,000
2021	218,000
2022	221,000
2023-2027	1,061,000

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Employee Benefit Plan

The Society has a defined contribution plan available to all employees who are 21 years of age and have completed 30 days of service. Participants may contribute a portion of their compensation, which is then partially matched by the Society. Only employees who have completed one year of service and met certain minimum hours worked requirements are eligible for the company match. The Society's expense for the year ended December 31, 2017 was approximately \$804,000.

Sick Leave Benefits

The Society has a sick leave policy whereby eligible employees may accumulate sick leave days. Upon resignation, retirement, or death, employees are paid 50 percent of their accumulated sick leave days up to 120 days. Retirees with 20 years of service by age 62 are paid 100 percent of their accumulated sick leave days up to 120 days. Beginning on January 1, 2001, new employees continue to accumulate sick leave days according to the current schedule, but are not eligible for payment of their accumulated and unused sick leave days upon resignation or retirement. This change did not affect employees hired prior to January 1, 2001. Additionally, effective in 2010, employees hired prior to January 1, 2001 who have current balances of greater than 120 days each December 31 are required to cash out their amount over 120 days, up to 10 days, five of which may permanently reduce their future resignation, retirement, or death payout. The actuarially determined present value of the Society's liability for accumulated sick leave was \$1,657,000 as of December 31, 2017. The assumed increase in salary rates was 2.0 percent per annum, compounded annually using a 2017 discount rate of 3.10 percent, for the 2017 actuarial valuation.

Charitable Gift Annuity

Certain assets and liabilities recorded within the statement of financial position relate to charitable gift annuities. The assets related to these agreements are recorded at their fair value and the liability is recorded at its present value based on the life expectancy of the individual donor and the Internal Revenue Service's approved discount rate applicable at the time of the agreement, which ranged from 2.0 percent to 8.0 percent. The total assets and total liabilities related to this program as of December 31, 2017 were \$442,000 and \$253,000, respectively. Charitable gift annuity assets and liabilities are included in investments and other liabilities in the statement of net assets.

Conditional Gift

In 1996, the Society was notified that it is the designated beneficiary of the interest income on a \$1,000,000 endowment established and maintained by the Chicago Community Trust. The Chicago Community Trust maintains variance power over this endowment and, accordingly, the Society has not included the endowment in the accompanying financial statements.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNIT – CHICAGO ZOOLOGICAL SOCIETY (CONT.)

Contingencies

The Society is a defendant in various litigation matters arising in the normal course of business. In the opinion of management, the ultimate resolution of all such litigation matters will not have a material effect on the financial position or activities of the Society.

The Society has asset retirement obligations arising from regulatory requirements to remove asbestos from its facilities when remodeling or disposing of those facilities containing asbestos. Management cannot readily estimate the cost of removing asbestos and, in the opinion of management, the ultimate resolution of all such matters will not have a material effect on the financial position or activities of the Society.

Related Party Transactions

Certain utility, banking, legal, investment, engineering, and travel services are provided by companies with which members of the Board of Trustees are affiliated. These services are approved by the Board of Trustees and are provided at rates consistent with the market rates for not-for-profit organizations.

Natural Gas Commitment

As of December 31, 2017, the Society had fixed commitments to take monthly deliveries in 2017 of natural gas in the amount of 273 therms for a total cost of \$102,000 at an average price of 37.4 cents per therm. This represents 15 percent of the Society's 2018 expected and 2017 actual natural gas usage. The commitment represented a normal purchase as defined by GAAP because the Society expected to take delivery of the natural gas each month for its normal expected usage. Consequently, the commitment was not recorded as a liability as of December 31, 2017.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Description

Any employee of the District employed under the provisions of the District personnel ordinance is covered by the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the Plan), which is a single-employer defined benefit pension plan with a defined contribution minimum. Although this is a single-employer plan, the defined benefits, as well as the employer and employee contribution levels, are mandated in the Illinois Compiled Statutes (Chapter 40, Pensions, Article 5/1 0) and may be amended only by the Illinois legislature. Effective with the signing of Public Act 96-0889 into law on April 14, 2010, participants that first became contributors on or after January 1, 2011 are Tier 2 participants. All other participants that were contributing prior to January 1, 2011 are Tier 1 participants. The District accounts for the Plan as a pension trust fund.

The Plan provides retirement as well as death and disability benefits. Tier 1 employees age 50 or older and Tier 2 employees age 62 or older are entitled to receive a minimum formula annuity of 2.4% for each year of credited service if they have at least 10 years of service. The maximum benefit is 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced by 1/2% for each month the participant is below that age. The reduction is waived for Tier 1 participants having 30 or more years of credited service. Participants should refer to the applicable state statutes for more complete information.

Plan Membership

At December 31, 2017, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	527
Inactive, non-retired members	1,365
Active members	<u>548</u>
Total	<u><u>2,440</u></u>

Contributions

Covered employees are required to contribute 8.5% of their salary to the Plan, subject to salary limitations for Tier 2 participants in Article 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The District total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.30. The source of funds for the District's contributions has been designated by State Statute as the District's annual property tax levy. The District's payroll for employees covered by the Plan for the year ended December 31, 2017 was \$35,078,173.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Amortization method	Level Dollar - Open
Remaining amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions:	
Inflation	2.75% per year, compounded annually
Salary increases	1.50% to 7.50%, based on age
Investment rate of return	7.25% per year, compounded annually
Retirement age	Rates of retirement for each age from 50 to 80 based on recent experience of the Plan where all employees are assumed to retire by age 80
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale
Postretirement annuity increase	Tier 1 participants - 3.0% compounded annually Tier 2 participants - the lesser of 3.0% or one half of the increase in the Consumer Price Index

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Mortality

Mortality rates were based on the RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by Conduent, Inc. (formerly Buck Consultants, LLC) dated February 2018.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on the Plan's investments was determined based on the results of an experience study performed by Conduent, Inc.. The results of the experience study were adopted by the Board in April 2018. The investment return assumption was based on the current asset allocation of the Plan. In the experience study, Conduent developed best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or geometric real rates of return for each major asset class included in the Plan's target allocation as of December 31, 2017 are listed in the table below.

The Plan's investment policy in accordance with the Illinois Compiled Statutes establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	32.00%	9.05%
International equities	27.00%	7.61%
Fixed income	21.00%	1.79%
Real estate	9.00%	6.91%
Hedge funds	9.00%	4.68%
Cash	<u>1.00%</u>	3.98%
Total investments	100%	

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 4.45%. The projection of cash flows used to determine the discount rate assumed that the employer's contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 3.16% was used in the development of the blended discount rate after that point. The 3.16% rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Based on the long-term investment rate of return of 7.25% and the municipal bond rate of 3.16%, the blended discount rate is 4.45%.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 4.45% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (3.45%) or 1 percentage point higher (5.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 287,353,111	\$ 220,081,673	\$ 166,170,214

Changes in Net Pension Liability

The District's changes in net pension liability for the calendar year ended December 31, 2017 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2016	\$ 438,859,466	\$ 191,202,398	\$ 247,657,068
Service cost	10,698,297	-	10,698,297
Interest on total pension liability	20,384,471	-	20,384,471
Differences between expected and actual experience of the total pension liability	(1,344,952)	-	(1,344,952)
Change of assumptions	(21,473,767)	-	(21,473,767)
Benefit payments, including refunds of employee contributions	(16,670,896)	(16,670,896)	-
Contributions - employer	-	2,239,632	(2,239,632)
Contributions - employee	-	3,300,222	(3,300,222)
Net investment income	-	30,500,015	(30,500,015)
Administrative expenses	-	(160,418)	160,148
Other (net transfer)	-	(40,007)	40,007
Balances at December 31, 2017	<u>\$ 430,452,619</u>	<u>\$ 210,370,946</u>	<u>\$ 220,081,673</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the District recognized pension expense of (\$4,122,779). The District reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,328,272
Changes in assumptions	-	18,692,602
Net difference between projected and actual earnings on pension plan investments	6,960,961	13,261,666
Total	\$ 6,960,961	\$ 34,282,540

The amounts reported as deferred outflows and inflows of resources related to pensions ((\$27,321,579)) will be recognized in pension expense as follows:

Year Ending December 31	Amount
2018	\$ (16,840,400)
2019	(4,554,209)
2020	(2,611,550)
2021	(3,315,420)
Total	\$ (27,321,579)

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. OTHER POSTEMPLOYMENT BENEFITS

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (Plan) administers the Postemployment Group Health Benefit Plan (PGHBP), a single-employer defined benefit postemployment healthcare plan. PGHBP provides a healthcare premium subsidy to annuitants who elect to participate in the PGHBP. The Plan is currently allowed, in accordance with state statute, to pay all or a portion of medical insurance premiums for the annuitants. Under state law, the PGHBP is embedded in the Plan rather than being a separate plan. The Plan subsidizes 55% and 70% of the monthly premiums from employees and spouse annuitants, respectively.

