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**EMBARGOED UNTIL 12:01 A.M. WEDNESDAY, OCTOBER 22**

For more information, contact Laurence Msall at 312-201-9044



## **CIVIC FEDERATION: QUALIFIED SUPPORT FOR DUPAGE COUNTY'S \$505 MILLION FY2009 BUDGET**

(CHICAGO) The Civic Federation offered its qualified support for DuPage County Chairman Robert Schillerstrom's FY2009 budget in a report released today. The Federation's full analysis of the budget can be found at [www.civiced.org](http://www.civiced.org).

"DuPage County has proposed a reasonable spending plan that freezes property taxes," commented Civic Federation President Laurence Msall. "However, our support is qualified because the budget fails to provide sufficient transparency and to demonstrate that the County is effectively planning for its future financial challenges."

The total FY2009 budget will increase by 2.6% or \$12.9 million over the previous FY2008 amended budget of \$492.1 million. The budget includes new revenues resulting from a 0.25 percentage point increase in the County sales tax rate. On an annual basis this tax will generate as much as \$47 million in new revenues. The legislature authorized the sales tax increase for public safety and infrastructure needs in DuPage County as part of the mass transit bailout bill approved in January 2008. The new revenues have enabled the County to reverse planned budget cuts and layoffs and have greatly improved its financial situation.

"With new revenues come new responsibilities," Msall noted. "New spending should be linked to a rational planning process so that taxpayers have a way to evaluate the quality of new or enhanced programs." Best practice management reforms widely utilized by local governments include long-term financial planning, capital improvement planning, and performance measurement. "We don't see evidence that the members of the DuPage County Board have adopted these types of public planning methods," Msall said. "Without the Board and other elected officials' utilization of an agreed performance measurement system and full public disclosures of both the government's needs and priorities, the public is unable to determine whether the new revenues are being effectively and efficiently utilized in the long-term."

Msall pointed out that governments also have a responsibility to provide maximum transparency in their budget documents and to ensure maximum public participation in the budget process. "Unfortunately, the County lacks a formal public budget hearing process and the budget document is difficult for the average citizen to comprehend."

In its report, the Civic Federation recommends that DuPage explore fundamental structural reforms that would help reduce duplication and improve the County's operations. These reforms include:

- Reducing the number of elected officials to reduce fragmentation of authority;
- Consolidating the County Health Department into the rest of County government; and
- Considering privatization of the County Convalescent Center.

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



**DUPAGE COUNTY  
FY2009 PROPOSED BUDGET**

**Analysis and Recommendations**

**Prepared By  
The Civic Federation  
October 22, 2008**

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## **EXECUTIVE SUMMARY**

The Civic Federation offers **qualified support** for the DuPage County FY2009 financial plan totaling \$505.0 million. Although DuPage County has proposed a reasonable spending plan that freezes property taxes, our support is qualified because the budget fails to provide sufficient transparency and to demonstrate that the County Board is effectively planning for its future financial challenges.

The total FY2009 budget will increase by 2.6% or \$12.9 million over the previous FY2008 amended budget of \$492.1 million. The budget includes new revenues resulting from a 0.25 percentage point increase in the County sales tax rate. On an annual basis this tax will generate as much as \$47 million in new revenues. The legislature authorized the sales tax increase for public safety and transportation needs in DuPage County as part of the mass transit bailout bill approved in January 2008. The new revenues have enabled the County to reverse planned budget cuts and layoffs, while overall greatly improving the County's financial situation.

However, with new revenues come new responsibilities. New spending should be linked to a rational planning process so that taxpayers have a way to evaluate the quality of new or enhanced programs. Best practice management reforms widely utilized by local governments include long-term financial planning, capital improvement planning and performance measurement. Unfortunately, we don't see evidence of these planning methods being developed or implemented, which raises concerns about whether the new revenues are being effectively and efficiently utilized in the long-term.

Governments also have a responsibility to provide maximum transparency in their budget documents and to ensure maximum public participation in the budget process. The County Board lacks a formal public budget hearing process and the budget document is difficult for the average citizen to use or comprehend.

The Civic Federation recommends that the DuPage County Board explore fundamental structural reforms that would help reduce duplication and improve the County's operations. These reforms include reducing the number of elected officials to reduce fragmentation of authority, consolidating the County Health Department into the rest of County government and considering privatization of the County Convalescent Center.

### **FY2009 Budget Highlights**

- The FY2009 Recommended budget of \$505.0 million represents an increase of \$12.9 million, or 2.6%, over the FY2008 amended appropriation of \$492.1 million. This figure includes grant revenue. The FY2008 budget was amended after the Illinois General Assembly approved a sales tax increase for the County.
- As part of a larger mass transit bailout bill, DuPage County was authorized to raise the sales tax rate by 0.25 of a percentage point and spend the proceeds from this increase on both transportation and public safety needs.
- Corporate Fund appropriations will increase to \$180.7 million, rising \$29.7 million or 19.7% from last year's amended appropriation of \$150.9 million.

- The total DuPage County property tax levy, including the Health Department levy, will be held flat in FY2009. The entire levy will total \$66.4 million, decreasing by 6.5% or \$1.0 million from FY2008 levy of \$67.4 million. The decrease is due to a reduction in the Courthouse Bond Debt service levy.
- In FY2009, the Corporate Fund will be the single largest recipient of total property tax dollars, receiving an estimated \$22.9 million or 34.4% of the total. The Health Department levy will receive \$17.9 million, or 26.9 % of the total levy. The next biggest share of the levy, or 12.8%, will be earmarked for the Stormwater Management Fund.
- The total headcount for DuPage County government is proposed to rise by 56 full-time employees, or 2.3%, in FY2009, rising from 2,426 to 2,482 employees.
- Between FY2003 and FY2007, the amount of unreserved fund balance in the DuPage County Corporate Fund increased from 18.4% of operating revenues in that fund to 28.4%. The Government Finance Officers Association recommends a fund balance to be between five and 15%.
- Between FY2003 and FY2007, the gross general obligation bonded debt outstanding burden of DuPage County fell from \$210.4 million to \$188.5 million. This is an \$22.2 million, 10.6% decline.

#### Issues the Civic Federation Supports

- The Civic Federation commends DuPage County Board Chairman Robert Schillerstrom for exercising restraint by **freezing the property tax levy** for FY2009.
- The Civic Federation supports the County's pursuit of **revenue diversification**, including this year's 0.25% sales tax increase.
- We are pleased to see that this year the County provided a section that **links current budget priorities to the long-term strategic planning goals**, allowing the public to review the strategic plan in its entirety and also to compare individual strategic goals to the funding priorities outlined in the FY2009 budget.
- The Civic Federation is encouraged by County Board Chairman Schillerstrom's **appointment of a blue ribbon panel** to review the ongoing operations of the DuPage Convalescent Center and also to determine whether running the Center falls under DuPage County government's mission.

#### Issues of Concern

- While improvements to the transparency of the financial plan have been made in the past, the budget document and process still lack basic elements that are necessary for a **transparent** practice. Specifically, the lack of a public budget hearing process and a complete program budget format are two key areas that need to be addressed.
- The County Board has not developed a formal, comprehensive **long-term financial plan** that it allows key policymakers and stakeholders to review.
- The budget does not provide quantitative or qualitative **measures that evaluate program performance**.
- The County Board still lacks a **formal capital improvement plan (CIP)** that would include aggregate data, financing strategies, timelines and narrative sections explaining how projects are identified and prioritized.

- DuPage government will require considerable **reorganization and modernization** so as to use its resources as effectively as possible.

### **Civic Federation Recommendations**

- DuPage County Board needs to allot funds for the **administrative costs associated with implementing sound management practices** and improving the transparency of government information. This expense may be offset by cost reductions realized from modernizing county government operations.
- DuPage County Board must **modernize its government**, including consolidation and privatization.
- The Convalescent Center blue ribbon panel should seriously consider **privatization** options for management of the Center.
- The County should expand their efforts to organize the budget according to **program area**.
- **Narrative sections and aggregate data** across all funds and programs should be included in the annual financial plans in order to better inform the residents of DuPage County.
- DuPage County Board should wait and release a **final budget proposal** for public review rather than put forward a tentative and incomplete financial plan that remains subject to substantial change.
- DuPage County Board should develop and publish a **formal budget calendar** in the annual financial plan document, in addition to adopting an ordinance and/or seek legislation formally authorizing **public hearings** on the annual budget proposals.
- The County Board should develop a **five-year capital improvement plan (CIP)** that identifies priorities, provides a timeline for completing projects, and identifies funding sources for projects.
- A **performance measurement program** should be developed to assist the administration in its stated plan of improving management efficiency in the long term.
- The DuPage County Board needs to develop and implement a formal **long-term financial planning process** that is not only reviewed internally, but that is made widely available to allow for input from key policy stakeholders and the public.
- The County should **add narrative information** to the strategic planning and budget charts located in their annual Financial Plan to explain how current funding policies affect long-term goals.

### **OVERVIEW**

The Civic Federation offers **qualified support** for the DuPage County FY2009 financial plan totaling \$505.0 million. Although the County has proposed a reasonable spending plan that does not raise property taxes, the failure to engage the public through a transparent evaluation of how priorities are created is a missed opportunity to strengthen public awareness and support for the County's services. The budget will increase by 2.6% or \$12.9 million over the previous FY2008 amended budget of \$492.1 million. Our support of the FY2009 Financial Plan is qualified because we have insufficient evidence that the County Board is effectively planning for the future financial challenges. Our hope is that DuPage County leadership will implement important transparency and management reforms to better explain and account for their new spending priorities. We await those results next year.

### *With New Revenues Come New Responsibilities*

This year DuPage County has the benefit of a substantial increase in a economically-sensitive revenue source -- the sales tax. Due to this tax increase the County's short-term fiscal situation has improved, although long-term fiscal challenges remain.

With new revenues come new responsibilities and the Civic Federation believes that reasonable revenue increases must be linked to the implementation of common sense management reforms. Certain reforms can help ensure that new spending is linked to a rational planning process and that taxpayers have a mechanism by which to evaluate the quality of new or enhanced programs. These reforms include long-term financial planning, capital improvement planning and performance measurement. In addition, spending increases and spending plans should always be linked to greater transparency in financial planning procedures and presentations, including the budget document itself. Taxpayers deserve no less.

Unfortunately, it is the key areas of management processes and transparency that DuPage County falls far short of where it should be. The County Board's failure to move, or even signal its intention to move, towards implementing critical public budgeting and process reforms is the primary reason we are not able to fully endorse the FY2009 budget.

It is possible to develop and implement the aforementioned reforms in the short term, yet in order to be successful in the long term DuPage County needs to explore fundamental structural reforms. DuPage County is a 19<sup>th</sup> century government in need of a 21<sup>st</sup> century overhaul. Authority is fragmented among a number of offices leading to inefficiencies and duplications of effort. It is time for the County Board to begin the difficult work of streamlining and improving its operations to meet the challenges of a 21<sup>st</sup> century government.

Recently the state legislature authorized a .25 percentage point increase in the sales tax, which came at a crucial time for DuPage County. Without this increase the County faced a difficult budget situation as personnel costs were exceeding available revenue. Now that the immediate fiscal crisis has passed, it is time to do the hard work of reforming the operations of County government. The County Board cannot simply rely on a strategy of business as usual. The projected growth of future DuPage personnel expenses exceeds expected revenue.

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

The Civic Federation supports the following issues related to the FY2009 DuPage County budget.

#### *Holding the Line on Property Taxes*

This year DuPage County will not increase property taxes. The total levy for the County and the Health Department will actually drop slightly by \$1.0 million from \$67.4 million to \$66.4 million. The reduction is due to a decrease in the Courthouse Bond debt service levy.

The Civic Federation **commends** Chairman Schillerstrom for exercising restraint this year and freezing the property tax levy. We believe that property tax increases should only be considered as a last resort, after cost-cutting measures and increased efficiencies have been implemented.

The DuPage County Board was able to avoid property tax increases for nine years thanks to a combination of steadily increasing fee revenues and prudent management strategies, including restrained spending, reduced headcount, a draw-down of an excessive Corporate Fund balance and a short-term transfer of revenues from the DuPage Water Commission. For nine years, between FY1997 and FY2005, the levy was essentially held flat, dropping slightly by 1.0% or from \$60.3 million to \$59.7 million over the nine-year period.

In FY2006, the Schillerstrom administration raised the property tax levy to the maximum amount allowed by the property tax cap law. Chairman Schillerstrom raised the tax to the maximum amount again in FY2007 and FY2008.

The property increases for the past three years have been in response to fiscal stress. As a non-home rule government, DuPage County has had access to a narrower revenue base than home rule governments, leaving it with fewer options for raising funds. At the same time, the County has faced growing fiscal challenges related to demographic changes, with increasing populations of the elderly, immigrants and residents living at or below the poverty level. These factors will place continued fiscal and service delivery strains on the County's social service network in coming years.

#### *Diversifying the Revenue Base with a 0.25 of a percentage point Sales Tax Increase*

Earlier this year, state legislation authorized DuPage County to raise its sales tax rate by 0.25 percentage point and spend the proceeds from this increase on both transportation and public safety needs.<sup>1</sup> The sales tax increase will generate as much as \$47.0 million on an annualized basis, diversify the County's revenue base and dramatically improving the government's fiscal situation.

The Civic Federation has supported the County Board's pursuit of revenue diversification. We supported efforts to increase the County Board's cigarette tax and we also support the recent sales tax increase. The sales tax increase should greatly reduce the County's heavy reliance on property tax revenues, making future property tax increases less likely.

#### *Linkage of Strategic Plan to the Budget*

In 2006 a Strategic Planning Steering Committee was formed, consisting of both County Board members and other elected officials. With the assistance of the Regional Development Institute at Northern Illinois University and using both public and county employee input to create the plan, the County Board approved the final draft of the County's new Strategic Plan on May 22, 2007. Since then, a permanent Strategic Planning Committee has been created by the Board to

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<sup>1</sup> John Patterson, "Lawmakers OK Transit Bailout." *Daily Herald*. January 18, 2008.



oversee the implementation of the plan's recommendations.<sup>2</sup> A copy of the Strategic Plan is available on the County's website and it is also included in this year's financial plan.

All strategic planning decisions are based on the overarching mission of DuPage County:

*To assure that the County's communities will always be desirable places to live, work, and raise families by providing innovative cost-effective services, promoting a high quality of life for all residents, and acting as a leader with its local and regional partners in anticipating issues and developing solutions.*

The strategic plan itself outlines key issues facing the County, including: transportation and traffic; taxation; changing demographics; health and human services; affordable housing; criminal justice and public safety; education; high quality, efficient and accessible services; emergency management and homeland security; economic development; the environment; land use and development; and, management of unincorporated areas. The plan also articulates actions necessary for addressing these key issues.

The plan details four strategic goals for DuPage County government. First, the County pledges to communicate better with residents, businesses and municipalities as part of its strategic plan. Action items to achieve this goal are listed and include exploration of creating a 311 system for the County as well as establishing a countywide Customer Service task force.

Second, the County plans to partner with non-profit organizations and other units of local government to improve the effectiveness of its operations. Some actions listed under this goal are establishing procedures to take advantage of economies of scale and establishing a system by which goal outcomes can be measured.

Third, the County looks to use innovation to respond to the changing demographics and resulting needs of this new population. The County plans to appoint task forces to examine its administrative structure and also establish diversity training for all county employees.

Finally, the County plans to provide leadership that promotes a strong region by specifically looking to improve transportation access and working with other regional organizations to attract new businesses to the area.

In 2006 the Civic Federation praised DuPage County Board for beginning a long-term strategic planning process. We consider long-term planning to be a crucial component of any governmental budgeting process and are pleased that the plan has not only been completed, but that a permanent committee has been created to oversee its implementation.

We also commend the County Board for including the strategic plan in this year's financial plan and linking the current budget priorities to the long-term planning goals. This practice allows the

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<sup>2</sup> DuPage County Strategic Plan website at [http://www.dupageco.org/agendas/generic.cfm?doc\\_id=3077](http://www.dupageco.org/agendas/generic.cfm?doc_id=3077) (last visited on October 2, 2008).

public to review the strategic plan in its entirety and also to compare individual strategic goals to the funding priorities outlined in the FY2009 budget.

### *Formal Review of the Convalescent Center*

In January of 2008 Chairman Schillerstrom appointed a blue ribbon panel to review the ongoing operations of the DuPage Convalescent Center. The panel is charged with evaluating the Center's operations and deciding whether running the Center, whose mission is to "provide quality long term care as well as short term rehabilitative services to County residents in a professional and cost effective manner," falls under DuPage County government's mission.<sup>3</sup> Chairman Schillerstrom has asked the panel to make recommendations regarding the future of the Center, which could include privatization of the Center's operations. The panel is also asked to evaluate the needs of DuPage County's senior citizen population.<sup>4</sup> The Civic Federation applauds the County's decision to review the Center's operations, including whether these services should continue to be provided by the County.

### **Issues of Concern**

There are several concerns that the Civic Federation has related to DuPage County's long term financial management and condition.

#### *Lack of Budget Transparency*

While improvements to the transparency of the financial plan have been made in the past, the budget document and entire financial planning process still lack three elements that are necessary for a transparent practice.

First, an executive summary outlining the entire County budget document should be included in all financial plans. The Government Finance Officers Association (GFOA) recommends that governments provide both a concise summary of the overall budget document as well as a guide to key issues in order to facilitate public involvement.<sup>5</sup> While a budgetary overview and list of major budgetary impacts was provided in the FY2008 Financial Plan, the County only listed a few budget highlights in this year's document. The Civic Federation is concerned that County residents will have a difficult time deciphering how their tax dollars are being spent due to this reduction of information.