The Plan funds the PGHBP on a "pay as you go" basis. Administrative costs associated with the PGHBP are paid by the Plan. The medical trend rate is 7.25% in the first year, decreasing by 0.25% per year until an ultimate rate of 4.75% is reached.

The separately issued financial statements of the Retiree Health Plan, included in the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, may be obtained from the District at 69 West Washington Street, Suite 2060, Chicago, Illinois 60602. The Plan considers the premium supplement an additional retirement benefit, with no contribution rate or asset allocation associated with it. The cost for postemployment healthcare benefits is approximately equal to the premium subsidy. Actual cost may differ based on claims experience. Healthcare premium subsidies are recognized when due and payable.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

	<u>OPEB Obligation</u>
Annual required contribution	\$ 4,681,598
Interest on net OPEB obligation	945,317
Adjustment to annual required contribution	<u>(1,366,694)</u>
Annual OPEB cost	4,260,221
Contributions made	<u>1,305,075</u>
Increase in net OPEB obligation	2,955,146
Net OPEB obligation - beginning of year	<u>23,632,915</u>
Net OPEB obligation - end of year	<u>\$ 26,588,061</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2017	\$ 4,260,221	27.88%	\$ 26,588,061
December 31, 2016	4,767,060	29.78%	23,632,915
December 31, 2015	4,348,445	39.06%	20,285,290

The funded status of the plan as of December 31, 2017, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 43,410,740
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 43,410,740
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 35,078,173
UAAL as a percentage of covered payroll	123.75%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

In the actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return and an annual healthcare cost trend rate of 7.25% initially, reduced by decrements to an ultimate rate of 4.75% after 10 years. Both rates include a 2.75% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as level dollar on an open basis. The amortization period at December 31, 2017, was 30 years.

C. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The District is self funded for all risks of loss except employee health coverage, which is provided by Cook County. Self insurance activity is accounted for and financed by the District in an internal service fund - the Self Insurance Fund.

Self Insurance

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The District does not allocate overhead costs or other non-incremental costs to the claims liability.

Claims Liability

During 2017, the District was party to several lawsuits. At December 31, 2017, the provision for claims was \$1,876,000, all of which is expected to be paid within one year. This liability is the District's best estimate based on available information. Changes in the reported liability are as follows:

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 1,324,000	\$ 3,353,000
Current year claims and changes in estimates	3,802,902	2,246,930
Claim payments	<u>(1,773,902)</u>	<u>(3,723,930)</u>
Unpaid claims - End of Year	<u>\$ 3,353,000</u>	<u>\$ 1,876,000</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

D. COMMITMENTS AND CONTINGENCIES

The District has active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The significant outstanding project commitments at December 31, 2017 total \$6,018,613 and will be paid with available fund balances.

The District and Cook County, Illinois (the County) provide each other related party services under intergovernmental and informal agreements.

District Services provided to the County

The District provides complimentary land use to County departments for a variety of purposes including, but not limited to, occupancy and storage for two Cook County Highway District locations; two buildings for Sheriffs operations, including a K9 Center office, kennels, and training center; and seven Communications towers and support buildings. The District also provides materials, heavy duty cleaning, hauling and maintenance along with equipment and vehicle storage to support the Sheriffs Boot Camp Facility, Burr Oak Cemetery, the Department of Corrections, Maywood Court House, and Highway parks.

County Services to the District

The County provides services to the District Inspector General and Secretary to the Board. District fines and violations are heard by the County Administrative Hearing Office and collected the County Department of Revenue. The proceeds are remitted to the District after an administrative fee is collected. Both the County and the District use the same health care provider and copier lease vendor. The District sends its share of the premium and lease to the County which forwards the premium and lease payment to the health care provider and lessor. The County provides computer support to the District in the form of payroll processing and human resources assistance. The County also provides medical and fingerprinting processing services to the District for new hires and current employees. The County provides emergency telecommunications services' assistance, through its police department, to the District for which the County is reimbursed. Under an intergovernmental agreement with the County, the District also pays the County fees for services provided by the independent Inspector General's Office, State's Attorney's Office, contract compliance administration, swap, printing services, and occupancy in Downtown Chicago.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

E. FUTURE POTENTIAL EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CORPORATE FUND

For the year ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 53,022,037	\$ 51,117,643	\$ (1,904,394)
Personal property replacement taxes	2,104,080	2,907,526	803,446
Grants	200,500	20,688	(179,812)
Fees	4,719,000	5,011,610	292,610
Fines	385,000	113,365	(271,635)
Concessions	390,000	415,826	25,826
Winter sports activities	27,000	4,853	(22,147)
Golf course revenue	700,000	726,647	26,647
Equestrian license	52,000	53,909	1,909
Damage restitution	-	29,568	29,568
Special events	-	100,420	100,420
Miscellaneous	100,000	480,905	380,905
Investment income	50,000	308,410	258,410
Total Revenues	<u>61,749,617</u>	<u>61,291,370</u>	<u>(458,247)</u>
EXPENDITURES			
Current:			
General office	2,807,656	2,853,387	(45,731)
Finance and administration	3,207,425	3,122,741	84,684
Resource management	5,111,284	5,488,141	(376,857)
General maintenance	21,770,355	20,786,434	983,921
Permits, concessions, and volunteer resources	1,484,152	1,578,970	(94,818)
Public safety	10,378,865	11,022,629	(643,764)
Legal department	1,367,452	1,400,148	(32,696)
Planning and development	2,131,275	2,292,401	(161,126)
Conservation and experiential programming	5,760,650	5,610,686	149,964
District wide services	7,730,503	5,350,514	2,379,989
Capital Outlay	-	283,582	(283,582)
Total Expenditures	<u>61,749,617</u>	<u>59,789,633</u>	<u>1,959,984</u>
Excess of revenues over expenditures	<u>-</u>	<u>1,501,737</u>	<u>1,501,737</u>
OTHER FINANCING USES			
Transfers out	(3,910,000)	(3,910,000)	-
Total Other Financing Uses	<u>(3,910,000)</u>	<u>(3,910,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,910,000)</u>	<u>(2,408,263)</u>	<u>\$ 1,501,737</u>
FUND BALANCE - Beginning of Year		<u>37,256,574</u>	
FUND BALANCE - END OF YEAR		<u>\$ 34,848,311</u>	

See independent auditors' report and accompanying notes to required supplementary information.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS Last Four Fiscal Years

	2014	2015	2016	2017
Total pension liability				
Service cost	\$ 9,575,195	\$ 9,656,955	\$ 11,224,976	\$ 10,698,297
Interest	18,880,782	19,471,424	19,482,189	20,384,471
Differences between expected and actual experience	-	(270,033)	(6,776,942)	(1,344,952)
Changes of assumptions	-	28,495,220	(26,186,535)	(21,473,767)
Benefit payments, including refunds of member contributions	<u>(15,805,217)</u>	<u>(15,920,776)</u>	<u>(16,462,185)</u>	<u>(16,670,896)</u>
Net change in total pension liability	12,650,760	41,432,790	(18,718,497)	(8,406,847)
Total pension liability - beginning	<u>403,494,413</u>	<u>416,145,173</u>	<u>457,577,963</u>	<u>438,859,466</u>
Total pension liability - ending (a)	<u><u>\$ 416,145,173</u></u>	<u><u>\$ 457,577,963</u></u>	<u><u>\$ 438,859,466</u></u>	<u><u>\$ 430,452,619</u></u>
Plan fiduciary net position				
Employer contributions	\$ 1,520,316	\$ 1,763,345	\$ 1,971,946	\$ 2,239,632
Employee contributions	2,645,164	2,771,533	3,184,051	3,300,222
Net investment income	13,525,606	2,549,975	10,477,792	30,500,015
Benefit payments, including refunds of member contributions	(15,805,217)	(15,920,776)	(16,462,185)	(16,670,896)
Administration	(142,067)	(143,953)	(157,577)	(160,418)
Other	<u>(175,370)</u>	<u>(6,928)</u>	<u>(133,999)</u>	<u>(40,007)</u>
Net change in plan fiduciary net position	1,568,432	(8,986,804)	(1,119,972)	19,168,548
Plan fiduciary net position - beginning	<u>199,740,742</u>	<u>201,309,174</u>	<u>192,322,370</u>	<u>191,202,398</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 201,309,174</u></u>	<u><u>\$ 192,322,370</u></u>	<u><u>\$ 191,202,398</u></u>	<u><u>\$ 210,370,946</u></u>
District's net pension liability - ending (a) - (b)	<u><u>\$ 214,835,999</u></u>	<u><u>\$ 265,255,593</u></u>	<u><u>\$ 247,657,068</u></u>	<u><u>\$ 220,081,673</u></u>
Plan fiduciary net position as a percentage of the total pension liability	48.37%	42.03%	43.57%	48.87%
Covered-employee payroll	\$ 29,811,912	\$ 32,007,657	\$ 34,509,011	\$ 35,078,173
District's net pension liability as a percentage of covered-employee payroll	720.64%	828.73%	717.66%	627.40%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarially determined contribution	\$ 3,329,502	\$ 4,498,036	\$ 7,626,778	\$ 8,590,721
Contributions in relation to the actuarially determined contribution	523,928	1,282,642	1,333,140	2,457,405
Contribution deficiency (excess)	<u>\$ 2,805,574</u>	<u>\$ 3,215,394</u>	<u>\$ 6,293,638</u>	<u>\$ 6,133,316</u>
Covered-employee payroll	\$ 23,474,621	\$ 24,967,115	\$ 24,397,376	\$ 22,678,566
Contributions as a percentage of covered-employee payroll	2.23%	5.14%	5.46%	10.84%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions rates are calculated as of December 31, one year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Five year smoothed average market
Inflation	2.75% per year, compounded annually
Salary increases	1.50% to 7.50%, based on age
Investment rate of return	7.25% per year, compounded annually
Retirement age	Based on actual past experience, assume all employees retire by age 75
Mortality	RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale
Postretirement annuity increases	Tier 1 participants - 3.00% compounded annually Tier 2 participants - the lesser of 3.00% or one half of the increase in the Consumer Price Index

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 9,608,247	\$ 10,921,946	\$ 10,166,661	\$ 10,230,872	\$ 10,678,782	\$ 10,230,872
<u>2,117,976</u>	<u>1,403,628</u>	<u>1,520,316</u>	<u>1,763,345</u>	<u>1,971,946</u>	<u>2,239,632</u>
<u>\$ 7,490,271</u>	<u>\$ 9,518,318</u>	<u>\$ 8,646,345</u>	<u>\$ 8,467,527</u>	<u>\$ 8,706,836</u>	<u>\$ 7,991,240</u>
\$ 26,252,071	\$ 29,485,857	\$ 29,811,912	\$ 32,007,657	\$ 34,509,011	\$ 35,078,173
8.07%	4.76%	5.10%	5.51%	5.71%	6.38%

See independent auditors' report and notes to required supplementary information.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

POSTEMPLOYMENT GROUP HEALTH BENEFIT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of and For the Year Ended December 31, 2017

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/17	\$ 4,681,598	28 %
12/31/16	5,099,567	28
12/31/15	4,637,519	37
12/31/14	4,641,151	35
12/31/13	4,234,545	34
12/31/12	3,541,064	28

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry age normal (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/17	\$ -	\$ 43,410,740	\$ 43,410,740	0%	\$ 35,078,173	124%
12/31/16	-	44,708,189	44,708,189	0%	34,512,652	130%
12/31/15	-	49,478,790	49,478,790	0%	32,007,658	155%
12/31/14	-	47,212,173	47,212,173	0%	29,811,912	158%
12/31/13	-	47,113,653	47,113,653	0%	29,485,857	160%
12/31/12	-	45,713,760	45,713,760	0%	26,252,071	174%

See independent auditors' report and accompanying notes to required supplementary information.

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The following funds have legally adopted budgets:

- Corporate
- Real Estate Acquisition
- Bond and Interest
- Construction and Development
- Capital Improvement
- Resident Watchmen

SUPPLEMENTARY INFORMATION

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

	Special Revenue			Capital Project	
	Grant Fund	Dog Parks Fund	Resident Watchmen Fund	Golf Courses Capital Improvement Fund	2015 Capital Improvement Bonds Fund
ASSETS					
Cash and cash equivalents	\$ 260,114	\$ -	\$ -	\$ -	\$ -
Receivables					
Grants	1,821,256	-	-	-	-
Golf	-	-	-	112,500	-
Other	-	6,210	-	-	-
Interfund receivable	2,709,662	365,847	60,891	92,487	-
Restricted investments	865,210	-	-	-	716,076
TOTAL ASSETS	<u>\$ 5,656,242</u>	<u>\$ 372,057</u>	<u>\$ 60,891</u>	<u>\$ 204,987</u>	<u>\$ 716,076</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 135,495	\$ -	\$ 32,581	\$ -	\$ 352,982
Other liabilities	-	-	715	-	-
Interfund payable	-	-	-	-	69,967
Unearned revenues	3,214,360	-	-	-	-
Total Liabilities	<u>3,349,855</u>	<u>-</u>	<u>33,296</u>	<u>-</u>	<u>422,949</u>
Deferred Inflows of Resources					
Unavailable revenues for grants	2,092,022	-	-	-	-
Total Deferred Inflows of Resources	<u>2,092,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable for permanent funds	-	-	-	-	-
Restricted for grants	214,365	-	-	-	-
Restricted for capital improvements	-	-	-	-	293,127
Committed for dog parks	-	372,057	-	-	-
Assigned to capital project funds	-	-	-	204,987	-
Assigned to resident watchmen facilities	-	-	27,595	-	-
Total Fund Balances	<u>214,365</u>	<u>372,057</u>	<u>27,595</u>	<u>204,987</u>	<u>293,127</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,656,242</u>	<u>\$ 372,057</u>	<u>\$ 60,891</u>	<u>\$ 204,987</u>	<u>\$ 716,076</u>

<u>Permanent</u>	
Working Cash	Total
Fund	Nonmajor
	Governmental
	Funds
\$ 13,518,810	\$ 13,778,924
-	1,821,256
-	112,500
-	6,210
-	3,228,887
-	1,581,286
<u>\$ 13,518,810</u>	<u>\$ 20,529,063</u>

\$ -	\$ 521,058
-	715
-	69,967
-	3,214,360
<u>-</u>	<u>3,806,100</u>

<u>-</u>	<u>2,092,022</u>
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<u>-</u>	<u>2,092,022</u>
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13,518,810	13,518,810
-	214,365
-	293,127
-	372,057
-	204,987
-	27,595
<u>13,518,810</u>	<u>14,630,941</u>

<u>\$ 13,518,810</u>	<u>\$ 20,529,063</u>
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FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue			Capital Projects	
	Grant Fund	Dog Parks Fund Fund	Resident Watchmen Fund	Golf Courses Capital Improvement Fund	2015 Capital Improvement Bonds Fund
REVENUES					
Fees	\$ -	\$ 108,285	\$ 222,997	\$ -	\$ -
Grants	1,018,284	-	-	-	-
Golf course revenue	-	-	-	547,000	-
Investment income	-	-	-	-	8,814
Total Revenues	<u>1,018,284</u>	<u>108,285</u>	<u>222,997</u>	<u>547,000</u>	<u>8,814</u>
EXPENDITURES					
Permits, concessions, and volunteer resources	-	13,352	-	-	-
Capital Outlay	<u>1,533,591</u>	<u>42,566</u>	<u>195,402</u>	<u>342,885</u>	<u>1,632,200</u>
Total Expenditures	<u>1,533,591</u>	<u>55,918</u>	<u>195,402</u>	<u>342,885</u>	<u>1,632,200</u>
Net Change in Fund Balances	(515,307)	52,367	27,595	204,115	(1,623,386)
FUND BALANCES - Beginning of Year	<u>729,672</u>	<u>319,690</u>	<u>-</u>	<u>872</u>	<u>1,916,513</u>
FUND BALANCES - END OF YEAR	<u>\$ 214,365</u>	<u>\$ 372,057</u>	<u>\$ 27,595</u>	<u>\$ 204,987</u>	<u>\$ 293,127</u>