The Civic Federation is also concerned about the lack of a formalized public budget hearing schedule. Public input is recommended as a cornerstone to a healthy budget process by the National Advisory Council on State and Local Budgeting (NACSLB). While not the only

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<sup>3</sup> See DuPage County Convalescent Center website at [http://www.dupageco.org/convo/generic.cfm?doc\\_id=372](http://www.dupageco.org/convo/generic.cfm?doc_id=372) (last visited on September 29, 2008).

<sup>4</sup> Dan Petrella, "Schillerstrom Appoints Panel to Examine Future of Convalescent Center". *GateHouse News Service* (January 30, 2008).

<sup>5</sup> See Providing a Concise Summary of the Budget – GFOA Recommendation at <http://www.gfoa.org/downloads/budget-providing-budget.pdf> (last visited on October 6, 2008).

means of obtaining stakeholder input, public hearings held in advance of final budget approval voting are an important method by which governments can identify public priorities and help to garner public support for the final budget decisions.<sup>6</sup>

Finally, the Civic Federation recommends taking a few additional steps to increase the transparency of the budget document by expanding the current program budget format. While the current document contains a vast amount of program information, the data, as it is currently laid out, makes it difficult for individuals unfamiliar with the County's operations to understand shifts in the government's spending priorities and overall financial situation. All budgets should include fund-based information to fulfill budgetary compliance requirements. However, budgets should also adopt programmatic features that make them more user-friendly to the public. DuPage County requires some final additions to its current program budget format to achieve this goal.

#### *Lack of a Formal Long-Term Financial Plan*

The DuPage County Board undoubtedly employs many of the techniques of a long-term financial planning process internally, including the projection of multi-year revenue trends and the modeling of various revenue and expenditure options. The FY2009 Financial Plan does include five-year projections for the Corporate Fund, Stormwater Management, Public Works, the Division of Transportation and the Convalescent Center. This is important information and we commend the County for including it in the budget.<sup>7</sup> However, the County Board has not developed a formal, comprehensive long-term financial plan that is shared with and reviewed by key policymakers and stakeholders.

Long-term financial planning is a strategic process that provides governments with the insights and information they need to establish multi-year financial policies and pursue actions that maintain good fiscal health. A long-term financial plan (LTFP) is a formal document that summarizes the information and insights developed during the long-term financial planning process. The NACSLB and the GFOA both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.<sup>8</sup>

A typical LTFP consists of a three- to five-year forecasts of revenues, expenditures and debt capacity and an assessment of historic economic and financial trends. It also includes an evaluation of problems or opportunities, as well as the actions required to address properly them, such as gap-closing or surplus management. The benefits of long-term financial planning include:

- Revenues are adequate to maintain services at current levels;
- Financial resources are sufficient to address future operating and capital expenditures;
- It is possible to expand existing programs or initiate new ones; and

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<sup>6</sup> See National Advisory Council on State and Local Budgeting – Best Practices in Public Budgeting at <http://www.gfoa.org/services/nacslb/> (last visited on October 6, 2008).

<sup>7</sup> *FY2009 DuPage County Financial Plan*, pp. 65-69.

<sup>8</sup> See National Advisory Council on State and Local Budgeting and Government Finance Officers Association

- It is prudent to issue new debt to fund new capital projects.

By effectively linking policy and program priorities to the financial resources available currently and in the near future, the long-term financial planning process helps governments prepare for future contingencies before they become crises.

#### *Lack of a Performance Measurement System*

The FY2009 DuPage County Corporate Fund budget will grow by 19.7% in FY2009, up by \$29.7 million from the prior year FY2008 amended budget. Much of the increase is targeted to be spent for public safety needs, and these increases may well be justified and appropriate. The Civic Federation and DuPage County residents can ascertain the effectiveness of the County's programmatic priorities. However, the FY2009 budget provides no quantitative or qualitative measures that evaluate program performance. In short, there is no way to determine whether programs are operating according to articulated goals, whether they are operating efficiently or effectively. Given the large size of the budget increase, the Civic Federation believes it is important for taxpayers to know more about the quality of the services they are "buying" with their tax dollars. Furthermore, the failure to adopt performance measures now during a period of revenue growth will also make it harder to evaluate priorities and measure impact for future budgets.

For each agency or program, the FY2009 DuPage County Financial Plan includes a mission statement, a list of accomplishments from the prior fiscal year, as well as short-term and long-term goals. These features do present some information regarding the activities, services, and functions carried out by organizational units. However, the budget does not provide any quantitative or qualitative measures that allow the public to evaluate program performance.

#### *Lack of a Complete Formal Capital Improvement Plan*

In DuPage County's Financial Plan there is a detailed capital projects listing that itemizes by fund the projected capital expenditures through FY2013.<sup>9</sup> Costs per year are listed for each project and these lists are updated annually in the Fiscal Plan. There is also a section that describes the uses of bond funded capital projects.<sup>10</sup>

The Civic Federation is pleased to see that this important information provided to the public. However, we are concerned by the lack of a formal capital improvement plan (CIP) that would include aggregate data, financing strategies, timelines and narrative sections explaining how projects are identified and prioritized.

First, the capital improvement plan does not provide concise, aggregate financial information reflecting the amount that will be spent on capital projects. Aggregate data, reflecting the total costs of capital projects for each year by both fund and program are necessary to give residents of DuPage County a complete understanding of the capital plan.

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<sup>9</sup> *DuPage County FY2009 Financial Plan*, pp. 385-422.

<sup>10</sup> *DuPage County FY2009 Financial Plan*, pp. 347-359.

Second, there is no specific description of funding sources. It is difficult to understand how DuPage intends to finance the various capital projects. The Civic Federation is concerned that the public does not have access to information identifying how cost projections were developed. It is also difficult for the public to assess the affordability of the projects proposed without the County identifying funding sources.

Third, listing projects or providing tables and charts without any accompanying narrative explanation of the data contained seriously limits the effectiveness of the entire capital improvement plan. Written analysis and explanation is a key element of any capital improvement plan and the lack of such a section gives us pause when evaluating the FY2009 financial plan. Narrative explanations could also link the capital improvement plan to the goals identified in the recently-released strategic plan.

Fourth, there is no discussion of the prioritization process used to identify and select projects for funding. It is difficult to determine how projects were chosen using just the information provided in the FY2009 plan.

Fifth, no information is provided regarding the time frame for fulfilling capital projects. It is important for taxpayers to know how long it will take to complete a project as well as its total cost.

A large, professional and modern government should develop and make publicly available a formal capital improvement plan.

#### *DuPage County Government Needs Structural Reform*

DuPage County is now a mature urban county facing many of the demographic pressures and expenses of other urban counties. Unfortunately, the County's governmental structure is antiquated and better suited for the 19<sup>th</sup> century rather than the 21<sup>st</sup>.

The Civic Federation believes the time has come for the DuPage County Board to re-think and modernize its government structure so that County resources can be used as effectively as possible. We offer several recommendations in this report on ways to reform DuPage County government including:

- Consolidation of County Government and the DuPage County Health Department;
- Elimination of Certain Elected Offices; and
- Privatization of the Convalescent Center.

We recognize that implementing these reforms is not an easy task. It will require a great deal of public education, political negotiation, persuasion and focused leadership. It will arouse powerful opposition. However, in the end, modernization and rationalization of government functions will bring considerable opportunities for greater efficiency in County operations.

## **Civic Federation Recommendations**

The following section sets forth the Civic Federation's recommendations on ways the DuPage County Board can improve the transparency of its operations, governance and its financial management practices.

### *Earmark Funds for Management and Transparency Reforms*

Developing and implementing sound management practices and plans, in addition to improving the transparency of government information, may lead to additional administrative costs. However, these costs are reasonable in light of the benefits they will produce, including greater public support for the government and help in ensuring a more transparent and accountable financial management and governance system. In light of new revenues being received by the County, the Board should look to re-appropriate general fund revenues for these reforms. Also, these expenses may be offset by cost reductions realized from modernizing county government operations.

### *Restructure County Government*

The Civic Federation believes that the DuPage County Board must modernize its government operations. Modernization of government functions will bring opportunities for greater efficiency into County operations and may also result in a reduced need for administrative services.

### Consolidate County Government and County Health Department

Major governmental functions in DuPage County are scattered among a variety of legal entities.

The **DuPage County government**, with a proposed budget of \$505.0 million in FY2009, provides key public services like public safety, transportation and human services. It is governed by a Chairman who is elected countywide and also by an 18-member Board of Commissioners. The executive function is divided between the Chairman and numerous countywide elected officials.

The **DuPage County Health Department** has a separate governance structure, overseen by an 11-member Board of Directors appointed by the County Board Chair.<sup>11</sup> The County Board of Commissioners makes appropriations for the Health Department Fund, while the County Board Chair has the power to veto or reduce line items in the Department's appropriation ordinance.<sup>12</sup> In FY2009 the Health Department budget is proposed to be \$47.7 million.

It is clear that the Health Department provides valuable services to the residents of DuPage County. However, the division of these major DuPage County services among separate legal entities is inefficient. Consolidating the County government and the Health Department would

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<sup>11</sup> The DuPage County Health Department was established through a referendum vote in November of 1944 and began operations in the old courthouse in Wheaton in March of 1945. See [www.dupagehealth.org](http://www.dupagehealth.org).

<sup>12</sup> See 55 ILCS 5/5-25010.

allow the County to streamline service delivery and introduce greater efficiencies into government operations. Initially, this could involve cost savings from the elimination of duplicative administrative positions. In future years, after a comprehensive review of Department operations, additional efficiencies could be achieved through the identification and elimination of non-core positions or functions. The County Board could also evaluate the possibility of outsourcing non-essential functions.

Consolidation would also guarantee greater accountability for taxpayers. Rather than the unelected Health Department Board, the elected Chairman and County Board would be directly responsible for how well services are delivered and how resources are used.

The Civic Federation believes that it is not important which government delivers a service, but how efficiently and effectively a government as a whole fulfills its promises to taxpayers. Chairman Schillerstrom and his financial team have amply demonstrated their ability to manage County resources in a responsible and efficient manner.

Merging the County government and the Health Department would be a challenging endeavor. The DuPage County Health Department was established in 1944 via a voter referendum, pursuant to 55 ILCS 5/5-25001. Since a voter referendum created the Department, Illinois state law requires that a referendum initiated by petition and submitted to a vote by the electorate must occur prior to dissolution of the Department.<sup>13</sup>

*The Civic Federation recommends that the County government and the DuPage County Health Department be merged into a single unified government under the authority of the County Board Chairman and the Board of Commissioners.*

#### Reduce the Number of Elected Officials

DuPage County government is plagued by an excessive fragmentation of authority. A total of 27 different officials are elected by the voters: the Chairman of the County Board of Commissioners, eight other executive-level elected officials, and eighteen members of the Board of Commissioners. Services are delivered by numerous different departments and offices; it is difficult, in fact, to provide an accurate tally of these departments because of the fragmented, fund-based organization of the budget.

There are two consequences of DuPage County's diffuse governmental structure. The first is inefficiency, with its attendant cost implications because of a duplication of functions and activities and a lack of coordination among departments and agencies. The second is a lack of accountability by government officials to the general public. The government's fragmentation often makes it extremely difficult for the public to pinpoint responsibility for the County's actions. Confusion in the public mind over which official is responsible for a particular program makes it easier for officials who are not functioning adequately to escape public notice. The Civic Federation proposes the following structural changes:

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<sup>13</sup> County and Multi-County Health Departments, 55 ILCS 5/5-25017.

- Abolish the elected position of Coroner, replacing it with an Office of the Medical Examiner headed by an official appointed by the DuPage County Board Chairman.
- Consider the consolidation of the Clerk and Recorder of Deeds offices.<sup>14</sup> In Illinois counties with a population of under 60,000, the county clerk is also the recorder.<sup>15</sup> This is also the case in many counties across the nation.
- DuPage County should eliminate the currently elected County Auditor position and instead establish a new independent **Office of the Auditor General**. The Auditor General should no longer be an elected position and instead the position should be appointed by the County Board Chair, with the advice and consent of the County Board.<sup>16</sup> The Auditor General would be charged with conducting both program and financial audits of all County programs on a regular basis. More specifically, the office would be charged with reviewing the obligation, expenditure, receipt and use of public funds. The Auditor General's tasks would include reviewing department's financial records, their compliance with state and federal regulations, and program performance after the close of their fiscal year. The Auditor General would be required to be a Certified Public Accountant. He or she would be appointed by the County Board Chairman and confirmed by the County Board of Commissioners. The Auditor General could only be removed by supermajority vote of the Board, would serve a longer term than County Board members, and would have a guaranteed funding stream to ensure independence. This office would function in much the same manner as the State of Illinois Auditor General.

The appointed Auditor General would continue to perform the County Auditor's current functions, which include conducting internal audits, evaluating the use, protection and recording of County resources, and evaluating how County departments are operating.<sup>17</sup> The County Auditor also prepares recommendations for improving systems and processes.<sup>18</sup>

However, the duties of the Auditor General would be much broader than that of the County Auditor, focusing also on providing an independent review of departmental and office performance. The office would provide oversight of County operations and assist in providing evidence of ways the County could operate more efficiently and effectively. Savings from recommendations of this office could, over time, help offset at least part of its operating costs. A model for the County to follow when enacting this office is the Office of the Auditor General established by the State of Illinois.<sup>19</sup>

- Evaluate the possibility of abolishing other elected offices and replacing them if necessary

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<sup>14</sup> This recommendation would require legislation amending the current law that requires counties with populations exceeding 60,000 to elect a recorder.

<sup>15</sup> 55 ILCS § 5/3-5001 (2006).

<sup>16</sup> This recommendation would require amending current legislation that requires counties with populations of over 75,000 but less than 3,000,000 to elect an auditor. Currently, only counties with a population that is under 75,000 are statutorily allowed to appoint auditors. 55 ILCS § 5/3 – 1003 ( 2006).

<sup>17</sup> DuPage County Auditor Homepage at [www.co.dupage.il.us/auditor/](http://www.co.dupage.il.us/auditor/).

<sup>18</sup> DuPage County Auditor Homepage at [www.co.dupage.il.us/auditor/](http://www.co.dupage.il.us/auditor/).

<sup>19</sup> Illinois' Auditor General Homepage at <http://www.auditor.illinois.gov/> (last visited on November 21, 2007).



with positions appointed by the County Board Chairman with the advice and consent of the County Board of Commissioners. A comprehensive review and analysis of the structure of DuPage County and its excessive fragmentation of authority is beyond the scope of this report. In our view, however, such an analysis is long overdue.

### *Consider Privatization of Convalescent Center*

A panel appointed by DuPage County Board Chairman Schillerstrom is currently reviewing its options regarding management of the Convalescent Center. The panel will explore a variety of options including outsourcing the Center's management, alternate uses for vacant space, the expansion of services and revenue opportunities.<sup>20</sup> Considering new management and/or funding alternatives for the Center is important because operating deficits are projected beginning in FY2011. The deficits will grow from approximately \$1.5 million in FY2011 to \$2.1 million in FY2013.<sup>21</sup> Solving this problem will require new infusions of revenue, service cutbacks or explorations of other cost-stabilizing options.

The Civic Federation recommends that the Convalescent Center panel seriously consider privatization options for management of the Center or for services offered by the Center as possible solutions to the fiscal challenges faced in the future. Possible privatization structures to be evaluated should include the sale of a long-term concession for operation of the Convalescent Center or the privatization of all non-medical operations, including finance, facilities, and purchasing. Privatization or managed competition could bring valuable savings and innovation in how County residents receive services.

Currently there are a number of private or nonprofit facilities in DuPage County that provide some or all of the services offered by the Convalescent Center. The Senior Services Department of DuPage County, which assists residents with locating long-term, Alzheimer, sub-acute, and respite care, lists 37 providers on their website as options for DuPage residents.<sup>22</sup> The Illinois Department of Public Health lists over 40 options for long-term care in DuPage County.<sup>23</sup> The majority of providers listed accept either Medicare, Medicaid, Veterans Contracts or all of the above. There are also other providers of rehabilitation services offered by the Center. Central DuPage Hospital, for example, offers both occupational and physical therapy, as well as speech language pathology services.<sup>24</sup>

The Civic Federation recognizes that privatization is **not** a panacea for a government's financial problems. Transferring responsibility for service delivery to a private firm or nonprofit organization can be beneficial *only* if there is a marketplace of competitive, qualified vendors or

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<sup>20</sup> DuPage Convalescent Center Blue Ribbon Panel Operations Subcommittee Meeting Minutes, April 7, 2008.

<sup>21</sup> FY2009 DuPage County Financial Plan, p. 69.

<sup>22</sup> DuPage County Senior Services website at <http://www.dupageco.org/seniorsvcs/directory/srd23.pdf> (last visited on October 2, 2008).

<sup>23</sup> Illinois Department of Public Health website at <http://www.idph.state.il.us/webapp/LTCApp/resultform.jsp?facility=null&city=null&county=043> (last visited on October 2, 2008).

<sup>24</sup> Central DuPage Hospital website at <http://www.cdh.org/ClinicalServices.aspx?id=9101> (last visited on October 2, 2008).

service providers and strong, sustained oversight by the government. Governments must establish a mechanism to monitor and evaluate cost-saving and efficiency benefits produced by any alternative service or privatization efforts. These efforts should include the public reporting of efficiencies and/or savings achieved. However, privatization often achieves cost-savings and increases in the efficiency of government operations.