<u>Permanent</u>		Total Nonmajor Governmental Funds
Working Cash Fund		
\$ -	\$	331,282
-		1,018,284
-		547,000
<u>92,691</u>		<u>101,505</u>
<u>92,691</u>		<u>1,998,071</u>
-		13,352
-		<u>3,746,644</u>
-		<u>3,759,996</u>
92,691	(1,761,925)	
<u>13,426,119</u>		<u>16,392,866</u>
<u>\$ 13,518,810</u>	<u>\$</u>	<u>14,630,941</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BOND AND INTEREST FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 11,850,948	\$ 9,578,586	\$ (2,272,362)
Personal property replacement taxes	3,997,250	3,997,251	1
Investment income	-	31,604	31,604
Total Revenues	<u>15,848,198</u>	<u>13,607,441</u>	<u>(2,240,757)</u>
EXPENDITURES			
Debt Service			
Debt service - principal retired	8,480,000	8,480,000	-
Debt service - interest	<u>7,628,472</u>	<u>7,628,472</u>	-
Total Expenditures	<u>16,108,472</u>	<u>16,108,472</u>	-
Net Change in Fund Balance	<u>\$ (260,274)</u>	(2,501,031)	<u>\$ (2,240,757)</u>
FUND BALANCE - Beginning of Year		<u>9,317,254</u>	
FUND BALANCE - END OF YEAR		<u>\$ 6,816,223</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CONSTRUCTION AND DEVELOPMENT FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 3,665,625	\$ 3,908,839	\$ 243,214
Total Revenues	<u>3,665,625</u>	<u>3,908,839</u>	<u>243,214</u>
EXPENDITURES			
Capital Outlay	<u>3,665,625</u>	<u>3,966,310</u>	<u>(300,685)</u>
Total Expenditures	<u>3,665,625</u>	<u>3,966,310</u>	<u>(300,685)</u>
Net Change in Fund Balance	<u>\$ -</u>	(57,471)	<u>\$ (57,471)</u>
FUND BALANCE - Beginning of Year		<u>3,373,947</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,316,476</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 286	\$ 286
Total Revenues	<u>-</u>	<u>286</u>	<u>286</u>
EXPENDITURES			
General maintenance	-	22,407	(22,407)
Capital Outlay	<u>3,910,000</u>	<u>4,741,462</u>	<u>(831,462)</u>
Total Expenditures	<u>3,910,000</u>	<u>4,763,869</u>	<u>(853,869)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,910,000)</u>	<u>(4,763,583)</u>	<u>(853,583)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>3,910,000</u>	<u>3,910,000</u>	<u>-</u>
Total Other Financing Sources	<u>3,910,000</u>	<u>3,910,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(853,583)</u>	<u>\$ (853,583)</u>
FUND BALANCE - Beginning of Year		<u>4,263,626</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,410,043</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REAL ESTATE ACQUISITION FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Fees	\$ -	\$ 47,602	\$ 47,602
Total Revenues	<u>-</u>	<u>47,602</u>	<u>47,602</u>
EXPENDITURES			
Current:			
Legal department	-	212,653	(212,653)
Real estate acquisition	-	-	-
Capital Outlay	<u>-</u>	<u>2,160,000</u>	<u>(2,160,000)</u>
Total Expenditures	<u>-</u>	<u>2,372,653</u>	<u>(2,372,653)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(2,325,051)</u>	<u>\$ (2,325,051)</u>
FUND BALANCE - Beginning of Year		<u>7,025,868</u>	
FUND BALANCE - END OF YEAR		<u>\$ 4,700,817</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RESIDENT WATCHMEN FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Fees	\$ -	\$ 222,997	\$ 222,997
Total Revenues	<u>-</u>	<u>222,997</u>	<u>222,997</u>
EXPENDITURES			
Capital Outlay	<u>257,500</u>	<u>195,402</u>	<u>62,098</u>
Total Expenditures	<u>257,500</u>	<u>195,402</u>	<u>62,098</u>
Net Change in Fund Balance	<u>\$ (257,500)</u>	27,595	<u>\$ 285,095</u>
FUND BALANCE - Beginning of Year		-	
FUND BALANCE - END OF YEAR		<u>\$ 27,595</u>	

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

COMBINING BALANCE SHEET CONSTRUCTION AND DEVELOPMENT FUND As of December 31, 2017

	2013 CONSTRUCTION AND DEVELOPMENT FUND	2014 CONSTRUCTION AND DEVELOPMENT FUND	2015 CONSTRUCTION AND DEVELOPMENT FUND
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Property tax receivable	-	-	-
Interfund receivable	52,118	1,956,020	770,049
Total Assets	\$ 52,118	\$ 1,956,020	\$ 770,049
Liabilities			
Accounts payable	\$ 52,118	\$ 71,183	\$ 28,046
Interfund payable	-	-	-
Other liabilities	-	-	-
Total Liabilities	52,118	71,183	28,046
Deferred Inflows of Resources			
Property taxes levied for future periods	-	-	-
Fund Balances (Deficit)			
Restricted for construction and development	-	1,884,837	742,003
Unassigned (deficit)	-	-	-
Total fund balance (deficit)	-	1,884,837	742,003
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 52,118	\$ 1,956,020	\$ 770,049

2016 CONSTRUCTION AND DEVELOPMENT FUND	2017 CONSTRUCTION AND DEVELOPMENT FUND	ELIMINATIONS	TOTAL
\$ -	\$ -	\$ -	\$ -
-	3,832,889	-	3,832,889
2,224,953	-	(1,094,721)	3,908,419
<u>\$ 2,224,953</u>	<u>\$ 3,832,889</u>	<u>\$ (1,094,721)</u>	<u>\$ 7,741,308</u>
\$ 273,932	\$ 178,241	\$ -	\$ 603,520
-	1,094,721	(1,094,721)	-
2,275	-	-	2,275
<u>276,207</u>	<u>1,272,962</u>	<u>(1,094,721)</u>	<u>605,795</u>
-	3,819,037	-	3,819,037
1,948,746	-	(1,259,110)	3,316,476
-	(1,259,110)	1,259,110	-
<u>1,948,746</u>	<u>(1,259,110)</u>	<u>-</u>	<u>3,316,476</u>
<u>\$ 2,224,953</u>	<u>\$ 3,832,889</u>	<u>\$ (1,094,721)</u>	<u>\$ 7,741,308</u>

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE CONSTRUCTION AND DEVELOPMENT FUND For the Year Ended December 31, 2017

	2012 CONSTRUCTION AND DEVELOPMENT FUND	2013 CONSTRUCTION AND DEVELOPMENT FUND	2014 CONSTRUCTION AND DEVELOPMENT FUND
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Expenditures			
Capital Outlay	(80,224)	851,964	277,202
Excess (deficiency) of revenues over expenditures	80,224	(851,964)	(277,202)
Other Financing Sources (Uses)			
Transfers in	-	-	641,605
Transfers out	-	(641,605)	-
Total Other Financing Sources (Uses)	-	(641,605)	641,605
Net change in fund balances	80,224	(1,493,569)	364,403
Fund Balances (Deficit) - Beginning of Year	(80,224)	1,493,569	1,520,434
Fund Balances (Deficit) - End of Year	\$ -	\$ -	\$ 1,884,837

2015 CONSTRUCTION AND DEVELOPMENT FUND	2016 CONSTRUCTION AND DEVELOPMENT FUND	2017 CONSTRUCTION AND DEVELOPMENT FUND	ELIMINATIONS	TOTAL
\$ -	\$ 3,898,343	\$ 10,496	\$ -	\$ 3,908,839
565,631	1,082,131	1,269,606	-	3,966,310
(565,631)	2,816,212	(1,259,110)	-	(57,471)
-	-	-	(641,605)	-
-	-	-	641,605	-
-	-	-	-	-
(565,631)	2,816,212	(1,259,110)	-	(57,471)
1,307,634	(867,466)	-	-	3,373,947
\$ 742,003	\$ 1,948,746	\$ (1,259,110)	\$ -	\$ 3,316,476

FOREST PRESERVE DISTRICT OF COOK COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SELF INSURANCE FUND For the Year Ended December 31, 2017

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Total Operating Revenues	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
OPERATING EXPENSES			
Other charges	375,000	399,892	24,892
Claims, settlements and other payments	<u>2,625,000</u>	<u>2,246,930</u>	<u>(378,070)</u>
Total Operating Expenses	<u>3,000,000</u>	<u>2,646,822</u>	<u>(353,178)</u>
Operating Loss	<u>(3,000,000)</u>	<u>(2,646,822)</u>	<u>353,178</u>
NON-OPERATING REVENUES			
Investment income	<u>-</u>	<u>99,312</u>	<u>99,312</u>
Total Non-Operating Revenues	<u>-</u>	<u>99,312</u>	<u>99,312</u>
Change in net position	\$ <u>(3,000,000)</u>	(2,547,510)	\$ <u>452,490</u>
NET POSITION - Beginning of Year		<u>13,514,728</u>	
NET POSITION - END OF YEAR		\$ <u>10,967,218</u>	

STATISTICAL SECTION

Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	136 - 140
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	141 - 144
Debt Capacity These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the District's ability to issue additional debt in the future.	145 - 148
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	149 - 151
Operating Information These schedules contain information about the District's service and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	152 - 153

Forest Preserve District of Cook County, Illinois

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary government										
Net investment in capital assets	\$ 248,008,094	\$ 244,219,062	\$ 252,430,319	\$ 256,160,262	\$ 255,136,753	\$ 260,584,642	\$ 243,224,610	\$ 229,231,567	\$ 192,462,332	\$ 172,357,359
Restricted	25,484,585	28,193,584	30,581,209	32,606,120	37,147,720	36,372,571	42,866,012	38,232,739	24,522,305	34,067,791
Unrestricted	<u>(245,533,296)</u>	<u>(244,208,576)</u>	<u>(219,026,783)</u>	<u>(40,528,264)</u>	<u>(16,722,194)</u>	<u>(3,999,013)</u>	<u>8,442,205</u>	<u>15,624,451</u>	<u>46,257,650</u>	<u>41,156,086</u>
Total primary government net position	<u>\$ 27,959,383</u>	<u>\$ 28,204,070</u>	<u>\$ 63,984,745</u>	<u>\$ 248,238,118</u>	<u>\$ 275,562,279</u>	<u>\$ 292,958,200</u>	<u>\$ 294,532,827</u>	<u>\$ 283,088,757</u>	<u>\$ 263,242,287</u>	<u>\$ 247,581,236</u>

Source: Annual Financial Reports 2008-2017

Forest Preserve District of Cook County, Illinois

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses										
Governmental activities:										
General administration	\$ 16,265,075	\$ 21,136,588	\$ 14,620,355	\$ 14,743,534	\$ 13,976,364	\$ 12,053,197	\$ 16,739,337	\$ 18,719,792	\$ 14,691,594	\$ 11,696,745
Resource management	6,647,805	10,376,999	7,138,891	6,651,145	11,024,040	10,712,071	7,588,507	7,309,675	6,979,922	6,485,647
PRC and general maintenance	26,052,354	34,150,398	28,550,360	28,363,515	27,724,332	24,927,230	18,664,641	17,554,355	17,227,653	15,225,392
Law enforcement-public safety	12,733,845	22,746,902	16,410,832	13,198,038	13,992,721	11,516,781	9,004,731	8,401,584	9,057,297	6,675,531
Real estate acquisition	-	-	100	142,193	157,279	1,300,382	309,987	-	1,339,706	2,496,358
Planning and development	8,028,210	13,792,456	23,321,719	27,123,685	13,913,428	8,672,957	8,880,567	9,130,532	8,762,303	16,721,767
Conservation and experiential programming	6,143,204	9,853,118	7,702,235	6,286,731	-	-	-	-	-	-
Interest and fiscal charges	5,983,516	6,359,185	7,557,331	7,658,734	9,779,504	6,180,215	5,164,086	5,424,673	5,712,807	5,985,100
Total primary government expenses	<u>81,854,009</u>	<u>118,415,646</u>	<u>105,301,823</u>	<u>104,167,575</u>	<u>90,567,668</u>	<u>75,362,833</u>	<u>66,351,856</u>	<u>66,540,611</u>	<u>63,771,282</u>	<u>65,286,540</u>
Program revenues										
Governmental activities:										
General administration-General Gov.	5,444,403	5,168,387	1,962,223	1,308,934	1,310,019	1,717,270	1,657,087	1,093,376	1,088,706	1,693,934
Permits, rentals and concessions	1,378,920	1,029,091	-	-	-	-	-	-	-	-
Resource Management	-	-	4,222,176	2,342,495	3,142,491	2,499,086	2,433,532	2,626,207	2,764,974	2,631,324
Law enforcement-public safety	113,365	137,793	319,944	276,200	309,497	149,579	568,242	109,351	257,101	34,000
Real estate acquisition	-	-	-	-	-	89,190	7,444	233,200	1,951,735	174,800
Planning and Development	415,826	300,871	498,576	307,621	-	-	-	-	-	-
Operating grants and contributions	625,086	38,981	2,519,426	1,967,180	868,950	230,671	1,945,700	858,365	3,741,376	10,213,651
Capital grants and contributions	1,018,284	2,244,430	361,677	451,751	-	-	-	13,291,066	-	-
Total primary government program revenues	<u>8,995,884</u>	<u>8,919,553</u>	<u>9,884,022</u>	<u>6,654,181</u>	<u>5,630,957</u>	<u>4,685,796</u>	<u>6,612,005</u>	<u>18,211,565</u>	<u>9,803,892</u>	<u>14,747,709</u>
Total primary government net (expense)	<u>(72,858,125)</u>	<u>(109,496,093)</u>	<u>(95,417,801)</u>	<u>(97,513,394)</u>	<u>(84,936,711)</u>	<u>(70,677,037)</u>	<u>(59,739,851)</u>	<u>(48,329,046)</u>	<u>(53,967,390)</u>	<u>(50,538,831)</u>
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	64,605,068	66,253,289	63,005,244	61,061,428	59,534,868	62,551,886	64,594,727	61,120,838	62,641,627	57,858,033
Personal property replacement taxes	6,904,777	6,811,857	7,472,549	6,906,979	7,256,846	6,159,035	5,966,672	6,456,253	6,138,159	7,220,428
Investment earnings	593,120	62,841	82,697	1,439,232	366,260	104,897	166,332	206,450	685,676	3,911,075
Other general revenues	510,473	587,431	411,857	781,598	382,816	286,592	456,190	391,975	162,979	174,275
Donated land	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>72,613,438</u>	<u>73,715,418</u>	<u>70,972,347</u>	<u>70,189,237</u>	<u>67,540,790</u>	<u>69,102,410</u>	<u>71,183,921</u>	<u>68,175,516</u>	<u>69,628,441</u>	<u>69,163,811</u>
Total primary government	<u>\$ (244,687)</u>	<u>\$ (35,780,675)</u>	<u>\$ (24,445,454)</u>	<u>\$ (27,324,157)</u>	<u>\$ (17,395,921)</u>	<u>\$ (1,574,627)</u>	<u>\$ 11,444,070</u>	<u>\$ 19,846,470</u>	<u>\$ 15,661,051</u>	<u>\$ 18,624,980</u>

Source: Annual Financial Reports 2008-2017

Forest Preserve District of Cook County, Illinois

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Corporate Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 714,558	\$ 6,565,807	\$ 3,465,250
Committed for board designated balance	-	-	-	-	-	-	8,411,973	-	-	-
Committed for real estate acquisition	-	-	200,000	200,000	550,000	1,000,000	4,000,000	-	-	-
Committed for self insurance	-	-	-	-	-	-	3,000,000	-	-	-
Committed for capital improvement	1,000,000	3,910,000	8,000,000	6,000,000	6,000,000	-	-	-	-	-
Assigned	-	-	-	1,200,000	-	984,259	1,531,566	-	-	-
Unassigned	33,848,311	33,346,574	34,359,189	37,543,100	37,286,352	39,188,256	20,082,777	-	-	-
Unreserved	-	-	-	-	-	-	-	35,349,895	26,299,152	19,774,805
Total Corporate Fund	\$ 34,848,311	\$ 37,256,574	\$ 42,559,189	\$ 44,943,100	\$ 43,836,352	\$ 41,172,515	\$ 37,026,316	\$ 36,064,453	\$ 32,864,959	\$ 23,240,055
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,074,546	\$ 40,467,433	\$ 49,713,330
Non-spendable	13,518,810	13,426,119	13,426,119	13,426,119	13,422,719	13,418,326	-	-	-	-
Restricted	13,182,828	19,485,304	32,225,014	70,945,266	119,219,783	125,057,823	43,596,711	-	-	-
Committed:										
Real estate acquisition	4,700,817	7,025,868	9,404,325	14,477,509	13,479,028	13,680,942	10,873,849	-	-	-
Dog Parks	372,057	319,690	339,286	468,803	422,898	373,965	335,222	-	-	-
Assigned:										
Working cash purposes	-	-	-	-	-	-	13,407,484	-	-	-
Capital project funds	3,615,030	4,264,498	2,296,652	3,319,673	4,246,645	12,082,970	-	-	-	-
Resident watchmen facilities	27,595	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(74,910)	(170,275)	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	25,096,354	31,222,987	30,136,283
Special revenue funds	-	-	-	-	-	-	-	21,676,131	5,061,962	3,090,374
Total all other Governmental Funds	\$ 35,417,137	\$ 44,521,479	\$ 57,616,486	\$ 102,467,095	\$ 150,791,073	\$ 164,614,026	\$ 68,213,266	\$ 68,847,031	\$ 76,752,382	\$ 82,939,987

Note: The District implemented GASB 54 beginning in fiscal year 2011.