The Civic Federation believes that the DuPage County Board should seriously consider privatizing the Convalescent Center, or some of its functions, in order to explore potential savings and efficiencies in the delivery of these services.

### *Implement a More Comprehensive Program Budget*

The Civic Federation believes that the DuPage County Financial Plan could be more transparent and user-friendly if it implements a more comprehensive program budget format. All budgets should include fund-based information to fulfill budgetary compliance requirements. However, budgets should also be user-friendly to the public, which requires the additional listing of budgetary information by program.

DuPage County has taken important steps towards implementing a program budget by including a breakdown of total spending by program, such as public safety or education, followed by a more detailed breakdown of spending by each department. DuPage County also includes important information, such as mission statements, accomplishments and goals, for each department. We commend DuPage County for their inclusion of this data.

However, we recommend taking a few additional steps to increase the transparency of the budget document. While the current document contains a vast amount of program information, the data as it is currently laid out is often difficult to understand for individuals who are not familiar with the County's operations. The data sections for each department should be organized by program, as opposed to fund. Each departmental section is also missing a few key pieces of information that should be included in the document.

We recognize that making these revisions will increase the size of the budget document and therefore will be an added expense. However, expenses associated with improving the transparency of government information are reasonable in light of the benefits received from the added transparency. Given the recent substantial increase in revenues, the County Board should make transparency expenditures a priority.

The following steps should be taken in future budget documents to fully recognize the usefulness of this new program budget section:

- A one-page explanation of how to read the program budget documents, including definitions of technical terms and explaining the information contained in the document. This act will assist the public with deciphering often complex financial information.
- A comparison of aggregate appropriation information for all programs across all funds in one, easy to read chart. A program budget should contain a two-year aggregate chart that

itemizes expenditures by each program for the upcoming fiscal year alongside program appropriations for the previous fiscal year that contains appropriations from all funds.

- Individual sections in the budget for each program should be created and contain corresponding department information sections. Currently the document organizes department information by fund. An additional section should be created in the budget document that organizes the same information by program. The result would be individual program sections, such as public safety, that contains department information for all operations of the sheriff, states attorney, jail, etc. Information sheets that aggregate all the entire cost of the programs would be placed at the front of each program section.
- Individual departmental sections should continue to contain brief narrative descriptions of data such as mission statement, accomplishments and goals. They should also contain the following data points:
  - Total appropriations for each department for all funds, including grant funds. We recognize the uncertain nature of grant fund revenues, but we believe reasonable estimates of this revenue source should be included to better represent the total revenues allotted for each department;
  - Departmental program data that briefly describes the programs being operated by each department, the number of full-time equivalent employees for each program and the funding sources for each departmental program.
  - A breakdown of personnel and non-personnel expenses for each department. Personnel expenses typically include salaries and benefits, while non-personnel expenses include costs of equipment and services.

While DuPage County has included much of the information associated with a program budget, the organization of this information precludes the reader from easily understanding the total cost and outputs of each program. Examples of governments who have successfully integrated program budgets into their traditional budget documents and properly organized the data include the Cities of Portland, Oregon and Chicago, Illinois.<sup>25</sup>

#### *Continue to Improve Budget Transparency*

DuPage County continues to make improvements to the format of its financial plan document, specifically with respect to the inclusion of the recently-implemented strategic plan. However, the Financial Plan still is not as transparent as many other local government documents. We recommend making the following general changes to help better inform the residents of DuPage County:

- *Additional narrative sections:* While it is important to include raw data and accompanying charts in each financial plan, too often this information is difficult to understand without an

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<sup>25</sup> See City of Portland FY2008-2009 Budget at <http://www.portlandonline.com/omf/index.cfm?c=26048> (last visited on October 17, 2008) and City of Chicago FY2009 Program and Budget Summary at <http://www.cityofchicago.org/city/webportal/home.do> (last visited on October 17, 2008).

accompanying narrative section. Written explanations of appropriations and revenues for each fund, as well as for each program, are necessary for a more complete understanding of the County's annual financial plans. The one-page, or in some cases one sentence, summaries for each fund do not assist the reader in understanding the information contained in the multitude of charts that follow. A detailed narrative section that explains the entire budget is also necessary and should be included along with an executive summary that condenses all of this information.

- *Aggregate data:* Much of the information presented in the annual financial plans is displayed individually by fund and category. While useful, aggregate data should accompany disaggregated charts and tables. Aggregate data should be provided for appropriations and revenues across all funds. It should also be provided by program, listing the major categorical expenses for each and totaling the amount of appropriations. Aggregate information for the capital improvement plan should also be added, including charts that detail total costs for equipment and improvements, as well as totals for both funds and programs.

An improved Financial Plan should also include the following best practice features, as suggested by the NACSLB:<sup>26</sup>

- A transmittal letter from the County Board Chairman outlining key priorities;
- An organizational chart of the County government;
- A Capital Improvement Plan Budget that begins with summary financial information;
- A budget calendar that gives a timeline for the composition and approval process; and
- A concise Executive Summary offering complete and comprehensive information on all revenues and all spending. The Executive Summary should include:
  - A brief narrative discussion of new issues, programs, and initiatives;
  - Three to five years of summary financial information for each Agency or Office that aggregates revenue and expenditures from various funds;
  - Three to five years of summary revenue information for each Agency or Office that aggregates revenues from various funds; and
  - A narrative description regarding the components of the gross property tax levy.

#### *Develop and Release a Final Executive Budget*

The budget that the DuPage County Board currently allows the public to review is a work-in-progress. It is released before important phases of negotiation between the Chairman and elected officials have been completed. It is extremely difficult for the public to offer any meaningful commentary on a budget whose numbers remain subject to substantial changes. Most other governments reviewed by the Civic Federation present a budget that is the executive's final proposal. Many executive officials hold public hearings before and after the submission of their

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<sup>26</sup> All of the recommendations for budget transparency, except for the gross property tax narrative description, are derived from the National Advisory Council on State and Local Budgeting Recommended Budget Practices: A Framework for Improved State and Local Budgeting. (Chicago: Government Finance Officers Association, 1998).

final proposal to ensure public awareness and input. The legislative body then debates and amends the budget.

At a minimum, the DuPage County Board should release a **final budget proposal** for public review rather than put forward a tentative and incomplete financial plan that remains subject to substantial change. A final budget proposal would incorporate specific information for all funds using all of the best data available. The current practice of issuing only an incomplete financial plan that remains a work-in-progress before producing a final budget document for consideration by the Board limits the utility of public input and represents a significant departure from the budget practices of virtually every other government in the region. We understand the importance of completing a budget proposal by a target date, but the desire to meet such an objective should never compromise reasonable standards of completeness and accuracy.

*Publish a Budget Calendar, Schedule Public Hearings Prior to Release of the Financial Plan*

Many governments publish a budget calendar in their budgets that lists key events in the budget process. The National Advisory Council on State and Local Budgeting recommends that all governments develop such a calendar. The Council argues that it is important for citizens to know when key budget tasks and events such as public hearings are scheduled so that they are able to participate in the process, as is their right as taxpayers and citizens.<sup>27</sup> The Civic Federation agrees with this position.

The DuPage County Board, however, develops its budget calendar after the Financial Plan is released.<sup>28</sup> While the budget was released on September 16, 2008, no formal budget calendar detailing the budget process and indicating opportunities for stakeholder input had been published as of October 8, 2008.

DuPage County is a modern, professional governmental unit. Like other such governments, it should operate with maximum transparency, affording citizens complete information about both financial proposals and opportunities to express their opinions on those proposals. The current approach is ad hoc in nature and misses the opportunity to both engage the public and build support for financial decisions made by the elected officials.

The Civic Federation urges the DuPage County Board to develop and publish a formal budget calendar in the Financial Plan document. Also, as neither state law nor county ordinance require public hearings on the annual budget, the County Board should adopt an ordinance and/or seek legislation formally authorizing such hearings.<sup>29</sup>

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<sup>27</sup> National Advisory Council on State and Local Budgeting. *Recommended Practice 8.3: Develop a Budget Calendar*. (Chicago: Government Finance Officers Association, 1996), p. 38.

<sup>28</sup> *DuPage County FY2009 Financial Plan*, p. 427.

<sup>29</sup> Currently, neither Illinois state law nor the DuPage County Code **requires** DuPage County to hold a public hearing on its annual financial plan. State law also exempts all other Illinois counties except for Cook County from the public hearing requirement. State statute requires Cook County to hold a public hearing prior to the passage of its annual appropriation bill. It also holds both municipalities with over 500,000 residents and school districts residing in these cities to the same standard. Cook County Appropriations, 55 ILCS 5/6-24; Municipal Code – Budget hearing, 65 ILCS 5/8-2-6; School Code, 105 ILCS 5/34-46.

### *Develop a Formal Capital Improvement Plan*

The Civic Federation agrees with the National Advisory Council on State and Local Budgeting that all governments should develop a five-year capital improvement plan (CIP) that identifies priorities, provides a timeline for completing projects, and identifies funding sources for projects. The CIP should be updated annually and have formal approval by the governing body.<sup>30</sup> A formal capital improvement plan includes the following information:

- A five-year summary list of projects, expenditures per project, and funding sources per project;
- Information about the impact of capital spending on the annual operating budget for each project;
- Brief narrative descriptions of individual projects, including the purpose, need, history, and current status of each project; and
- The time frame for fulfilling capital projects and priorities.

Above all, the capital improvement plan should be predicated on a publicly disclosed needs assessment and prioritization process.

In addition, the CIP should be made publicly available for review by elected officials and citizens. It should be published in the budget or as a separate document. The CIP should be also made available on the government's website.

### *Develop and Implement a Performance Measurement System*

Given the current administration's stated intention of improving management efficiency over the long term, the Civic Federation believes a performance measurement program is an essential tool for DuPage County Government. By evaluating and reporting program results, the County Board can keep policymakers and taxpayers informed about actual achievements as compared with expectations.<sup>31</sup>

It is both expensive and inefficient to produce reams of measures that are developed without the involvement of management and staff, or that are not connected to program goals and objectives. However, a few well-chosen measures of efficiency and effectiveness, implemented consistently and utilized to inform management decisions, could prove valuable as the DuPage County Board seeks to improve its management and operations. Many governments pilot such programs initially to deal with problems that may arise, to test different approaches and to facilitate staff cooperation. This approach is a reasonable way to approach the implementation of a performance measurement system.

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<sup>30</sup> National Advisory Council on State and Local Budgeting. Recommended Practice 9.6: Develop a Capital Improvement Plan.

<sup>31</sup> See Recommended Practice 11.1 "Monitor, Measure, and Evaluate Program Performance," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

The Civic Federation urges the DuPage County Board to develop and adopt a comprehensive performance measurement system.

*Implement a Formal Long-Term Financial Planning Process*

The Civic Federation recommends that the DuPage County Board develop and implement a formal long-term financial planning process that is not only reviewed internally, but that is made widely available to allow for input from key policy stakeholders and the public.

We recommend that the County Board develop a long-term financial plan that is based upon, and complements, the completed strategic plan. Both the NACSLB and the GFOA recommend that all governments develop and formally adopt long-term financial plans as key components of a sound budget process.<sup>32</sup> By linking the strategic goals to the financial resources available now and in the future, a long-term financial plan will complete the County's long range view and help to maintain good fiscal health over time.

*Include a Narrative Section Explaining Links Between Strategic Goals and Budget Priorities*

The Civic Federation recommends that the County add narrative information to the strategic planning and budget charts in the annual Financial Plan. In 2006 a Strategic Planning Steering Committee was formed, consisting of both County Board members and other elected officials. With the assistance of the Regional Development Institute at Northern Illinois University and using both public and county employee input to create the plan, the County Board approved the final draft of the strategic plan on May 22, 2007. Since then, a permanent Strategic Planning Committee has been created by the Board to oversee the implementation of the plan's recommendations.<sup>33</sup> A copy of the strategic plan is not only available on the County's website, it is also included in this year's financial plan.

Section 1 of the DuPage County FY2009 Financial Plan has two charts that itemize budget initiatives, linking them to the County's strategic planning goals. These charts are very useful in that they provide lists by both fund and functional area that identify how strategic planning issues and goals are being addressed by the current financial plan.

However, while the charts are a useful addition to the budget and help identify funding priorities, it is difficult for the reader to fully understand the data. A detailed narrative section, describing both the chart data and the organization of the chart itself, would make this information more useful and easier to understand. While small written descriptions of the links between some budget recommendations and the strategic plan are in place, they are brief and lack substantive information. Additionally, other budget recommendations lack any written description of their link to the strategic goals whatsoever. This lack of consistent, comprehensive information makes

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<sup>32</sup> See National Advisory Council on State and Local Budgeting at <http://www.gfoa.org/services/nacslb/> (last visited on October 2, 2008) and Government Finance Officers Association at [http://www.gfoa.org/index.php?option=com\\_content&task=view&id=360](http://www.gfoa.org/index.php?option=com_content&task=view&id=360) (last visited on October 2, 2008).

<sup>33</sup> DuPage County Strategic Plan website at [http://www.dupageco.org/agendas/generic.cfm?doc\\_id=3077](http://www.dupageco.org/agendas/generic.cfm?doc_id=3077) (last visited on October 2, 2008).

it difficult for the public to determine whether the County is funding new or existing initiatives, as well as how the funding priorities relate to the strategic plan.

## **ACKNOWLEDGMENTS**

The Civic Federation would like to express its appreciation to DuPage County Chief Financial Officer Fred Backfield, Chief of Staff Katherine Selcke, DuPage County Health Department Executive Director Maureen McHugh and the County and Health Department budget and finance staff for their hard work in preparing this budget and their willingness to answer our many questions.

## **APPROPRIATIONS**

This section of the analysis presents an overview of DuPage County government appropriation trends.

### **County Government Appropriations by Fund: Two-Year Trend**

DuPage County government proposes a FY2009 budget of \$505.0 million. This is a 2.6% or approximately \$12.9 million increase over the previous year's amended budget of \$492.1 million. These figures exclude the budget of the DuPage County Health Department, which has a separate governance structure. Information about the County's Convalescent Center and Health Department is also provided.

In FY2009 the Chairman proposes increases in all funds, with the exception of the Capital Projects Fund. Grants are projected to decrease.

Corporate Fund appropriations will increase by \$29.7 million or 19.7%, from \$150.9 million to \$180.7 million. Approximately \$2.4 million will be transferred from the Corporate Fund to the Convalescent Center operating budget, \$1.0 million to the Tort Liability Fund, \$0.3 million to Recorder Rental Housing Support fund, \$4.5 million to Stormwater, and \$4.0 million for debt service for the Jail and Election Commission.<sup>34</sup> The Corporate Fund is also transferring out an additional \$14.0 million for specific strategic initiatives, including \$0.5 million to the *Choose DuPage* economic partnership program designed to continue economic growth in the region, \$12.0 to Transportation and Capital Project Set-Aside, \$0.4 million to Transit J-Route and \$1.1 million for the Transit Job Access Reverse Commute (JARC) Circulator in order to enhance mobility throughout the county to provide residents with greater accessibility to jobs.<sup>35</sup> The

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<sup>34</sup> The Convalescent Center is funded primarily from Special Revenue Fund revenues; the proposed FY2007 appropriations will be approximately \$38.5 million. See *DuPage County FY2009 Financial Plan*, pp. 36, E-25. The Recorder Rental Housing Support Fund funds administrative duties related to collection of recordation fees to fund a state low-income rental housing support program. Email communication between the Civic Federation and DuPage County Finance Department, October 3, 2008.

<sup>35</sup> *DuPage County FY2009 Financial Plan*, p. 36.



Transit J-Route funds will go to preliminary planning and an engineer phase of a Bus Rapid Transit route centering on portions of I-55, I-355 and Cermak/22<sup>nd</sup> Street.<sup>36</sup>

Grant appropriations will fall by 47.3%, from \$80.5 million to \$42.4 million. This figure for grant appropriations only includes those grants that are active and continuing as of December 1, 2008. The County receives the majority of its grant funds from the federal government but the monies are passed through state agencies who provide oversight for the projects. The total amount that the County will receive is not precisely known when the financial plan is prepared, but the County does expect to receive substantially more than it budgets for. The Chairman's Recommendation only includes those grants that are active and continuing.<sup>37</sup>

Appropriations for the Special Revenue Funds will increase by 12.4%. This is a \$27.3 million increase from \$217.7 million to approximately \$247.5 million. The Economic Development and Planning Fund will increase by 51.0% or \$2.1 million and the Youth Home Fund will increase by 9.8% or nearly \$0.4 million. Appropriations for the Convalescent Center will also increase, rising from \$29.4 million in FY2008 to \$32.8 million in FY2009.

Appropriations for the Historical Museum Fund have been eliminated in FY2009 as museum operations are being taken over by the Wheaton Park District in FY2009.<sup>38</sup> The intergovernmental agreement, which was approved during 2008, transfers operational duties of the museum to the Wheaton Park District, while the County still retains ownership of the building and artifacts.<sup>39</sup> Effective for the next 25 years, the agreement aligns with the County's strategic planning goal of partnering with neighboring units of government.