Source: Annual Financial Reports 2008-2017

Forest Preserve District of Cook County, Illinois

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Property taxes	\$ 64,605,068	\$ 66,253,289	\$ 63,005,244	\$ 61,061,428	\$ 59,534,868	\$ 62,551,886	\$ 64,594,727	\$ 58,460,804	\$ 60,097,934	\$ 57,858,033
Intergovernmental taxes	6,904,777	6,811,857	7,472,549	6,906,979	7,256,846	6,159,035	5,966,672	6,456,253	6,138,159	7,220,428
Fees & fines	5,503,859	5,320,351	4,478,644	4,846,417	3,137,888	2,736,375	2,743,872	3,184,365	3,483,894	2,454,420
Grants	1,038,972	2,244,430	2,679,006	1,691,214	1,096,391	234,095	1,254,634	1,004,664	5,473,428	10,356,728
Recreation fees	1,877,923	1,315,085	2,550,819	889,470	1,381,171	1,340,696	1,292,106	1,473,556	1,835,254	1,725,874
Land use fees	-	-	-	-	-	223,680	255,555	268,591	288,366	325,909
Other income	480,905	657,147	428,447	520,486	382,816	295,953	497,904	13,727,977	189,687	195,999
Investment income	493,808	62,841	82,697	1,428,849	354,972	88,379	140,005	180,924	532,756	3,111,610
Total revenues	80,905,312	82,665,000	80,697,406	77,344,843	73,144,952	73,630,099	76,745,475	84,757,134	78,039,478	83,249,001
Expenditures										
General administration	5,976,128	5,958,602	4,642,144	4,351,352	4,602,252	4,047,138	3,694,204	3,167,788	4,244,486	4,246,762
Resource management	5,488,141	5,123,065	4,508,964	4,658,405	7,575,155	7,563,443	7,217,499	6,658,762	6,260,843	5,959,859
PRC & general maintenance	22,401,163	21,555,109	20,936,351	20,524,400	20,293,166	18,050,292	17,310,778	16,049,956	15,272,002	14,684,351
Law enforcement	11,022,629	11,091,325	10,450,468	9,047,843	9,086,008	8,106,724	8,566,361	7,617,612	8,220,240	6,426,068
Real estate acquisition & legal	1,612,801	1,507,377	1,420,566	1,722,962	1,905,666	2,666,250	5,783,520	28,059,681	1,339,707	2,496,358
Planning & development	2,292,401	2,204,208	2,079,569	1,968,912	1,800,701	1,734,527	1,571,352	1,486,877	5,419,436	6,431,938
Conservation and experiential programming	5,610,686	5,425,430	5,385,329	4,716,816	-	-	-	-	-	-
District wide charges	5,350,514	4,474,426	5,672,374	2,807,441	2,281,563	4,658,942	1,927,014	698,948	1,092,248	979,664
Grant expenditures	-	-	-	-	-	133,589	2,248,816	-	-	3,320,057
Component unit distributions	-	-	-	-	-	-	54,883	788,142	2,748,562	3,872,292
Capital outlay	16,555,282	26,437,059	60,327,949	58,943,604	19,944,151	24,636,897	9,966,919	9,772,555	17,851,848	24,807,251
Debt service										
Interest	7,628,472	8,106,021	8,643,212	7,120,000	9,250,406	8,164,327	5,119,794	5,432,673	5,712,807	5,985,101
Principal	8,480,000	9,180,000	22,810,000	8,947,838	8,295,000	7,925,000	7,050,000	6,730,000	6,440,000	7,465,000
Total expenditures	92,418,217	101,062,622	146,876,926	124,809,573	85,034,068	87,687,129	70,511,140	86,462,994	74,602,179	86,674,701
Excess of Revenues over (under) Expenditures	(11,512,905)	(18,397,622)	(66,179,520)	(47,464,730)	(11,889,116)	(14,057,030)	6,234,335	(1,705,860)	3,437,299	(3,425,700)
Other Financing Sources (Uses)										
Bond proceeds	-	-	18,945,000	-	-	142,930,000	-	-	-	1,300,000
Payment to escrow agent	-	-	-	-	-	(45,073,396)	-	-	-	-
Bond premium	-	-	-	-	-	17,477,385	-	-	-	-
Sales of assets	-	-	-	247,500	-	-	-	-	-	-
Transfers in	3,910,000	8,200,000	6,200,000	6,550,000	1,553,170	4,206,338	7,220,375	9,333,181	8,653,833	11,586,351
Transfers in from primary government	-	-	-	-	-	-	(10,220,375)	(12,333,181)	-	-
Transfers out	(3,910,000)	(8,200,000)	(6,200,000)	(6,550,000)	(1,553,170)	(4,206,338)	-	-	(8,653,833)	(12,586,351)
Total other financing sources (uses)	-	-	18,945,000	247,500	-	115,333,989	(3,000,000)	(3,000,000)	-	300,000
Net Change in Fund Balances	\$ (11,512,905)	\$ (18,397,622)	\$ (47,234,520)	\$ (47,217,230)	\$ (11,889,116)	\$ 101,276,959	\$ 3,234,335	\$ (4,705,860)	\$ 3,437,299	\$ (3,125,700)
Debt Service as a Percentage of Noncapital Expenditures	21.2%	26.0%	28.0%	17.8%	27.0%	25.5%	20.1%	15.9%	21.4%	21.7%

Source: Annual Financial Reports 2008-2017

Forest Preserve District of Cook County, Illinois
General Governmental Revenues By Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Personal Property Replacement Tax</u>	<u>Total</u>
2017	\$ 61,808,895	\$ 8,086,998	\$ 69,895,893
2016	65,946,761	7,658,005	73,604,766
2015	63,005,244	7,472,549	70,477,793
2014	61,061,428	6,906,979	67,968,407
2013	59,534,868	7,256,846	66,791,714
2012	62,551,886	6,159,035	68,710,921
2011	64,594,727	5,966,672	70,561,399
2010	61,120,838	6,456,253	67,577,091
2009	62,641,627	6,138,159	68,779,786
2008	57,858,033	7,220,428	65,078,461
Change in 2008-2017	6.8%	12.0%	7.4%

Source: Annual Financial Reports 2007-2016

Forest Preserve District of Cook County, Illinois
Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Levy Year	Residential Property	Commercial Property	Industrial Property	Railroad Property	Farm Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2017	2016	\$94,238,539	\$40,840,105	\$8,029,945	\$369,620	\$5,045	\$143,483,254	5.33%	(1)	(1)
2016	2015	86,012,268	38,707,818	7,627,094	362,982	4,686	132,714,848	6.90%	(1)	(1)
2015	2014	82,948,767	37,136,249	7,795,871	324,507	5,150	128,210,544	6.90%	\$ 499,136,554	25.69%
2014	2013	80,160,771	31,110,774	14,312,197	326,940	4,159	125,914,839	6.90%	459,860,597	27.38%
2013	2012	88,133,583	32,580,023	15,159,549	298,643	4,226	136,176,024	6.30%	414,382,389	32.86%
2012	2011	101,103,265	34,168,805	16,506,122	286,642	4,218	152,069,052	5.70%	442,787,689	34.34%
2011	2010	113,007,050	39,029,083	18,096,144	268,015	4,321	170,404,613	5.10%	449,811,539	37.88%
2010	2009	116,989,726	41,984,690	18,870,756	220,407	5,012	178,070,591	4.90%	550,135,369	32.37%
2009	2008	109,183,648	43,372,929	20,878,457	193,338	7,411	173,635,783	5.10%	616,163,594	28.18%
2008	2007	99,210,511	40,296,203	19,574,172	179,073	6,954	159,266,913	5.30%	656,474,744	24.26%

Note: Total Direct Tax Rate per \$100 of assessed value.

(1) 2017 Estimated Actual Taxable Value Unavailable.