<b>DuPage County Appropriations: FY2008 Amended &amp; FY2009 Proposed*</b>				
<b>Fund</b>	<b>FY2008 Amended</b>	<b>FY2009 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
Corporate Fund	\$ 150,947,528	\$ 180,661,354	\$ 29,713,826	19.7%
Special Revenue Funds	\$ 220,235,660	\$ 247,516,732	\$ 27,281,072	12.4%
Capital Projects Fund	\$ 27,137,574	\$ 21,017,498	\$ (6,120,076)	-22.6%
Debt Service Fund	\$ 13,197,383	\$ 13,378,961	\$ 181,578	1.4%
Grants	\$ 80,553,622	\$ 42,431,688	\$ (38,121,934)	-47.3%
<b>Total</b>	<b>\$ 492,071,767</b>	<b>\$ 505,006,233</b>	<b>\$ 12,934,466</b>	<b>2.6%</b>

\* Excluding DuPage County Health Department and Special Service Areas for both FY2008 and FY2009

Source: DuPage County Financial Plan FY2008, pp. E-30, E-34, and FY2009 pp. 36, 476.

### **County Government Appropriations by Fund: Five-Year Trend**

From FY2005 to FY2009, the DuPage County Government's budget appropriations are projected to increase by 6.3%, rising from \$475.1 million to \$505.0 million. This is a \$26.8 million increase over FY2005. It comes despite the significant drop in appropriations for the Capital Projects Fund. Appropriations for the Capital Projects Fund will drop by 61.4% or nearly \$33.5 million over this five-year period. This is due to the completion of many significant capital

<sup>36</sup> Email communication between the Civic Federation and DuPage County Finance Department, October 3, 2008.

<sup>37</sup> *DuPage County FY2009 Financial Plan*, p. 477.

<sup>38</sup> *DuPage County FY2009 Financial Plan*, p. 206.

<sup>39</sup> DuPage County Resolution 0002-08.

projects in recent years. Corporate Fund appropriations will increase by 34.0%, increasing from \$134.8 million to \$180.6 million.

<b>DuPage County Appropriations: FY2005 &amp; FY2009*</b>				
<b>Fund</b>	<b>FY2005</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Corporate Fund	\$ 134,845,207	\$ 180,661,354	\$ 45,816,147	34.0%
Special Revenue Funds	\$ 217,712,483	\$ 247,516,732	\$ 29,804,249	13.7%
Capital Projects Fund	\$ 54,503,568	\$ 21,017,498	\$ (33,486,070)	-61.4%
Debt Service Fund	\$ 13,989,696	\$ 13,378,961	\$ (610,735)	-4.4%
Grants	\$ 54,094,966	\$ 42,431,688	\$ (11,663,278)	-21.6%
<b>Total</b>	<b>\$ 475,145,920</b>	<b>\$ 505,006,233</b>	<b>\$ 29,860,313</b>	<b>6.3%</b>

\* Excluding DuPage County Health Department

Source: DuPage County FY2005 Financial Plan pp. 42-47, and FY2009 Financial Plan, pp. 36, 479.

### **FY2009 County Government Appropriations by Object**

The FY2009 DuPage County budget proposes an appropriation of approximately \$462.6 million, excluding grant funds.<sup>40</sup> This is a increase of 23.1%, or \$86.7 million, from the previous fiscal year. Capital Outlay expenses will experience both the highest dollar amount and percentage increases of existing expenditures, rising from \$85.1 million in FY2008 to \$110.9 million in FY2009, a 30.3% increase. Strategic Initiatives, a new line item for the County in FY2009 that funds both transit and economic development initiatives, are projected to total \$24.6 million. Bond and Debt expenditures will experience a modest increase, rising from \$15.1 million in FY2008 to \$15.8 million in FY2009.

<b>DuPage County Appropriations by Object: FY2008 &amp; FY2009*</b>				
<b>Object</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Personnel	\$ 153,199,785	\$ 173,499,742	\$ 20,299,957	13.3%
Commodities	\$ 18,061,633	\$ 20,220,240	\$ 2,158,607	12.0%
Contractual	\$ 86,856,704	\$ 97,947,498	\$ 11,090,794	12.8%
Capital Outlay	\$ 85,110,867	\$ 110,926,512	\$ 25,815,645	30.3%
Bond & Debt	\$ 15,145,521	\$ 15,804,393	\$ 658,872	4.4%
Transfers Out	\$ 17,507,277	\$ 19,572,052	\$ 2,064,775	11.8%
Strategic Initiatives	\$ -	\$ 24,604,108	\$ 24,604,108	100.0%
<b>Total</b>	<b>\$ 375,881,787</b>	<b>\$ 462,574,545</b>	<b>\$ 86,692,758</b>	<b>23.1%</b>

\*Excludes Grants, Health Department and Special Service Districts for both FY2008 and FY2009

Source: DuPage County FY2008 Financial Plan, pp. E-31, E-34; FY2009 Financial Plan p. 36.

Over the five-year period from FY2005 to FY2009, appropriations have decreased by 10.6%, or approximately \$54.9 million. Personnel appropriations have decreased by 1.7%, or nearly \$3.0 million, over the five-year span. Bond and Debt appropriations have decreased by 41.9%, falling from \$27.2 million in FY2005 to \$15.8 million in FY2009. Transfers out, on the other hand, have increased by 619.6%, rising from \$2.7 million in FY2005 to \$19.6 million in FY2009.

<sup>40</sup> Due to insufficient Grant information in the County's FY2009 financial plan, we are unable to analyze how grant funds are spent by object. The total appropriation of \$462.6 million for this section does not include \$42.4 million in grant funds the County anticipates receiving during the 2009 fiscal year. The previous section takes grant money into account, thereby resulting in a different total appropriation number.

DuPage County Appropriations by Object: FY2005 & FY2009*				
Object	FY2005 Amended	FY2009 Proposed	\$ Change	% Change
Personnel	\$ 176,492,811	\$ 173,499,742	\$ (2,993,069)	-1.7%
Commodities	\$ 21,852,235	\$ 20,220,240	\$ (1,631,995)	-7.5%
Contractual	\$ 149,094,199	\$ 97,947,498	\$ (51,146,701)	-34.3%
Capital Outlay	\$ 140,103,562	\$ 110,926,512	\$ (29,177,050)	-20.8%
Bond & Debt	\$ 27,204,158	\$ 15,804,393	\$ (11,399,765)	-41.9%
Transfers Out	\$ 2,720,000	\$ 19,572,052	\$ 16,852,052	619.6%
Strategic Initiatives	\$ -	\$ 24,604,108	\$ 24,604,108	100.0%
<b>Total</b>	<b>\$ 517,466,965</b>	<b>\$ 462,574,545</b>	<b>\$ (54,892,420)</b>	<b>-10.6%</b>

\*Excludes Grants, Health Department and Special Service Districts for both FY2005 and FY2009

Source: DuPage County FY2006 Financial Plan, p. 7, and DuPage County FY2009 Financial Plan, p. 36.

## Convalescent Center

The DuPage County Convalescent Center's mission is to "provide quality long term care as well as short term rehabilitative services to DuPage County residents in a professional and cost effective manner."<sup>41</sup> Established in 1888, the Center provides both long-term nursing care, short term sub-acute care, Alzheimer special care and young adult care. Rehabilitative services offered under the sub-acute care category include occupational and physical therapy, as well as speech language pathology. A residency requirement is applied to all patients applying for long-term care, but not for patients seeking sub-acute treatment. The Center has specific rates for each service provided and accepts insurance, Medicare and Medicaid as payment methods.<sup>42</sup>

The Convalescent Center is run out of an enterprise fund under the control of the County government. Recently, DuPage County Board Chairman Robert Schillerstrom appointed a panel to make recommendations regarding possible changes at the Center to ensure ongoing effective and efficient operations. The panel will specifically look at possible changes to the management structure for the Center, including transfer of duties to a private operator, alternate uses for vacant space and expansion of services and revenue opportunities.<sup>43</sup>

### *Appropriations: Two and Five-Year Trends*

The Center will spend nearly \$34.0 million in FY2009, a \$4.1 million or 10.9% decrease over FY2008 recommended budgeted levels.<sup>44</sup> Capital acquisitions increased by 640.4%, from \$100,585 in FY2008 to \$744,757 in FY2009. Additional building improvement expenses and equipment and machinery purchases in FY2009 are the reasons behind this increase. Commodities purchases, which are primarily food and drug expenses, are expected to decrease slightly to nearly \$5.3 million for FY2009. A loan repayment to the corporate fund was necessary for the FY2008 but not for FY2009. Due to an Intergovernmental agreement between

<sup>41</sup> See DuPage County Convalescent Center website at [http://www.dupageco.org/convo/generic.cfm?doc\\_id=372](http://www.dupageco.org/convo/generic.cfm?doc_id=372) (last visited on September 29, 2008).

<sup>42</sup> Ibid.

<sup>43</sup> DuPage Convalescent Center Blue Ribbon Panel Operations Subcommittee Meeting Minutes, April 7, 2008.

<sup>44</sup> The FY2008 budget recommendations are not amended numbers and were produced prior to the County receiving authorization for a sales tax increase.

the Center and the State of Illinois, the Center is required to make monthly contributions to the Illinois Department of Healthcare and Family Services.<sup>45</sup> This payment is reflected in the budgetary line item entitled “HFS Transfer” and will decrease by 84.4% over FY2008.

<b>DuPage Convalescent Center Appropriations: FY2008 &amp; FY2009</b>				
<b>Object</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Personnel Services	\$ 20,873,804	\$ 23,487,263	\$ 2,613,459	12.5%
Commodities	\$ 5,315,426	\$ 5,287,020	\$ (28,406)	-0.5%
Contractual	\$ 3,111,796	\$ 3,137,691	\$ 25,895	0.8%
Capital Acquisitions	\$ 100,585	\$ 744,757	\$ 644,172	640.4%
Loan Repayment	\$ 200,000	\$ -	\$ (200,000)	-100.0%
HFS Transfer	\$ 8,526,000	\$ 1,333,526	\$ (7,192,474)	-84.4%
<b>Total</b>	<b>\$ 38,127,611</b>	<b>\$ 33,990,257</b>	<b>\$ (4,137,354)</b>	<b>-10.9%</b>

Source: DuPage County FY2008 Financial Plan, p. E-14, and FY2009 Financial Plan, p. 69.

Between FY2005 and FY2009 personnel costs for the Center are increasing by 9.7% or \$2.1 million. Commodities appropriations and capital acquisitions are also increasing, by 8.1% and 9.6% respectively. Transfers to the Illinois Department of Healthcare and Family Services are increasing by 100%, totaling over \$1.3 million for FY2009. Contractual expenses, on the other hand, will decrease by 41.5% or \$2.2 million between FY2005 and FY2009. Decreases in spending for auditing and accounting services, legal services, travel, telecommunications and custodial and maintenance account for some of the appropriation reductions in this category.

<b>DuPage Convalescent Center Appropriations: FY2005 &amp; FY2009</b>				
<b>Object</b>	<b>FY2005</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Personnel Services	\$ 21,418,219	\$ 23,487,263	\$ 2,069,044	9.7%
Commodities	\$ 4,891,622	\$ 5,287,020	\$ 395,398	8.1%
Contractual	\$ 5,365,189	\$ 3,137,691	\$ (2,227,498)	-41.5%
Capital Acquisitions	\$ 679,495	\$ 744,757	\$ 65,262	9.6%
HFS Transfer	\$ -	\$ 1,333,526	\$ 1,333,526	100.0%
<b>Total</b>	<b>\$ 32,354,525</b>	<b>\$ 33,990,257</b>	<b>\$ 1,635,732</b>	<b>5.1%</b>

Source: DuPage County FY2005 Financial Plan, p. 170, and FY2009 Financial Plan, p. 69.

#### *Revenues: Two and Five-Year Trends*

Revenues for the Center will decline by 17.2%, falling from \$38.5 million in FY2008 to \$31.9 million in FY2009. Patient care revenue is projected to decline by 24.0%, from \$35.3 million to \$26.8 million. Cafeteria, Catering and Vending revenue will also decline, falling from \$1.1 million in FY2008 to \$1.0 million in FY2009, a 6.4% decrease. Other revenue, on the other hand, will increase by \$1.3 million or 443.5% over FY2008.

<sup>45</sup> DuPage County FY2008 Financial Plan, p. E-14.

<b>DuPage Convalescent Center Revenues: FY2008 &amp; FY2009</b>				
<b>Source</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Patient Care Revenue	\$ 35,320,515	\$ 26,834,386	\$ (8,486,129)	-24.0%
Transfer/Subsidy from Corp	\$ 1,800,000	\$ 2,400,000	\$ 600,000	33.3%
Cafeteria/Catering/Vending	\$ 1,100,038	\$ 1,030,114	\$ (69,924)	-6.4%
Other	\$ 296,456	\$ 1,611,336	\$ 1,314,880	443.5%
<b>Total</b>	<b>\$ 38,517,009</b>	<b>\$ 31,875,836</b>	<b>\$ (6,641,173)</b>	<b>-17.2%</b>

Source: DuPage County FY2008 Financial Plan, p. E-14, and FY2009 Financial Plan, p. 69.

Over the five-year period of FY2005 to FY2009, revenues are projected to increase by 17.9% or nearly \$4.9 million.<sup>46</sup> All revenue sources are projected to increase, with patient care revenue increasing by 11.0%, transfer and subsidies from the corporate fund increasing by 20% and cafeteria, catering and vending proceeds increasing by 26.9%. Other revenue is increasing dramatically, by over \$1.6 million.

<b>DuPage Convalescent Center Revenues: FY2005* &amp; FY2009</b>				
<b>Source</b>	<b>FY2005*</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Patient Care Revenue	\$ 24,168,440	\$ 26,834,386	\$ 2,665,946	11.0%
Transfer/Subsidy from Corp	\$ 2,000,000	\$ 2,400,000	\$ 400,000	20.0%
Cafeteria/Catering/Vending	\$ 811,643	\$ 1,030,114	\$ 218,471	26.9%
Other	\$ 45,384	\$ 1,611,336	\$ 1,565,952	3450.4%
<b>Total</b>	<b>\$ 27,025,467</b>	<b>\$ 31,875,836</b>	<b>\$ 4,850,369</b>	<b>17.9%</b>

\*FY2005 revenue data is actual, FY2009 data is budgeted.

Source: DuPage County FY2008 Financial Plan, p. E-14, and FY2009 Financial Plan, p. 69.

#### *Personnel: Two and Five-Year Trends*

The total number of full-time employees will increase by 14, rising from 360 in FY2008 to 374 in FY2009. Part-time and temporary personnel numbers will remain constant.

<b>DuPage Convalescent Center Personnel: FY2008 &amp; FY2009</b>				
<b>Employee Type</b>	<b>FY2008</b>	<b>FY2009</b>	<b># Change</b>	<b>% Change</b>
Full-Time	360	374	14	3.9%
Part-Time	119	119	0	0.0%
Temporary	44	44	0	0.0%

Source: DuPage County FY2008 Financial Plan, p. 213, and FY2009 Financial Plan, p. 32; DuPage County Finance Department.

Over the five-year period between FY2005 and FY2009, the total number of full-time employees will decrease from 388 in FY2005 to 374 in FY2009, 3.6% decline. Part-time employees will decrease by 4.8%, while temporary employees will fall by 26.7%.

<sup>46</sup> Due to insufficient data in the FY2005 Financial Plan, FY2005 revenues are actual dollar amounts collected, while FY2009 is budgeted revenue amounts.

<b>DuPage Convalescent Center Personnel: FY2005 &amp; FY2009</b>				
<b>Employee Type</b>	<b>FY2005</b>	<b>FY2009</b>	<b># Change</b>	<b>% Change</b>
Full-Time	388	374	(14)	-3.6%
Part-Time	125	119	(6)	-4.8%
Temporary	60	44	(16)	-26.7%

Source: DuPage County FY2005 Financial Plan, p. 170, and FY2009 Financial Plan, p. 32; DuPage County Finance Department.

## **DuPage County Health Department**

The DuPage County Health Department's mission is to provide the best public health services to all DuPage county residents in the most cost-effective manner. The Health Department functions as a safety net for county residents and as the first responder in public health emergencies. Additionally, the department provides community alerts, disease prevention and health education services.<sup>47</sup>

The Department delivers services through four programs: Community Health Services, Emergency and Disease Control, Environmental Health Services and Mental Health Services. Managerial and administrative functions are carried out by the department's office of Business Operations Services. The department has an independent Board of Directors, the DuPage County Board of Health, which serves as unit of governance separate from the DuPage County Board of Commissioners.

This section presents information about the FY2009 DuPage County Health Department budget. The analysis includes two and five-year trends of revenues by source and expenditures by type and two-year trends of expenditures by service unit and full-time and part-time employee head counts. Because of differences in data reporting and itemization between FY2005 and FY2009 budgets, the analysis does not include five-year trends of expenditures by service unit and full-time and part-time employee head count.

### *Health Department Operating Fund Revenues: Two-Year Trend*

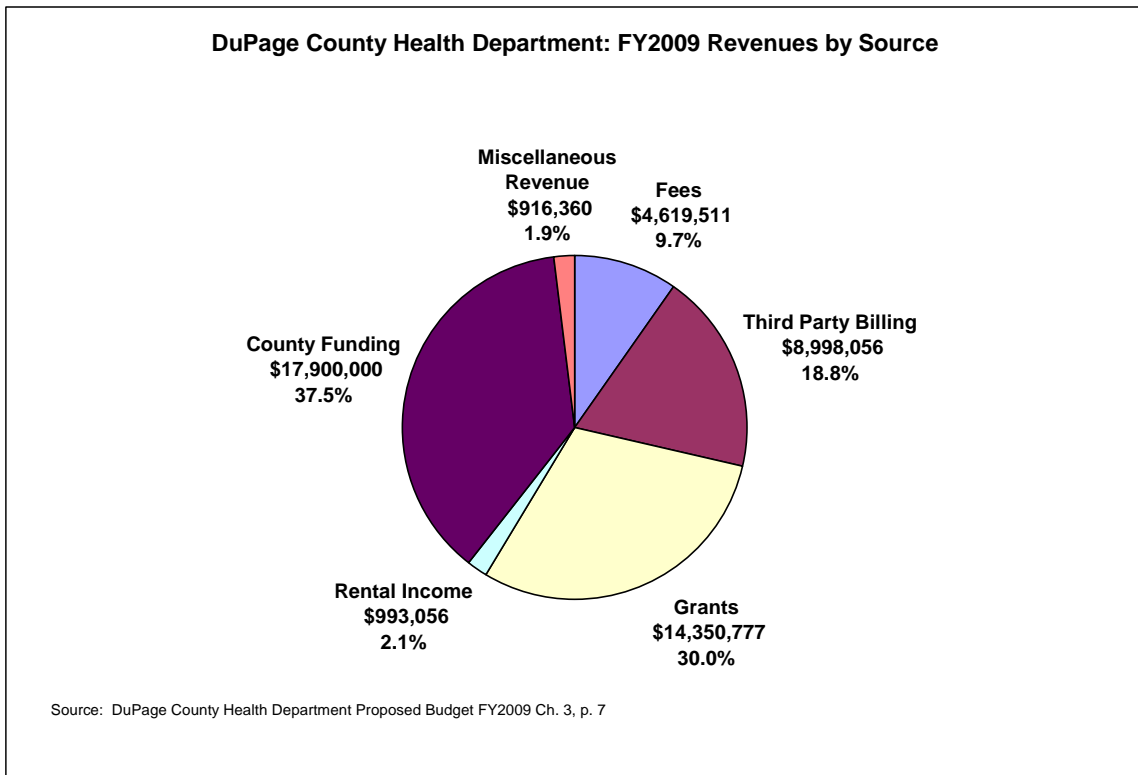
Revenues for all funds are projected to increase by a total of \$291,088 in FY2009 over the amended FY2008 budget figures, from \$47.5 million to approximately \$47.8 million. Property tax revenues, the largest revenue source for the Health Department, are projected to remain flat in FY2009 at \$17.9 million. Patient fees and miscellaneous revenues are expected to decline relative to FY2008 original budget figures from \$5.0 million to \$4.6 million and from \$1 million to \$0.9 million, respectively.

<sup>47</sup> DuPage County Health Department FY2009 Proposed Budget, Ch. 1, p. 1

<b>DuPage County Health Department: Revenues by Source FY2008 &amp; FY2009</b>				
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Fees	\$ 5,025,970	\$ 4,619,511	\$ (406,459)	-8.1%
Third Party Billing	\$ 8,909,100	\$ 8,998,056	\$ 88,956	1.0%
Grants	\$ 13,834,789	\$ 14,350,777	\$ 515,988	3.7%
Rental Income	\$ 832,000	\$ 993,056	\$ 161,056	19.4%
Miscellaneous Revenue	\$ 984,813	\$ 916,360	\$ (68,453)	-7.0%
County Funding				
Property Tax	\$ 17,900,000	\$ 17,900,000	\$ -	0.0%
Tort Reimbursement	\$ -	\$ -	\$ -	-
Miscellaneous County Rev.	\$ -	\$ -	\$ -	-
<b>Sub-Total County Funding</b>	<b>\$ 17,900,000</b>	<b>\$ 17,900,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total</b>	<b>\$ 47,486,672</b>	<b>\$ 47,777,760</b>	<b>\$ 291,088</b>	<b>0.6%</b>

Source: DuPage County Health Department Proposed Budget FY2009 Ch. 3, p. 7

The following exhibit displays the breakdown of Health Department funding by source. County funding, grants and third party billing are the largest sources of revenue for the Health Department.



*Health Department Operating Fund Revenues: Five-Year Trend*

Relative to FY2005, operating fund revenues are expected to increase by \$1.1 million. Patient fees are projected to increase by \$186,631 and property taxes are expected to increase by \$4.5 million. The data also shows that the Health Department no longer receives tort reimbursement funding from the county, which totaled to \$800,000 in FY2005.

<b>DuPage County Health Department: Revenues by Source FY2005 &amp; FY2009</b>				
<b>Revenue</b>	<b>FY2005</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Fees	\$ 4,432,879	\$ 4,619,511	\$ 186,632	4.2%
Third Party Billing	\$ 3,295,998	\$ 8,998,056	\$ 5,702,058	173.0%
Grants*	\$ 20,719,852	\$ 14,350,777	\$ (6,369,075)	-30.7%
Rental Income	\$ -	\$ 993,056	\$ 993,056	-
Miscellaneous Revenue**	\$ 4,040,604	\$ 916,360	\$ (3,124,244)	-77.3%
County Funding				
Property Tax	\$ 13,360,284	\$ 17,900,000	\$ 4,539,716	34.0%
Tort Reimbursement	\$ 800,000	\$ -	\$ (800,000)	-100.0%
Miscellaneous County Rev.	\$ -	\$ -	\$ -	-
<b>Sub-Total County Funding</b>	<b>\$ 14,160,284</b>	<b>\$ 17,900,000</b>	<b>\$ 3,739,716</b>	<b>26.4%</b>
<b>Total***</b>	<b>\$ 46,649,617</b>	<b>\$ 47,777,760</b>	<b>\$ 1,128,143</b>	<b>2.4%</b>

Sources: DuPage County Health Department Proposed Budget FY2009 Ch 3, p. 7; Proposed Budget FY2005 p. 279

\*FY2005 Grant Data obtained from summation of "Grants" and "Grants & Contracts" line items

\*\*FY2005 Miscellaneous Revenue Data obtained from summation of "Gain on Investments," "Miscellaneous,"

Prior Year Intergovernmental Transfers and "Funds on Hand"

\*\*\*FY2005 Figure in the DuPage County Health Department Budget was calculated incorrectly. Civic Federation data reflects the correct re-calculated figure.

### *Health Department Operating Fund Expenditures by Service Unit: Two-Year Trend*

The DuPage County Health Department operates four programs: Community Health Services, Emergency and Disease Control, Environmental Health Services and Mental Health Services. The following exhibit shows changes in Health Department expenditures by service unit compared with FY2008. The FY2009 Health Department budget data aggregated expenditures for the Office of Business Operations Services into the expenditure data for the department's four programs. Community Health, Environmental Health and Mental Health Services will receive increased funding over FY2008 with Community Health receiving the largest percentage increase, 6.0% totaling to \$852,487. Emergency and Disease Control will receive a 1.2% decrease in funding totaling to \$47,851.

<b>DuPage County Health Department: Expenditures by Service Unit* FY2008** &amp; FY2009</b>				
<b>Service Unit</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Community Health	\$ 14,203,895	\$ 15,056,382	\$ 852,487	6.0%
Emergency and Disease Control	\$ 3,901,012	\$ 3,853,161	\$ (47,851)	-1.2%
Environmental Health	\$ 4,231,562	\$ 4,290,677	\$ 59,115	1.4%
Mental Health Services	\$ 23,528,619	\$ 24,577,540	\$ 1,048,921	4.5%
<b>Total</b>	<b>\$ 45,865,088</b>	<b>\$ 47,777,760</b>	<b>\$ 1,912,672</b>	<b>4.2%</b>

Source: DuPage County Health Department FY2009 Ch. 5, p. 2; Ch. 6, p. 2; Ch. 7, p. 2; Ch. 8, p. 2

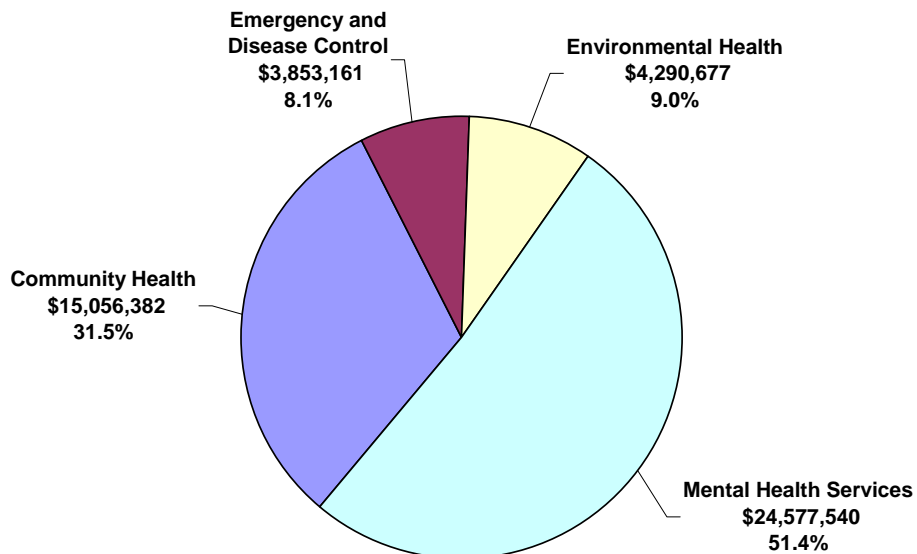
\*Includes Office of Business Operations Services Allocation

\*\*FY2008 figure is taken from DuPage's original budget for that year.

The following exhibit displays the distribution of Health Department expenditures by service unit. The chart shows that Mental Health Services receive the largest portion of Health Department funding at \$24.6 million or 51.4% and Community Health receives the second largest share of total funding at \$15.1 million or 31.5%.



**DuPage County Health Department: Expenditures by Service Unit FY2009**



Sources: DuPage County Health Department FY2009 Proposed Budget Ch 3, p. 7; FY2005 p. 276

*Health Department Operating Fund Expenditures by Type: Two-Year Trend*

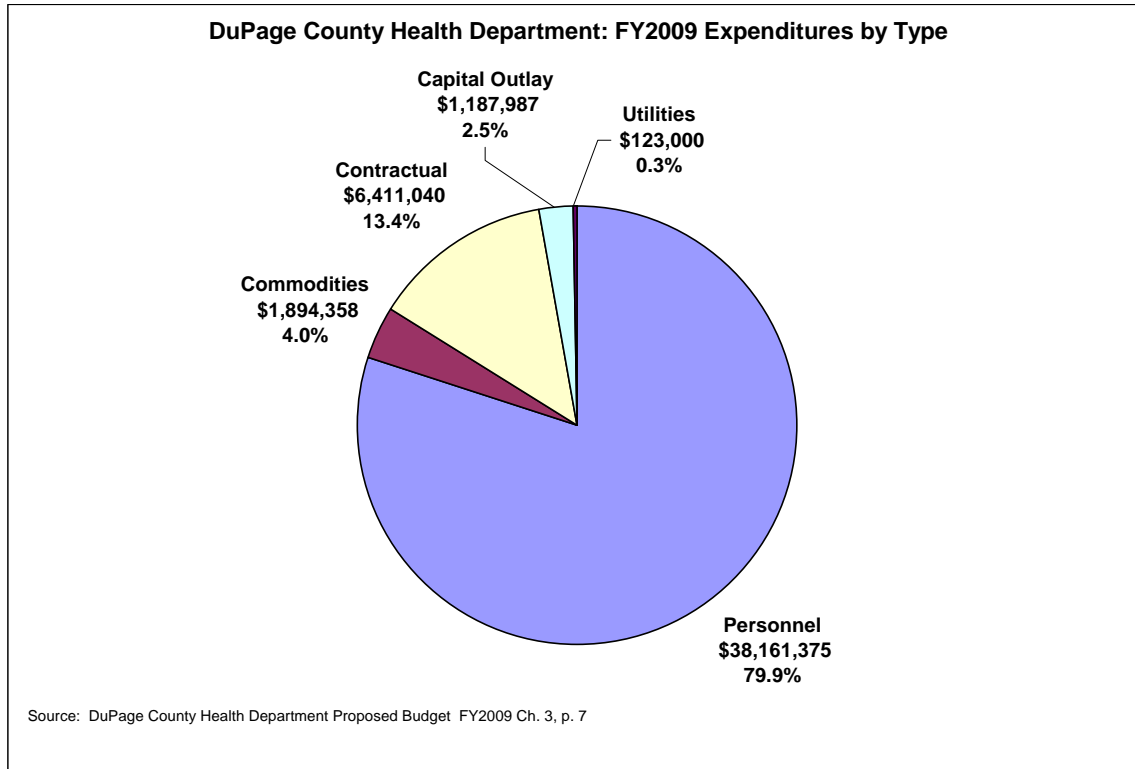
Health Department expenditures are expected to increase over FY2008 by \$291,008 or 0.6%. Appropriations for Contractual Services are expected to increase by \$1.0 million or 18.9% and appropriations for Capital Outlay are expected to increase by \$155,225 or 15.0%. Appropriations for Utilities will see the highest increase at \$78,000 or 173.3%. Appropriations for Personnel will decrease by \$748,225 or 1.9% and appropriations for commodities are expected to decrease by \$214,057 or 10.2%.

DuPage County Health Department: Expenditures by Type FY2008* & FY2009				
Expenditure	FY2008	FY2009	\$ Change	% Change
Personnel	\$ 38,909,600	\$ 38,161,375	\$ (748,225)	-1.9%
Commodities	\$ 2,108,415	\$ 1,894,358	\$ (214,057)	-10.2%
Contractual	\$ 5,390,895	\$ 6,411,040	\$ 1,020,145	18.9%
Capital Outlay	\$ 1,032,762	\$ 1,187,987	\$ 155,225	15.0%
Utilities	\$ 45,000	\$ 123,000	\$ 78,000	173.3%
<b>Total</b>	<b>\$ 47,486,672</b>	<b>\$ 47,777,760</b>	<b>\$ 291,088</b>	<b>0.6%</b>

\*The FY2008 figure is taken from DuPage's amended budget for that year.

Source: DuPage County Health Department Proposed Budget FY2009 Ch. 3, p. 7

The following exhibit displays the distribution of Health Department expenditures by type for FY2009. Personnel appropriations are the highest at \$38.2 million or 79.9% and appropriations for Contractual Services are the second highest at \$6.4 million or 13.4%.



*Health Department Operating Fund Expenditures by Type: Five-Year Trend*

Health Department expenditures are expected to increase over FY2005 by \$1.1 million or 2.4%. Expenditures for Personnel have increased the most at \$3.8 million or 11.2%. Expenditures for Commodities have shown the largest decrease at \$1.6 million or 45.2%. Contractual services show the second largest decrease, a total of \$1.3 million or 16.8% since FY2005. This decrease can be attributed to the change in itemization of Utilities, which the department now itemizes as an expense separate from Contractual Services.

<b>DuPage County Health Department: Expenditures by Type FY2005* &amp; FY2009</b>				
<b>Expenditure</b>	<b>FY2005</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Personnel	\$ 34,331,364	\$ 38,161,375	\$ 3,830,011	11.2%
Commodities	\$ 3,458,178	\$ 1,894,358	\$ (1,563,820)	-45.2%
Contractual	\$ 7,708,113	\$ 6,411,040	\$ (1,297,073)	-16.8%
Capital Outlay	\$ 1,148,116	\$ 1,187,987	\$ 39,871	3.5%
Utilities**	\$ -	\$ 123,000	\$ 123,000	-
<b>Total</b>	<b>\$ 46,645,771</b>	<b>\$ 47,777,760</b>	<b>\$ 1,131,989</b>	<b>2.4%</b>

Sources: DuPage County Health Department FY2009 Proposed Budget Ch. 3, p. 7; FY2005 p. 276

\*FY2005 Figures reflect Operating Fund Expenses (Fund 70) only.

\*\*Utilities for FY2005 are itemized under "Contractual Services," Utilities for FY2009 are itemized in a separate category

*Health Department Full-Time Employee Head Count by Service Unit: Two-year trend*

The Health Department budgeted for 555 full-time positions in FY2009, a decrease by 9 positions or 1.6% from FY2008. Every program will shed full-time positions including the

department's Office of Business Operations Services, which will decrease its full-time positions the most by 3 positions or 2.5%.

<b>DuPage County Health Department: Full-Time Headcount by Service Unit FY2008 &amp; FY2009</b>				
<b>Service Unit</b>	<b>FY2008</b>	<b>FY2009</b>	<b># Change</b>	<b>% Change</b>
Business Operations Services	119	116	(3)	-2.5%
Community Health	146	145	(1)	-0.7%
Emergency and Disease Control	32	30	(2)	-6.3%
Environmental Health	47	45	(2)	-4.3%
Mental Health Services	220	219	(1)	-0.5%
<b>Total</b>	<b>564</b>	<b>555</b>	<b>(9)</b>	<b>-1.6%</b>

Source: DuPage County Health Department Proposed FY2009 Budget Ch. 3, p. 6

Part-time positions will also decrease or remain flat in FY2009. Part-time positions in the Community Health program and Mental Health Services will decrease the most at 5 positions each or 12.8% and 12.2%, respectively.

<b>DuPage County Health Department: Part-Time Headcount by Service Unit FY2008 &amp; FY2009</b>				
<b>Service Unit</b>	<b>FY2008</b>	<b>FY2009</b>	<b># Change</b>	<b>% Change</b>
Business Operations Services	25	25	-	0.0%
Community Health	39	34	(5)	-12.8%
Emergency and Disease Control	13	12	(1)	-7.7%
Environmental Health	1	1	-	0.0%
Mental Health Services	41	36	(5)	-12.2%
<b>Total</b>	<b>119</b>	<b>108</b>	<b>(11)</b>	<b>-9.2%</b>

Source: DuPage County Health Department FY2009 Proposed Budget Ch. 3, p. 6

## REVENUES

This section presents information about corporate fund revenues and the property tax levy. We are unable to provide a revenue analysis for all funds because DuPage County's Financial Plan presents their budget data using a disaggregated method, which makes it difficult to accurately report total revenues.