Source: Illinois Department of Revenue

Forest Preserve District of Cook County, Illinois

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$100 of assessed value)

District's Direct Rates							
Fiscal Year	Corporate	Bond Interest	Employee Annuity & Benefit	Construction & Development	Zoological	Botanic Garden	Total Direct Rate
2017	0.033	0.008	0.002	0.002	0.010	0.006	0.062
2016	0.034	0.007	0.002	0.003	0.010	0.007	0.063
2015	0.037	0.008	0.002	0.002	0.012	0.007	0.069
2014	0.037	0.009	0.002	0.002	0.012	0.007	0.069
2013	0.030	0.008	0.002	0.004	0.011	0.007	0.063
2012	0.030	0.008	0.002	0.004	0.011	0.007	0.063
2011	0.027	0.008	0.002	0.004	0.010	0.006	0.057
2010	0.023	0.007	0.001	0.003	0.008	0.005	0.049
2009	0.024	0.008	0.001	0.003	0.009	0.005	0.051
2008	0.024	0.009	0.002	0.004	0.009	0.005	0.053

Overlapping Rates in the City of Chicago								
Fiscal Year	Cook County	Metropolitan Water Reclamation District	City of Chicago	Chicago Park District	Chicago School Finance Authority	Chicago Board of Education	Community College District # 508	Total Overlapping Rate
2017	0.496	0.402	1.652	0.352	-	3.890	0.164	6.956
2016	0.533	0.406	1.630	0.362	-	3.726	0.169	6.826
2015	0.569	0.426	1.549	0.372	-	3.455	0.177	6.548
2014	0.568	0.430	1.193	0.401	-	3.660	0.193	6.445
2013	0.560	0.417	1.209	0.402	-	3.671	0.198	6.457
2012	0.531	0.370	1.151	0.378	-	3.422	0.190	6.042
2011	0.462	0.320	0.999	0.331	-	2.875	0.165	5.152
2010	0.423	0.274	0.914	0.305	-	2.581	0.151	4.648
2009	0.403	0.261	0.986	0.309	-	2.478	0.150	4.587
2008	0.424	0.252	1.028	0.323	-	2.589	0.156	4.772

(1) 2017 Overlapping Rates unavailable

Forest Preserve District of Cook County, Illinois

Principal Property Taxpayers

Current Year and Nine Year Ago

Taxpayer	2016 (1)			2007		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Thompson Property	\$ 144,999,997	1	0.10%	\$ 131,669,998	2	0.08%
601 W Companies LLC	90,042,856	2	0.06%			
HCSC Blue Cross	89,425,105	3	0.06%			
Water Tower LLC	80,750,000	4	0.06%	81,250,874	7	0.05%
Simon Property Group	78,304,779	5	0.05%			
BFPRU I LLC	75,675,964	6	0.05%	103,239,859	4	
300 LaSalle LLC	73,485,203	7	0.05%			
227 Monroe Street LLC	72,888,899	8	0.05%	104,663,494	3	0.07%
JPMC CO ICG	72,462,051	9	0.05%			
Mark David's	70,185,703	10	0.05%			
233 South Wacker LLC CBRE				180,970,437	1	0.11%
ICG ING				87,999,144	5	
Sear D 768 B2 109A				84,875,255	6	0.05%
Woodfield Retax Adm.				78,908,982	8	0.05%
NACA Ltd. Partnership				76,028,229	9	0.05%
Jeffery A. Patterson				73,457,445	10	0.05%
Total	\$ 848,220,557		0.59%	\$ 1,003,063,717		0.51%

(1) 2016 Assessed valuations are the most current data available.

Source: County Cook 2017 CAFR

Forest Preserve District of Cook County, Illinois
Property Tax Levies and Collections
Last Ten Fiscal Years

Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		(1)	Percentage of Levy		Amount	Percentage of Levy
2016	91,388,420	88,535,413	96.88%	-	88,535,413	96.88%
2015	89,682,876	86,136,131	96.05%	1,195,642	87,331,773	97.38%
2014	88,093,777	82,811,764	94.00%	1,204,822	84,016,586	95.37%
2013	86,508,573	84,977,230	98.23%	1,046,716	86,023,946	99.44%
2012	85,790,895	83,976,813	97.89%	3,407,564	87,384,377	101.86%
2011	86,944,154	82,493,356	94.88%	3,107,974	85,601,330	98.46%
2010	86,944,102	80,243,940	92.29%	2,783,430	83,027,370	95.50%
2009	86,783,200	71,821,455	82.76%	10,353,919	82,175,374	94.69%
2008	87,647,885	81,716,672	93.23%	4,062,180	85,778,852	97.87%
2007	85,299,402	80,303,581	94.14%	2,492,491	82,796,072	97.07%

(1) Tax levied for Fiscal Year 2004 - 2010 includes levy for Forest Preserve District and Series 2004 & 2012 General Obligation Bonds Escrow Account

(2) Subsequent tax collections for 2015 tax levy collected during 2016 and future years

Forest Preserve District of Cook County, Illinois**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Master Loan	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (2)
2017	\$ 164,751,905	\$ -	\$ 164,751,905	(3)	(3)
2016	174,665,229	-	174,665,229	0.07%	34.20
2015	185,278,693	-	185,278,693	0.07%	34.20
2014	191,698,444	-	191,698,444	0.07%	35.39
2013	200,172,164	-	200,172,164	0.08%	38.20
2012	209,820,884	-	209,820,884	0.08%	40.11
2011	102,825,094	-	102,825,094	0.04%	19.71
2010	101,935,000	-	101,935,000	0.04%	19.60
2009	108,665,000	-	108,665,000	0.04%	20.55
2008	115,105,000	-	115,105,000	0.05%	21.90

Note:

- (1) Personal income information is found on Schedule 14.
- (2) Per capita information is found on Schedule 14.
- (3) Information not yet available
- (4) General Obligation Bonds amounts are net of unamortized premium and discount.

Sources:

Annual Financial Reports 2008-2017 and Bureau of Economic Analysis.

Forest Preserve District of Cook County, Illinois**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years

General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2017	164,751,905	164,751,905	(3)	(3)
2016	174,665,229	174,665,229	6.90%	\$ 28.14
2015	185,278,693	185,278,693	6.90%	31.13
2014	191,698,444	191,698,444	6.90%	35.39
2013	200,172,164	200,172,164	6.30%	38.20
2012	209,820,884	209,820,884	5.80%	40.11
2011	102,825,094	102,825,094	0.06%	19.71
2010	101,935,000	101,935,000	0.06%	19.60
2009	108,665,000	108,665,000	0.07%	20.55
2008	115,105,000	115,105,000	0.08%	21.90

(1) See Schedule 6 for property value data.

(2) Population data can be found in Schedule 14.

(3) Not available

Sources: Annual Financial Reports 2006 - 2015 and Bureau of Economic Analysis

Forest Preserve District of Cook County, Illinois
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Direct Debt</u>	<u>General Obligation Debt Outstanding</u>	<u>Overlapping Percentage</u>
Forest Preserve District	\$ 151,010,000	0.6%
<u>Overlapping Debt</u>⁽¹⁾⁽⁶⁾		
Governmental Unit		
Cook County Government ⁽⁴⁾	3,361,101,750	13.2%
City of Chicago ⁽²⁾	9,805,038,603	38.6%
City Colleges ⁽²⁾	315,560,000	1.2%
Chicago Board of Education ⁽²⁾⁽³⁾	8,257,269,000	32.5%
Chicago Park District ⁽²⁾⁽³⁾	821,000,000	3.2%
Metropolitan Water Reclamation District ⁵	2,658,336,000	10.5%
Subtotal, overlapping debt	25,218,305,353	99.4%
Total direct and overlapping debt	\$ 25,369,315,353	100.0%

Selected Debt Statistics⁽²⁾

2017 Estimated Population	5,211,263
2017 Equalized Assessed Valuation	\$ 150,817,077,698
2017 Estimated Fair Market Value	\$ 559,685,159,940

	<u>Per Capita⁽⁵⁾</u>	<u>% of Equalized Assessed Valuation</u>	<u>% of Estimated Fair Market Value</u>
Direct Debt	\$ 28.98	0.10%	0.03%
Direct and Overlapping Debt ⁽⁵⁾	\$ 4,868.17	16.82%	4.53%

Notes:

(1) Debt of Overlapping Taxing Districts

(2) Excludes Outstanding Tax Anticipation Notes and Warrants

(3) Includes "Alternate Bonds"; which are secured by a dedicated pledge of Revenues and the general obligation taxing ability of the issuer.

(4) Excludes short-term cash flow notes

(5) Includes Loans Payable to the Illinois Environmental Protection Agency

(6) Excludes Municipalities and Districts outside of the City of Chicago.