### Corporate Fund Revenues: Two-Year Trend

Total Corporate Fund revenues are projected to increase by 19.6% in FY2009 over the amended FY2008 budget figures, from \$151.0 million to nearly \$180.7 million. This is in large part due to increased revenues from a recently-enacted sales tax increase. State legislation, approved in January of 2008, allowed DuPage County to increase their sales tax rate by 0.25 of a percentage point and spend the proceeds on transportation and public safety needs.<sup>48</sup> DuPage County

<sup>48</sup> 70 ILCS 3615/4.03 (2008).

expects to receive an additional \$25.5 million from this increase in FY2009, and once it is fully operational the tax is expected to generate approximately \$47.0 million in annualized revenues.<sup>49</sup>

With respect to corporate fund revenue projections, property tax revenue will increase to \$28.2 million in FY2009, resulting in a modest \$1.1 million increase over FY2008 property tax revenues of nearly \$27.2 million.<sup>50</sup> Fee revenues, derived from fees charged by the Recorder of Deeds, Circuit Court Clerk, the Sheriff, the County Clerk and the County Jail, as well as real estate transactions, are expected to decrease by 0.1% in FY2009, for a revenue reduction of \$36,392. This reduction is largely due to the recent economic downturn and its impact on the real estate market. Both real estate sales and recordation income have been revised downward by over \$2 million, negatively affecting the revenue projections for Fee Offices.<sup>51</sup>

Other revenues, which also includes fees, charges, interest earnings and other smaller miscellaneous income, are projected to increase by 10.2%, from approximately \$17.1 million to \$18.7 million. Intergovernmental transfers, totaling \$1.1 million in FY2008, were one-time transfers from the DuPage Airport Authority and DuPage Health Department that will not be repeated in FY2009.<sup>52</sup>

<b>DuPage County Corporate Fund Revenues: FY2008* &amp; FY2009</b>				
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Sales Taxes	\$ 64,745,504	\$ 92,250,000	\$ 27,504,496	42.5%
Property Tax	\$ 27,150,000	\$ 28,250,000	\$ 1,100,000	4.1%
Fee Offices/Elected Officials	\$ 32,231,000	\$ 32,194,608	\$ (36,392)	-0.1%
Income Tax	\$ 8,694,000	\$ 9,100,000	\$ 406,000	4.7%
Intergovernmental	\$ 1,100,000	\$ -	\$ (1,100,000)	-100.0%
Other	\$ 17,119,505	\$ 18,866,745	\$ 1,747,240	10.2%
<b>Total</b>	<b>\$ 151,040,009</b>	<b>\$ 180,661,353</b>	<b>\$ 29,621,344</b>	<b>19.6%</b>

\*The FY2008 figure is taken from DuPage's amended budget for that year.

Source: DuPage County FY2008 Financial Plan, p. E-25, and FY2009 Financial Plan p. 75.

### **Corporate Fund Revenues: Five-Year Trend**

Between FY2005 and FY2009, all Corporate Fund revenues will increase by 34.0% or \$45.8 million. Sales tax revenues have seen a dramatic rise over this five year period, increasing by 131.2% or \$52.4 million. This is primarily due to the introduction of the 0.25 of a percentage point sales tax increase in 2008. During this period, property tax revenues have also increased by 35.8%, or approximately \$7.5 million. Fee revenues, on the other hand, have decreased by 4.3% over the five-year period, for a loss of \$1.4 million.

<sup>49</sup> Communication between the Civic Federation and Fred Backfield, Chief Financial Officer for DuPage County, September 15, 2008.

<sup>50</sup> *DuPage County FY2009 Financial Plan*, p. 74.

<sup>51</sup> *DuPage County FY2009 Financial Plan*, p. 76.

<sup>52</sup> Email communication between the Civic Federation and the DuPage County Finance Department, October 3, 2008.

<b>DuPage County Corporate Fund Revenues: FY2005 &amp; FY2009</b>				
<b>Revenue</b>	<b>FY2005</b>	<b>FY2009</b>	<b>\$ Change</b>	<b>% Change</b>
Sales Taxes	\$ 39,900,000	\$ 92,250,000	\$ 52,350,000	131.2%
Property Tax	\$ 20,800,000	\$ 28,250,000	\$ 7,450,000	35.8%
Fee Offices/Elected Officials	\$ 33,639,520	\$ 32,194,608	\$ (1,444,912)	-4.3%
Income Tax	\$ 6,800,000	\$ 9,100,000	\$ 2,300,000	33.8%
Intergovernmental Revenues	\$ 15,250,000	\$ -	\$ (15,250,000)	-
Other	\$ 18,455,687	\$ 18,866,745	\$ 411,058	2.2%
<b>Total</b>	<b>\$ 134,845,207</b>	<b>\$ 180,661,353</b>	<b>\$ 45,816,146</b>	<b>34.0%</b>

Source: DuPage County FY2005 Financial Plan p. 52, and FY2009 Financial Plan p. 75.

## Sales Tax Increase

On January 18, 2008 the Illinois General Assembly approved legislation that raised the sales tax rate in DuPage County, as well as other collar counties, as part of a larger bill designed to assist regional mass transit operations facing increasing budget deficits.<sup>53</sup> As part of this bill, DuPage was authorized to raise their sales tax rate by 0.25 of a percentage point for general merchandise and spend the proceeds from this increase on both transportation and public safety needs.<sup>54</sup> The Regional Transit Authority was also granted authority to raise the sales tax rate by 0.25 of a percentage point in DuPage County to raise funds for regional mass transit. Combined, these two increases result in a 0.50 of a percentage point increase in the sales tax rate for DuPage. A breakdown of the composite sales tax rate for DuPage County both before and after these increases is listed in the chart below.

<b>Sales Tax on General Merchandise: Changes in DuPage County Rate</b>		
	<b>DuPage County - Old Sales Tax Rate</b>	<b>DuPage County - New Sales Tax Rate</b>
<b>State</b>	5.00%	5.00%
<b>Municipal*</b>	1.00%	1.00%
<b>County</b>	0.25%	0.25%
<b>RTA</b>	0.25%	0.75%
<b>DuPage Water</b>	0.25%	0.25%
<b>Composite Rate</b>	<b>6.75%</b>	<b>7.25%</b>

\* or county unincorporated areas

Source: Legislative Research Unit. *Tax Handbook for Legislators (2005)*; City of Chicago.

The sales tax increase is also applied to the sale of food and drugs in DuPage County.

<b>Sales Tax on Food and Drugs: Changes in DuPage County Rate</b>		
	<b>DuPage County - Old Sales Tax Rate</b>	<b>DuPage County - New Sales Tax Rate</b>
<b>Municipal*</b>	1.00%	1.00%
<b>RTA</b>	0.25%	0.75%
<b>Composite Rate</b>	<b>1.25%</b>	<b>1.75%</b>

\* or county unincorporated areas

Source: Legislative Research Unit. *Tax Handbook for Legislators (2005)*; City of Chicago.

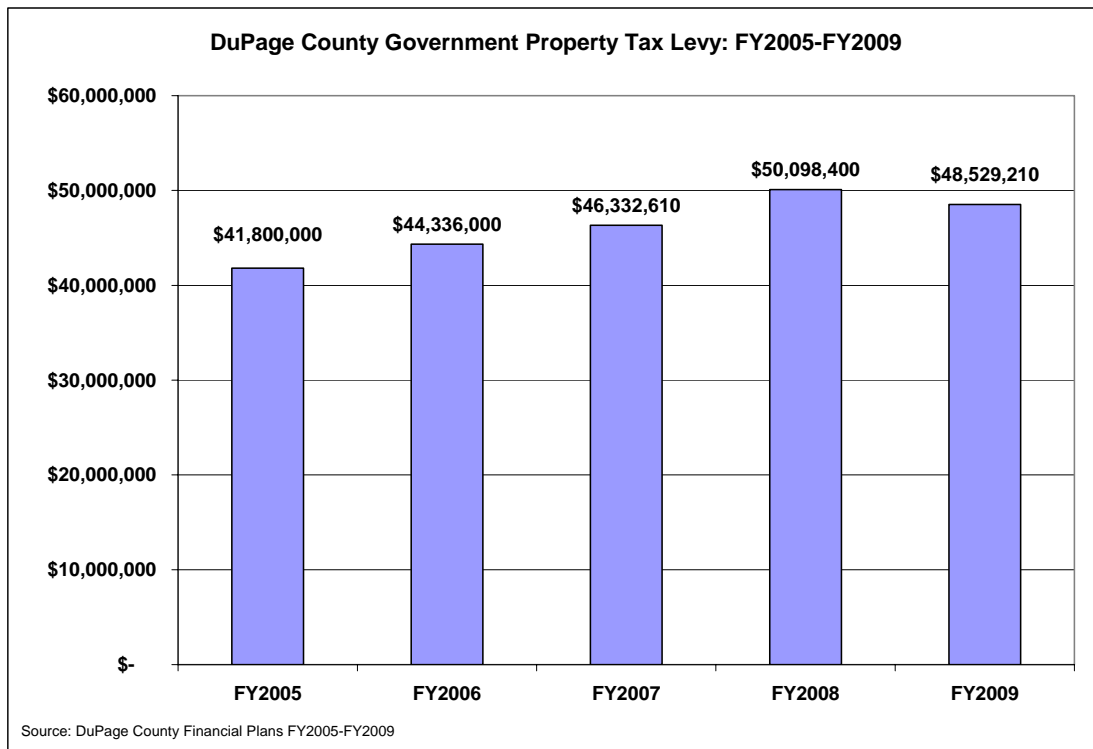
<sup>53</sup> 70 ILCS 3615/4.03 (2008).

<sup>54</sup> Ibid; John Patterson, "Lawmakers OK Transit Bailout." *Daily Herald*. January 18, 2008.

On April 1, 2008 the Countywide Public Safety/Transportation sales tax increase came into effect, with the County estimating that it will generate approximately \$27.0 million in new revenues for FY2009.<sup>55</sup> Additionally, the County projects that in subsequent years the sales tax increase will produce approximately \$47.0 million in annualized revenues.<sup>56</sup> DuPage County began receiving sales tax receipts from the sales tax increase in July of 2008 as there was a three month collection lag after the April implementation date. The County did not issue tax anticipation notes (TANs) to provide cash in advance of these collections.<sup>57</sup>

### Property Tax Levy

The 2008 property tax levy for DuPage County government will not be increased from 2007 abated levels and is projected to fall by nearly \$1.6 million or 3.1% from the 2007 levy.<sup>58</sup> These figures exclude the separate Health Department levy. The slight decrease is due to a reduction in the Courthouse Bond Debt service levy. The estimated 2008 levy is \$48.5 million. The Corporate Fund levy will remain flat at nearly \$22.9 million. Since FY2005, the levy has increased by 16.1% or \$6.7 million.



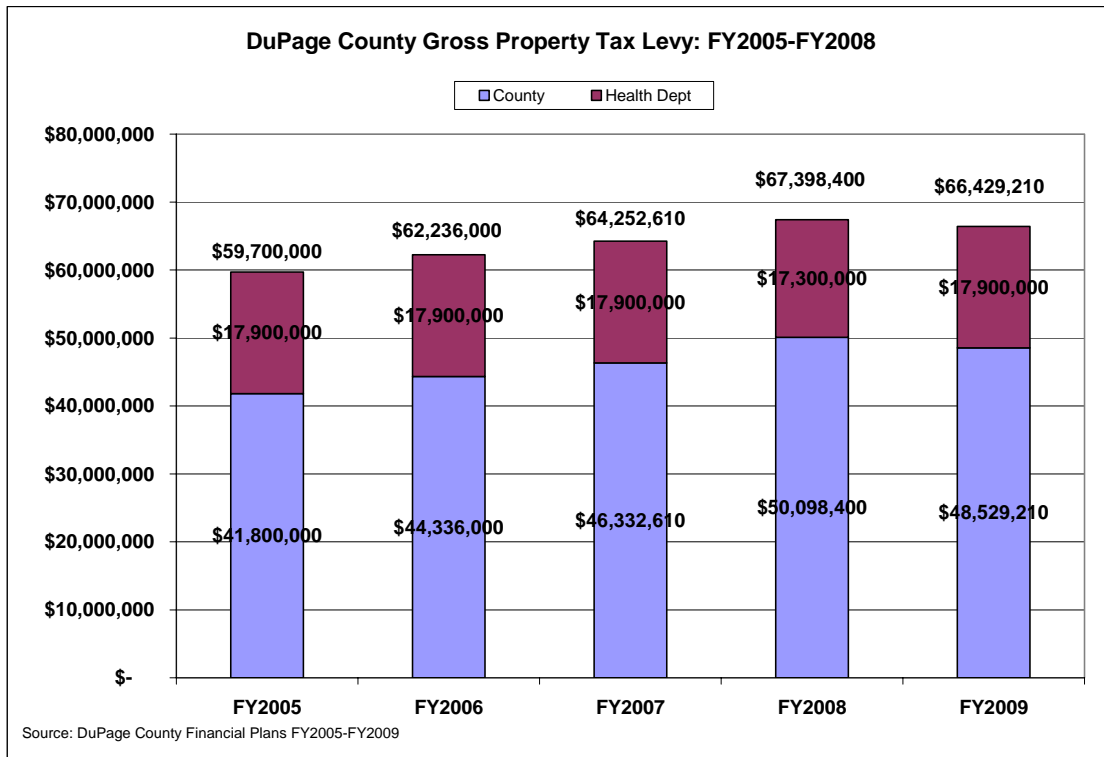
<sup>55</sup> Communication between the Civic Federation and Fred Backfield, Chief Financial Officer for DuPage County, September 15, 2008.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> The property tax levy year differs from DuPage County's fiscal year, with the fiscal year running from December 1<sup>st</sup> to November 30<sup>th</sup> and the property tax levy using the calendar year.

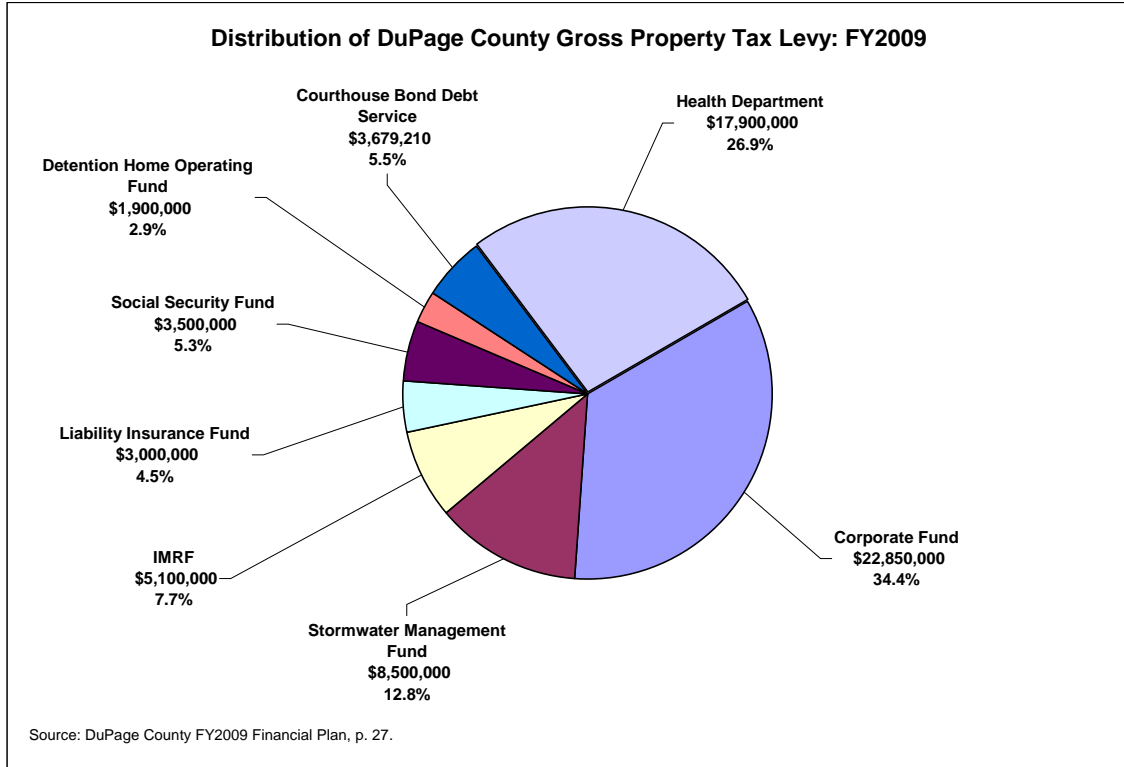
In FY2009, the total DuPage County levy, including the Health Department levy, is expected to decrease by 6.5%, a nearly \$1.0 million decrease from \$67.4 million to \$66.4 million over FY2008. Between FY2005 and FY2009, the total levy rose by 11.3%, a \$6.7 million increase.



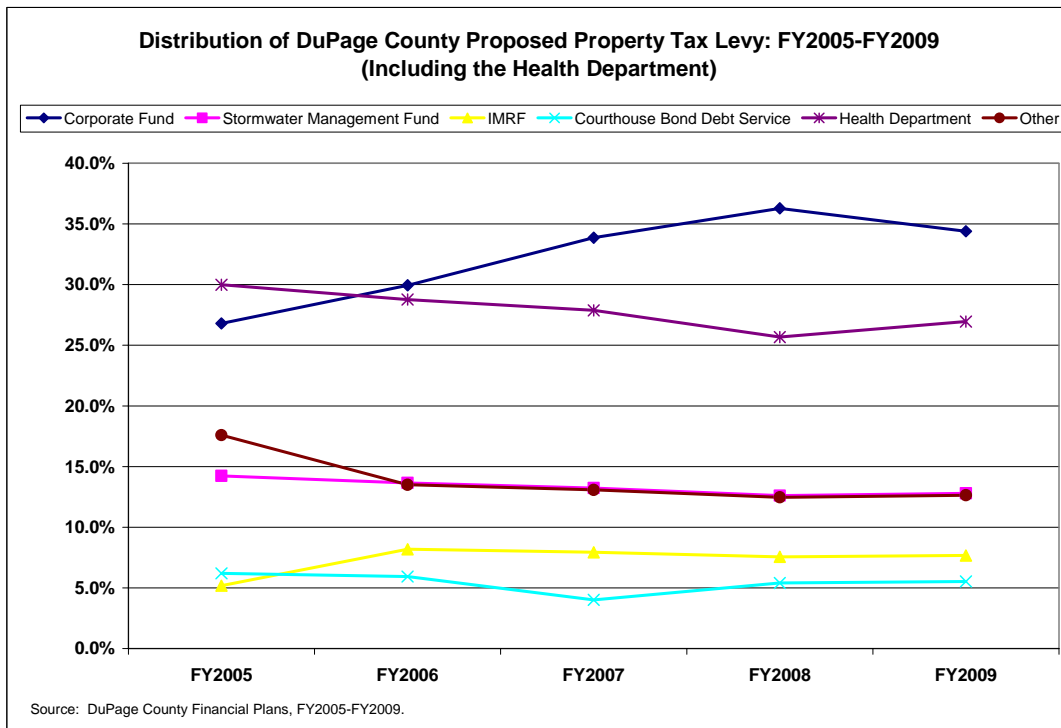
FY2006 was the first time in ten years that DuPage County raised its property tax levy. During the nine years between FY1997 and FY2005, the levy was essentially held flat, dropping slightly by 1.0% or from \$60.3 million to \$59.7 million over that nine-year period. In FY2009, DuPage will again hold the levy flat after raising the Corporate Fund levy to the maximum amount allowed under the tax cap law for the past three fiscal years.

### Distribution of the Property Tax Levy

The Corporate Fund will be the single largest recipient of total property tax dollars in FY2009, receiving an estimated \$22.9 million or 34.4% of the total. The Health Department levy will be \$17.9 million, or 26.9 % of the total levy. The next biggest share of the levy, or 12.8%, will be earmarked for the Stormwater Management Fund.



Between FY2005 and FY2009, the share of the levy earmarked for the Corporate Fund has risen from 26.8% to 34.4%. During the same period, the Health Department levy has decreased from 30.0% to 26.9% of the total levy.





## PERSONNEL

The total full-time headcount for DuPage County government is proposed to rise by 2.3% in FY2009. This is a total increase in the number of overall positions of 56 full-time employees, rising from 2,426 to 2,482 employees. The Probation Office will gain the most number of employees for one area, rising from 160 to 174 employees. The Storm Water Management department will experience the largest percentage increase, 55.6%, rising from 9 to 14 employees.

<b>DuPage County Full-Time Personnel Headcount: FY2008 Amended &amp; FY2009 All Funds and Grants</b>				
	<b>FY2008 Amended*</b>	<b>FY2009 Proposed</b>	<b># Change</b>	<b>% Change</b>
<b>Corporate Fund</b>				
Sheriff	530	530	0	0.0%
Probation	160	174	14	8.8%
All Other Offices and Departments	234	253	19	8.1%
Circuit Clerk	189	189	0	0.0%
Facilities Management	92	94	2	2.2%
Public Defender	45	45	0	0.0%
Information Technology	47	45	-2	-4.3%
Finance	35	35	0	0.0%
Treasurer	23	23	0	0.0%
Recorder of Deeds	25	25	0	0.0%
Human Services	23	25	2	8.7%
Human Resources	17	17	0	0.0%
State's Attorney	144	150	6	4.2%
<b>Subtotal Corporate Fund</b>	<b>1564</b>	<b>1605</b>	<b>41</b>	<b>2.6%</b>
<b>Other Funds</b>				
Public Works	85	89	4	4.7%
Storm Water Management	9	14	5	55.6%
Transportation	102	109	7	6.9%
Neutral Site Custody Exchange	1	1	0	0.0%
Economic Development & Planning	40	40	0	0.0%
Youth Home	46	46	0	0.0%
Convalescent Center	374	374	0	0.0%
All Others	71	70	-1	-1.4%
<b>Subtotal Other Funds</b>	<b>728</b>	<b>743</b>	<b>15</b>	<b>2.1%</b>
<b>Grants</b>				
	<b>134</b>	<b>134</b>	<b>0</b>	<b>0.0%</b>
<b>Total</b>	<b>2426</b>	<b>2482</b>	<b>56</b>	<b>2.3%</b>

\*The FY2008 personnel numbers are taken from the amended FY2008 budget.

Source: DuPage County FY2009 Financial Plan, pp. 32-33.

Since FY2005 the number of DuPage County full-time positions is projected to decrease from 2,769 to 2,482. This represents an decrease of 10.4% or 287 positions. The majority of departments are projected to lose employees during this five-year period, with the single largest decrease projected by the Convalescent Center, losing 119 employees since FY2005. The Sheriff's Office will see its staff cut by 48 employees, for a reduction in staff of 8.3%. The Probation Office, on the other hand, will experience a 11.5% or 18 position increase. The staff of the Youth Home will be cut by 45.2% (from 84 to 46 positions). The reduction of Youth

Home staffing is due to a census count that revealed the Home did not support 84 positions, funding sources that did not support additional employees and organizational changes that resulted in a reduction of another nine employees in 2008.

<b>DuPage County Full-Time Personnel Headcount: FY2005 &amp; FY2009</b>				
<b>All Funds and Grants</b>				
	<b>FY2005*</b>	<b>FY2009</b>	<b># Change</b>	<b>% Change</b>
<b>Corporate Fund</b>				
Sheriff	578	530	-48	-8.3%
Probation	156	174	18	11.5%
All Other Offices and Departments	278	253	-25	-9.0%
State's Attorney	149	150	1	0.7%
Circuit Clerk	203	189	-14	-6.9%
Facilities Management	100	94	-6	-6.0%
Public Defender	43	45	2	4.7%
Information Technology	49	45	-4	-8.2%
Finance	37	35	-2	-5.4%
Treasurer	26	23	-3	-11.5%
Recorder of Deeds	27	25	-2	-7.4%
Human Services	26	25	-1	-3.8%
Human Resources	21	17	-4	-19.0%
<b>Subtotal Corporate Fund</b>	<b>1693</b>	<b>1605</b>	<b>-88</b>	<b>-5.2%</b>
<b>Other Funds</b>				
Public Works	109	89	-20	-18.3%
Storm Water Management	15	14	-1	-6.7%
Transportation	118	109	-9	-7.6%
Neutral Site Custody Exchange	4	1	-3	-75.0%
Economic Development & Planning	18	40	22	122.2%
Youth Home	84	46	-38	-45.2%
Convalescent Center	493	374	-119	-24.1%
All Others	87	70	-17	-19.5%
<b>Subtotal Other Funds</b>	<b>928</b>	<b>743</b>	<b>-185</b>	<b>-19.9%</b>
<b>Grants</b>				
	<b>148</b>	<b>134</b>	<b>-14</b>	<b>-9.5%</b>
<b>Total</b>	<b>2769</b>	<b>2482</b>	<b>-287</b>	<b>-10.4%</b>

\*The FY2005 personnel numbers are rounded to the nearest whole number.

Source: DuPage County FY2005 Financial Plan, pp. 294-296, and FY2009 Financial Plan, pp. 32 and 33.

Personnel appropriations for FY2009 will total approximately \$182.8 million, with \$126.9 million of 69.4% of total personnel costs going towards salary expenses. Contributions to the Illinois Municipal Retirement Fund (IMRF) will total \$25.2 million or 13.8% of FY2009 personnel costs. Social security expenses and health insurance costs will total \$15.6 million and \$15.1 million, respectively.

<b>DuPage County Personnel Costs: All Funds</b>		
<b>FY2009 (in \$ millions)</b>		
<b>Object</b>	<b>FY2009</b>	<b>% of Total</b>
Salaries	\$ 126.9	69.4%
Health Insurance	\$ 15.1	8.3%
IMRF	\$ 25.2	13.8%
Social Security	\$ 15.6	8.5%
<b>Total</b>	<b>\$ 182.8</b>	<b>100.0%</b>

Source: DuPage County Finance Department.

## UNRESERVED GENERAL FUND BALANCE

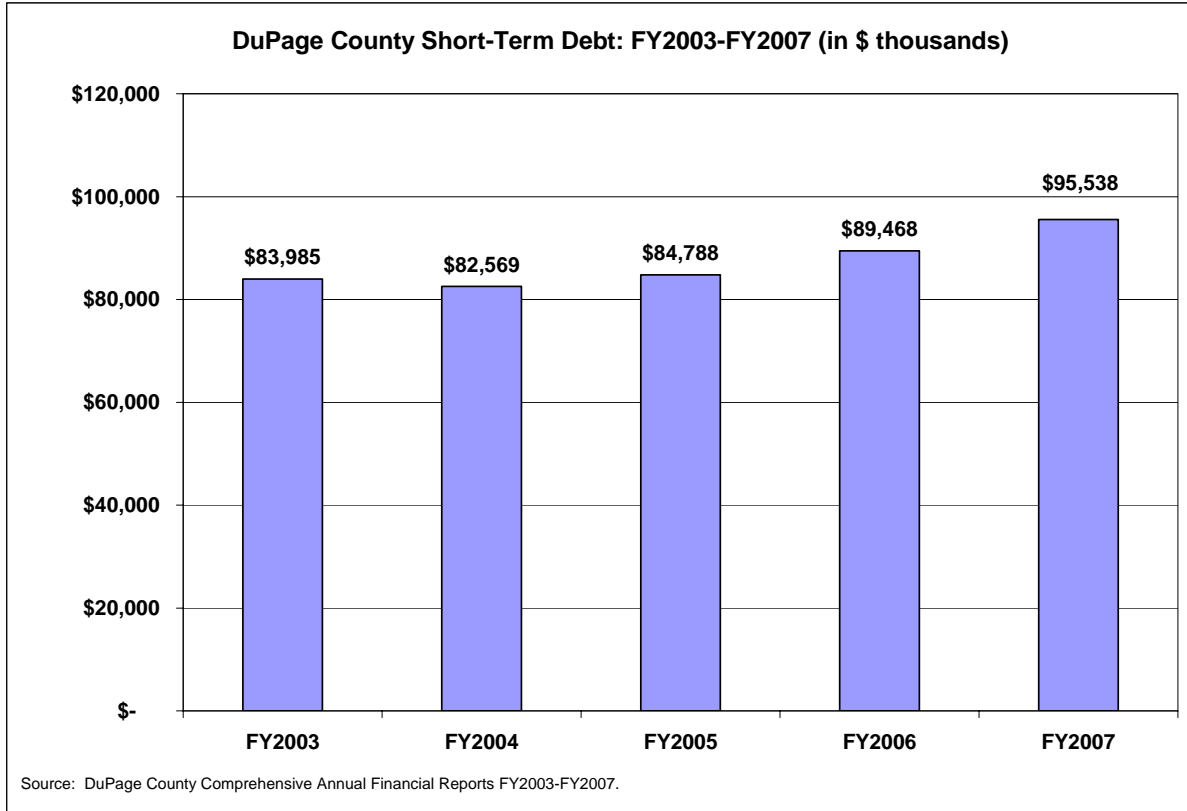
Between FY2003 and FY2007, the amount of unreserved fund balance in the DuPage County Corporate Fund increased from 18.4% of operating revenues in that fund to 28.4%. In dollar amounts, the fund balance rose from \$27.4 million to \$41.6 million. In all five years examined, the ratio was well above the 5% to 15% minimum recommended by the Government Finance Officers Association for a healthy fund balance.

<b>DuPage County Unreserved Corporate Fund Balance Ratio</b>				
	<b>Unreserved Fund Balance</b>	<b>Operating Revenues</b>	<b>Ratio</b>	
<b>FY2003</b>	\$ 27,436,575	\$ 149,471,135	18.4%	
<b>FY2004</b>	\$ 31,616,190	\$ 134,383,901	23.5%	
<b>FY2005</b>	\$ 32,751,692	\$ 135,269,262	24.2%	
<b>FY2006</b>	\$ 33,453,220	\$ 139,386,271	24.0%	
<b>FY2007</b>	\$ 41,675,308	\$ 146,735,035	28.4%	

Source: DuPage County Comprehensive Annual Financial Reports FY2003-FY2007.

## SHORT-TERM DEBT TRENDS

Short-term debt is a financial obligation that must be satisfied within one year. An increasing trend in short-term debt may be a warning sign of future financial difficulties. It is a measure of budgetary solvency, that is, a government's ability to generate enough revenue over the course of a normal budgetary period to meet its expenditures and prevent deficits. For purposes of this analysis, short-term debt in the Governmental Funds includes obligations such as accounts payable, claims payable, refundable deposits, amounts due to other governments, advances payable, liabilities payable and deferred revenue. The exhibit below presents DuPage County short-term debt trends for Fiscal Years 2003 through 2007. During that 5-year period, short-term debt obligations increased by 13.8% or by approximately \$11.5 million. Short term debt has increased each year since FY2004. Continued increases would bear watching.



## LONG-TERM OBLIGATIONS

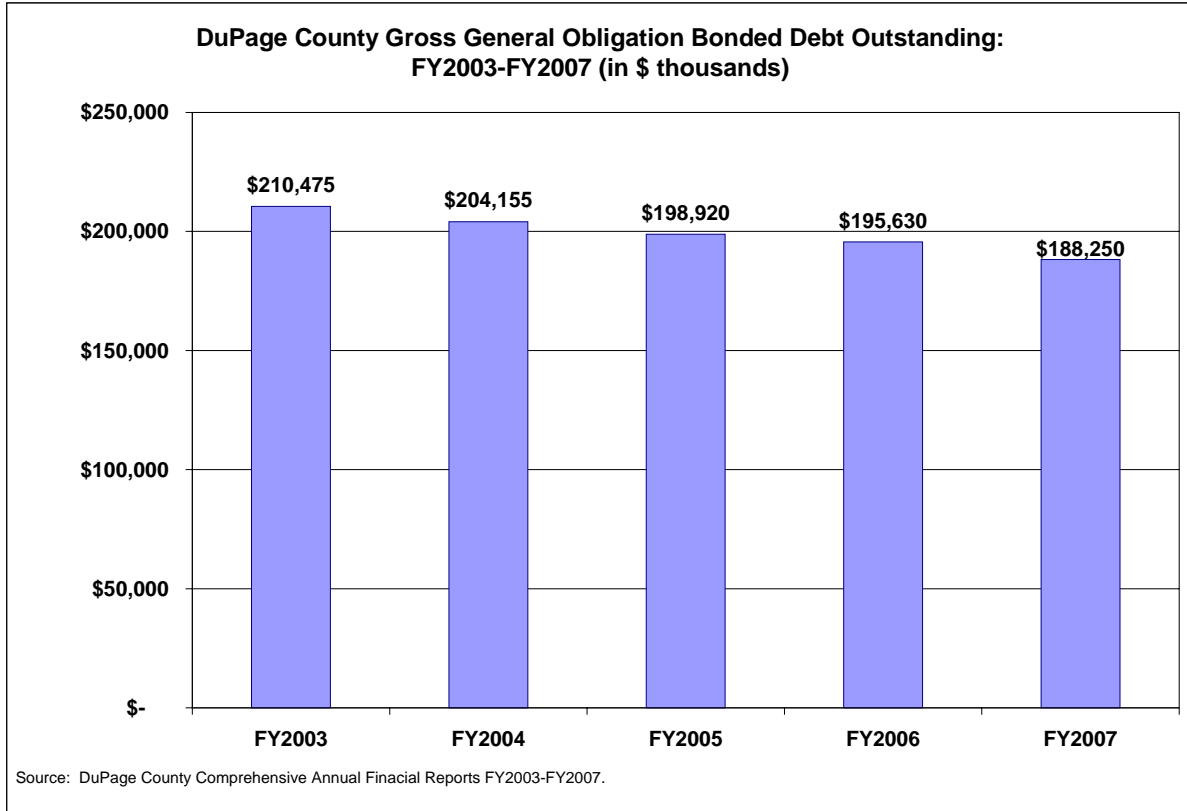
This section presents information about long-term debt trends of DuPage County. It includes information about long-term debt per capita, overlapping debt and bond ratings.

### Long-Term Debt Trends

This section presents information about trends for net general bonded debt, debt per capita trends, overlapping debt and bond ratings.