Source: Cook County 2017 CAFR

Forest Preserve District of Cook County, Illinois

Legal Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	<u>\$ 150,817,077,698</u>	(1)
Debt limit (.345% assessed value)	<u>\$ 520,318,918</u>	
Debt applicable to limit:		
General obligation bonds	151,010,000	
Less: Amount set aside for repayment of general obligation debt	<u>(7,790,000)</u>	
Total net debt applicable to limit	<u>143,220,000</u>	
Legal debt margin	<u>\$ 377,098,918</u>	

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2017	\$ 520,318,918	\$ 143,220,000	\$ 377,098,918	72%
2016	457,866,234	151,010,000	306,856,234	67%
2015	457,866,234	150,260,000	307,606,234	67%
2014	434,406,194	165,330,000	269,076,194	62%
2013	469,807,284	172,535,000	297,272,284	63%
2012	524,638,228	179,655,000	344,983,228	66%
2011	587,895,915	87,500,000	500,395,915	85%
2010	614,343,550	89,276,658	525,066,892	85%
2009	599,043,453	95,896,783	503,146,670	84%
2008	549,470,852	103,586,963	445,883,889	81%

(1) Assessed valuation for 2017 not available

Sources: Annual Financial Reports 2008 - 2016 and Cook County Clerk's Office, Tax Extension Division

Forest Preserve District of Cook County, Illinois
Demographic and Economic Statistics - Cook County

Last Ten Calendar Years

Calendar Year	(2) Population	Personal (2) Income (thousands of dollars)	Per Capita Personal Income (3)	Median Age (3)	School (3) Enrollment	Unemployment Rate (4)
2017	5,211,263	(1)	(1)	(1)	(1)	5.0%
2016	5,203,499	\$ 294,875,826	\$ 56,669	36.1	1,312,556	7.3%
2015	5,224,823	290,008,075	55,506	35.9	1,372,757	10.7%
2014	5,246,456	269,035,658	49,661	35.7	1,384,976	5.6%
2013	5,246,635	260,256,928	49,661	35.9	1,396,496	8.6%
2012	5,231,351	256,036,686	48,943	35.8	1,399,960	9.5%
2011	5,214,090	244,871,968	46,937	36.6	1,403,998	9.7%
2010	5,194,675	235,618,084	45,311	35.3	1,391,188	9.8%
2009	5,287,037	244,055,338	46,161	34.7	1,422,585	11.3%
2008	5,256,705	244,303,284	46,475	35.7	1,429,205	7.5%

Note:

(1) Information not yet available

Sources:

(2) Bureau of Economic Analysis - U.S. Department of Commerce / U.S. Census Bureau (2017 Estimated Population).

(3) U.S. Census Bureau

(4) U.S. Census Bureau

Forest Preserve District of Cook County, Illinois

Cook County's 10 Largest Employers

<u>Employer</u>	<u>2017 (1)</u>			<u>2008 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Cook County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Cook County Employment</u>
Advocate Health Care	19,049	1	0.53%			
Northwestern Memorial Healthcare	16,667	2	0.46%			
University of Chicago	16,583	3	0.46%			
J.P. Morgan Chase & Co.	15,701	4	0.44%	8,865	1	0.81%
Amazon.com Inc	13,240	5	0.37%			
United Continental Holdings Inc. (3)	12,994	6	0.36%	6,403	2	0.58%
Walgreens Boots Alliance, Inc	12,751	7	0.35%			
Northwestern University	10,847	8	0.30%			
Presence Health	10,225	9	0.28%			
Wal-Mart Stores, Inc	10,220	10	0.28%			
American Airlines				3,582	6	0.33%
AT&T Inc.				3,459	7	0.32%
Accenture				4,532	5	0.41%
Jewel Food Stores, Inc.				5,977	3	0.55%
CVS Corporation				3,161	9	0.29%
Northern Trust Company				5,084	4	0.46%
Bonded Maintenance Company				2,955	10	0.27%
Ford Motor Company				3,325	8	0.30%

Notes:

- (1) Source: Crain's Chicago Business issue December 31, 2017
 (2) Source: City of Chicago Comprehensive Annual Financial Report 2008
 (3) United Continental Holdings Inc. formerly known as United Airlines

Forest Preserve District of Cook County, Illinois
Full-time Equivalent District's Government Employees by Function

Function	Full-time Equivalent Employees									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General administration	50	52	41	42	44	41	34	33	34	34
Resource management / CEP	110	111	102	127	108	101	109	104	103	94
PCV and general maintenance	208	209	213	210	282	278	247	247	246	242
Law enforcement	115	115	120	119	122	122	122	121	121	121
Legal / Real estate acquisition	11	11	11	11	14	13	14	14	12	12
Planning and development	19	19	19	19	20	18	19	20	21	21
Total	<u>513</u>	<u>517</u>	<u>506</u>	<u>528</u>	<u>589</u>	<u>574</u>	<u>544</u>	<u>538</u>	<u>537</u>	<u>524</u>

Source: Forest Preserve District's Budget

Forest Preserve District of Cook County, Illinois

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
PCV and general maintenance										
Picnic permits issued with shelter	6,383	6,504	5,714	6,337	7,583	1,392	5,857	6,016	5,418	5,792
Picnic permits issued without shelter	1,090	1,082	829	1,270	1,623	6,343	1,372	1,452	1,278	1,344
Pool attendance	<u>90,351</u>	<u>98,232</u>	<u>112,335</u>	<u>82,202</u>	<u>89,625</u>	<u>69,419</u>	<u>81,125</u>	<u>80,491</u>	<u>28,905</u>	<u>27,504</u>
Total	<u>97,824</u>	<u>105,818</u>	<u>118,878</u>	<u>89,809</u>	<u>98,831</u>	<u>77,154</u>	<u>88,354</u>	<u>87,959</u>	<u>35,601</u>	<u>34,640</u>
Law enforcement										
Ordinance violations	2,994	4,203	6,570	6,040	7,676	6,051	6,626	7,136	6,706	6,351
Traffic arrests	1,723	2,963	1,859	1,763	2,145	1,133	1,628	3,275	4,581	4,664
Parking citations	5,526	6,113	4,542	4,189	5,512	3,707	3,655	4,935	4,800	4,359
Criminal arrests	335	309	480	445	630	429	325	464	443	391
Incident reports	<u>57,169</u>	<u>65,097</u>	<u>70,299</u>	<u>60,877</u>	<u>69,775</u>	<u>72,899</u>	<u>75,667</u>	<u>73,185</u>	<u>68,502</u>	<u>62,081</u>
Total	<u>67,747</u>	<u>78,685</u>	<u>83,750</u>	<u>73,314</u>	<u>85,738</u>	<u>84,219</u>	<u>87,901</u>	<u>88,995</u>	<u>85,032</u>	<u>77,846</u>

Sources: Forest Preserve District's Records

Forest Preserve District of Cook County, Illinois
Number of Capital Asset Projects by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General and administration										
Building and building improvements	-	6	4	16	13	17	10	10	7	12
Land improvement	-	4	3	6	12	13	17	8	9	5
Equipment	-	3	-	1	-	1	1	-	1	-
Vehicles	-	-	3	-	1	-	-	-	-	1
Infrastructures	-	6	2	9	21	19	11	13	12	14
Construction in progress	-	43	50	39	23	25	26	-	-	-
Total	-	62	62	71	70	75	65	31	29	32
Resource management / CEP										
Building and building improvements	-	-	-	-	-	-	-	-	-	-
Land improvement	26	2	5	-	-	-	-	-	-	-
Equipment	5	5	1	1	1	13	5	10	1	11
Vehicles	-	1	4	5	2	9	12	-	9	8
Infrastructures	-	-	-	-	-	-	-	-	-	-
Construction in progress	6	21	13	-	-	-	12	-	-	-
Total	37	29	23	6	3	22	29	10	10	19
PCV and general maintenance										
Building and building improvements	-	2	4	-	-	-	-	-	-	-
Land improvement	-	-	-	-	-	-	-	-	-	-
Equipment	24	3	2	14	4	34	1	3	18	29
Vehicles	9	6	14	12	-	20	17	-	12	32
Infrastructures	-	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-	-
Total	33	11	20	26	4	54	18	3	30	61
Law enforcement										
Building and building improvements	-	-	-	-	-	-	-	-	-	-
Land Improvement	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	17	-	2	6	24	-	21	8
Infrastructures	-	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-	-
Total	-	-	17	-	2	6	24	-	21	8
Planning and development										
Building and building improvements	14	-	-	-	-	-	-	-	-	-
Land Improvement	1	-	-	-	-	-	-	-	-	-
Equipment	2	-	-	-	-	-	-	4	1	10
Vehicles	-	-	-	-	-	1	-	1	-	-
Infrastructures	26	-	-	-	-	-	-	-	-	-
Construction in progress	30	-	-	-	-	-	-	-	-	-
Total	73	-	-	-	-	1	-	5	1	10
Total capital assets	143	102	122	103	79	158	136	49	91	130

Note: Amounts represent number of units.

Sources: District's Fixed Assets Reports