#### *Total Gross General Obligation Bonded Debt*

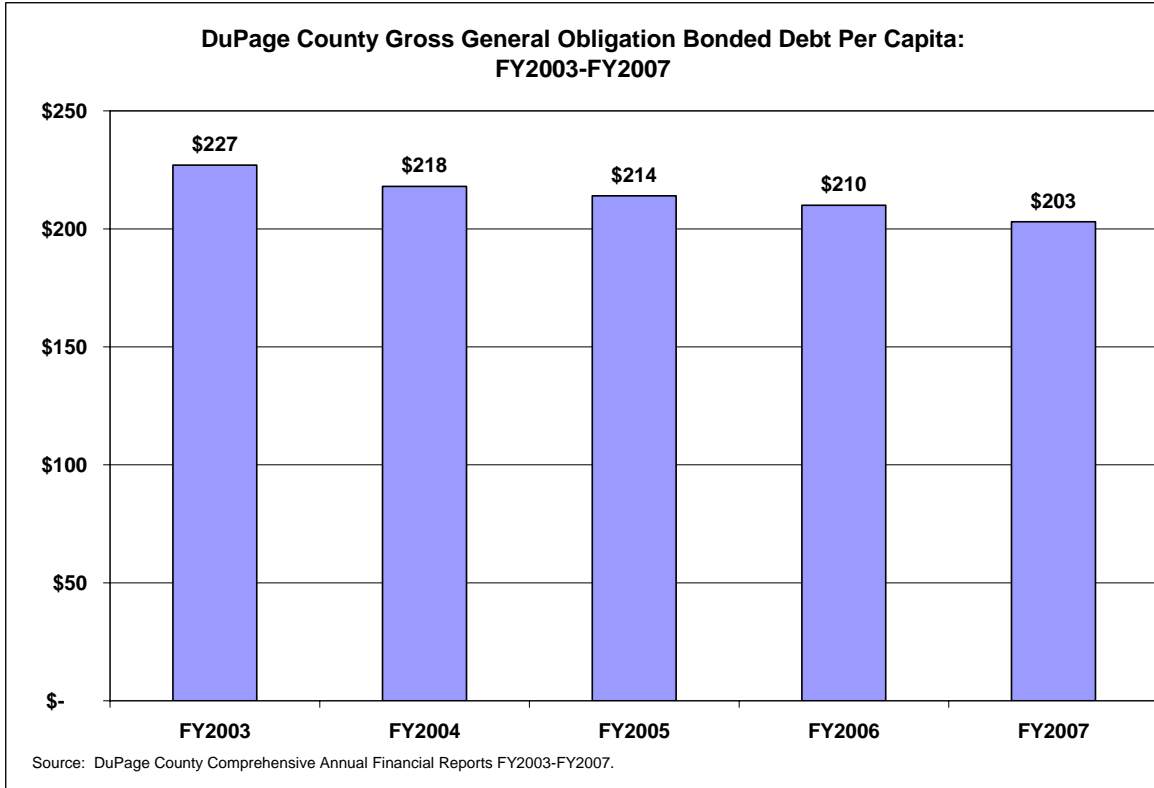
Between FY2003 and FY2007, the gross general obligation bonded debt outstanding burden of DuPage County fell from \$210.4 million to \$188.5 million. This is an \$22.2 million, 10.6% decline.



*Total Gross General Obligation Bonded Debt Per Capita*

The next exhibit presents historic DuPage County gross general obligation bonded debt per capita figures. Steady increases in long-term debt bear watching as a potential sign of increasing financial risk. Debt per capita is a measure of a government’s ability to maintain its current financial policies. This analysis takes DuPage County’s total gross general obligation bonded debt amount per year and divides it by population.

DuPage County gross general bonded obligation debt per capita decreased by 10.6% between FY2003 and FY2007, from \$227 to \$203.



### **DuPage Long-Term Debt Compared to Overlapping Debt**

The following two exhibits compare total long-term debt issued by the various local governments in DuPage County with debt issued by DuPage County government. Rating agencies and other financial analysts commonly monitor overlapping debt trends as an affordability or capacity indicator when governments consider debt issuance.

DuPage County government issued approximately 1.6% of the \$11.5 billion long-term debt issued by the various overlapping governments with boundaries wholly or partially within the County in FY2007. Municipalities issued the largest share of all long-term debt, or \$7.6 billion, which represented 65.9% of all local debt. Unit school districts were responsible for the next largest amount of the overlapping debt, or 13.5% of the total.

<b>DuPage County &amp; Other Governments Overlapping Debt: FY2007</b>			
	<b>Total Debt Outstanding</b>	<b>% Applicable to DuPage County</b>	<b>% of Total Debt</b>
<b>DuPage County*</b>	\$ 188,250,000	100.0%	1.6%
<b>Overlapping Governments</b>			
Cities & Villages	\$ 7,602,583,345	9.6%	65.9%
Unit Schools	\$ 1,563,289,435	54.0%	13.5%
Parks	\$ 858,112,496	31.2%	7.4%
Grade Schools	\$ 434,654,668	93.7%	3.8%
High Schools	\$ 414,344,301	95.6%	3.6%
Forest Preserve District	\$ 224,048,677	100.0%	1.9%
Community Colleges	\$ 137,998,102	14.9%	1.2%
Water Commission	\$ 54,670,000	98.4%	0.5%
Library	\$ 41,800,000	61.7%	0.4%
Fire Protection	\$ 15,905,000	91.9%	0.1%
Special Service	\$ 5,297,225	100.0%	0.0%
Townships	\$ 395,000	100.0%	0.0%
Airport	\$ -	0.0%	0.0%
<b>Subtotal Overlapping</b>	<b>\$ 11,353,098,249</b>		<b>98.4%</b>
<b>Total</b>	<b>\$ 11,541,348,249</b>		<b>100.0%</b>

\* Includes City of Chicago for which a portion overlaps into DuPage County.

Source: FY2007 DuPage County Comprehensive Annual Financial Report, p. 298.

The rate of growth for the various overlapping governments was 24.1% during the 4-year period between FY2004 and FY2007. This was in contrast to the 7.8% **decrease** reported by DuPage County government during the same time period.

<b>DuPage County Government vs. Overlapping Governments' Debt: FY2004 - FY2007</b>			
	<b>DuPage County Government</b>	<b>Overlapping Governments</b>	<b>Total</b>
<b>FY2004</b>	\$204,155,000	\$9,147,039,330	\$9,351,194,330
<b>FY2005</b>	\$198,920,000	\$9,992,035,215	\$10,190,955,215
<b>FY2006</b>	\$195,630,000	\$10,280,478,507	\$10,476,108,507
<b>FY2007</b>	\$188,250,000	\$11,353,098,249	\$11,541,348,249
<b>\$ Change</b>	<b>-\$15,905,000</b>	<b>\$2,206,058,919</b>	<b>\$2,190,153,919</b>
<b>% Change</b>	<b>-7.8%</b>	<b>24.1%</b>	<b>23.4%</b>

Source: DuPage County Comprehensive Annual Financial Reports

Note: The Overlapping Government debt figures exclude DuPage Airport Authority debt.

Beginning in FY2007 this debt was not reported in the CAFR in the calculations of Direct and Overlapping debt.

## **Current DuPage County Bond Ratings**

DuPage County has a bond rating of AAA from the Moody's, Standard & Poor's and Fitch rating agencies.<sup>59</sup>

<sup>59</sup> DuPage County FY2009 Financial Plan, p. 369

## PENSION FUNDING

DuPage County employees are enrolled in the Illinois Municipal Retirement Fund (IMRF), a multi-employer defined benefit pension plan. In FY2006, there were 3,024 active DuPage County members in the IMRF.<sup>60</sup>

Four different groups of DuPage County employees are covered in the IMRF: Regular Employees, Elected County Officials, Veterans Assistance Commission and Sheriff's Law Enforcement Personnel. The exhibit below shows employer and employee contribution rates for the four different groups.

<b>Pension Contribution Rates for DuPage County Employees</b>		
	<b>Employee Contribution</b>	<b>Employer 2004 Contribution Rate</b>
<b>Regular County Employees</b>	4.5% of covered salary	8.94% of covered payroll
<b>Elected County Officials</b>	7.5% of covered salary	38.0% of covered payroll
<b>Sheriff's Law Enforcement Personnel</b>	7.5% of covered salary	20.72% of covered payroll
<b>Veteran's Assistance Commission</b>	4.5% of covered salary	5.01% of covered payroll

Source: DuPage County FY2007 CAFR, p. 73.

The Civic Federation used two measures to present a multi-year evaluation of the fiscal health of the DuPage County portion of the Illinois Municipal Retirement pension fund: funded ratios and the value of unfunded liabilities.

### **Funded Ratios– Actuarial Value of Assets**

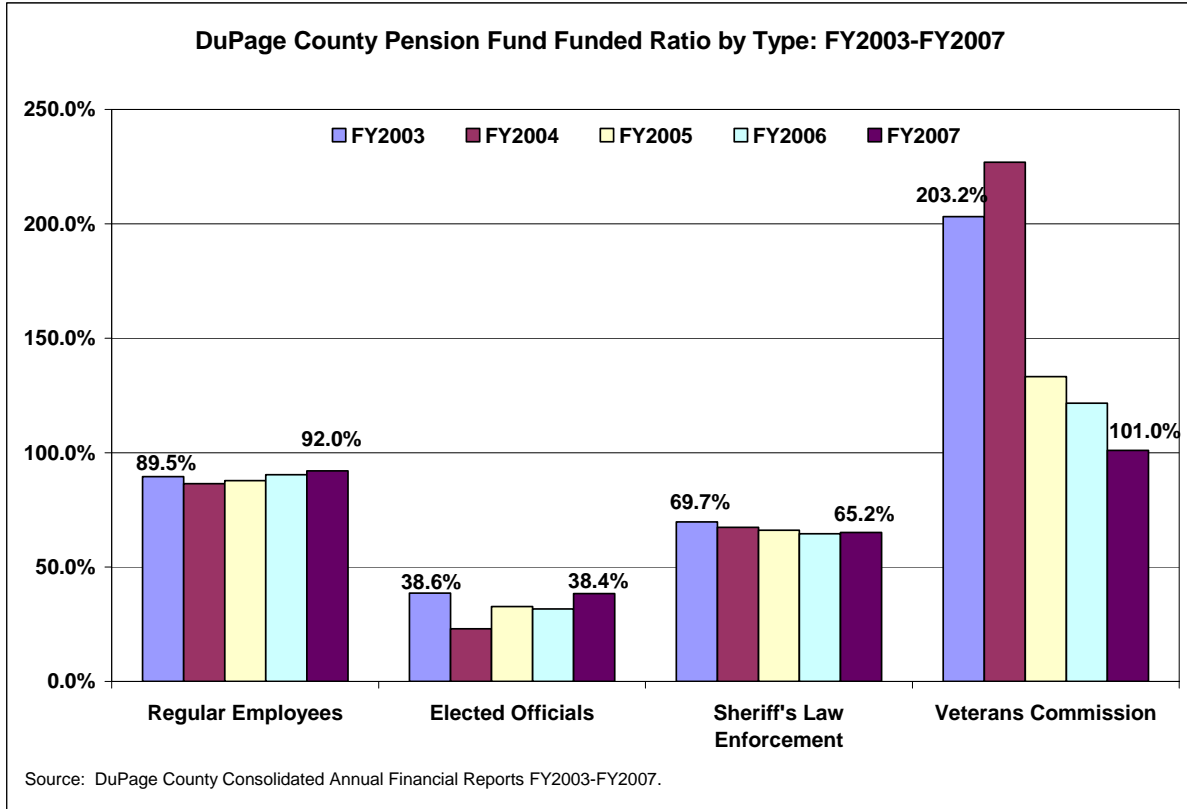
The following exhibit shows funded ratios for each of the four employee groups. This ratio shows the percentage of pension liabilities covered by assets. The lower the percentage the more difficulty a government may have in meeting future obligations.

The funded ratios of three of the four DuPage County employee pension groups – the Regular Employees, Elected Officials and Sheriff's Law Enforcement Personnel - rose in FY2007. The Veteran's Commission group funded ratio declined. However, it was funded at an over 100% ratio.

- The Elected County Officials group funded ratio dropped from 38.6% in FY2003 to 38.4% five years later;
- The Sheriff's Law Enforcement Personnel group funded ratio fell from 69.7% to 65.2%;
- The Regular Employees group, which is proportionately the largest of the three, experienced a increase from 89.3% to 92.0%; and
- The Veteran's Commission group funded ratio decline from 203.2% to 101.0%.

<sup>60</sup> *Illinois Municipal Retirement Fund FY2007 Comprehensive Annual Financial Report*, p. 78.

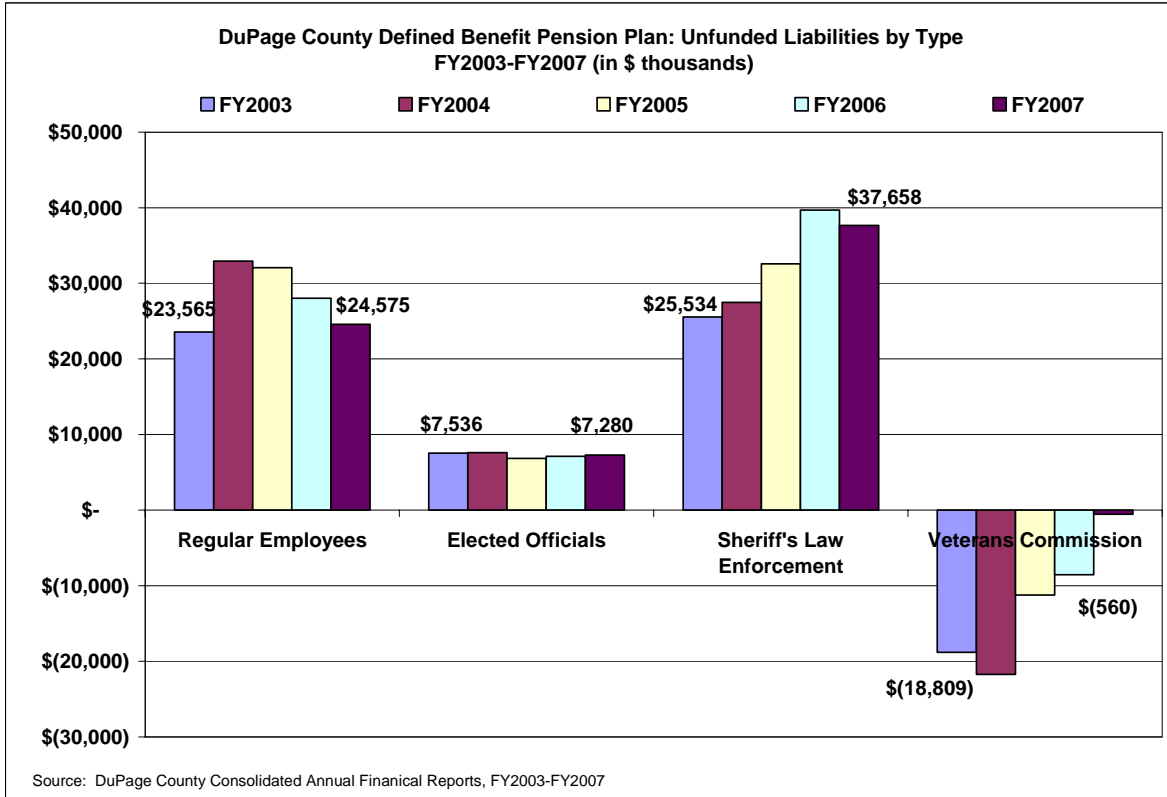




### Unfunded Pension Liabilities

Unfunded liabilities are the dollar value of pension liabilities not covered by assets. As the exhibit below shows, unfunded liabilities have risen for two of the four DuPage County employee groups. They fell slightly for the Elected Officials group. The Veteran's Commission group maintained a surplus (i.e., it is overfunded) for each of the five years examined.

The unfunded liabilities of the Regular Employees group rose from \$23.5 million to \$24.5 million between FY2003 and FY2007; however, unfunded liabilities have fallen since FY2004 where they were \$32.9 million. Unfunded liabilities for the Elected Officials group decreased from \$7.5 million to \$7.2 million. The Sheriff's Law Enforcement group reported an increase in unfunded liabilities from nearly \$25.5 million to \$37.6 million.



## OTHER POST EMPLOYMENT BENEFITS (OPEB)

Non-pension benefits provided to employees after employment ends are referred to as Other Post Employment Benefits or OPEB. OPEB includes health insurance coverage for retirees and their families, dental insurance, life insurance and term care coverage. It does not include termination benefits such as accrued sick leave and vacation.

DuPage County provides very limited healthcare and life insurance benefits for retirees. The County requires that retirees provide 100% reimbursement of the cost of other post employment premiums. OPEB expenditures net of retiree reimbursements are recognized as the insurance premiums are paid.<sup>61</sup>

DuPage County employees who opted for the 2002 Early Retirement Incentive are eligible for certain post employment benefits. The County pays \$100 per month for the employer portion of healthcare costs until the retiree is eligible for Medicare. In 2007, total expenditures for this plan were \$68,000.

<sup>61</sup> DuPage County FY2007 Comprehensive Annual Financial Report, p. 71.

## **CONCLUSION**

The Civic Federation offers qualified support for the DuPage County FY2009 financial plan totaling \$505.0 million, which includes new revenues resulting from a 0.25% increase in the County sales tax and also freezes the property tax levy for the first time in three years. The Civic Federation's support of this budget is qualified because the County has not yet implemented important transparency and management reforms to better explain and account for their spending priorities. The Federation recommends numerous management and financial planning reforms that will help guide DuPage County in the 21<sup>st</sup> century as a diverse, urban county.