Budget Process

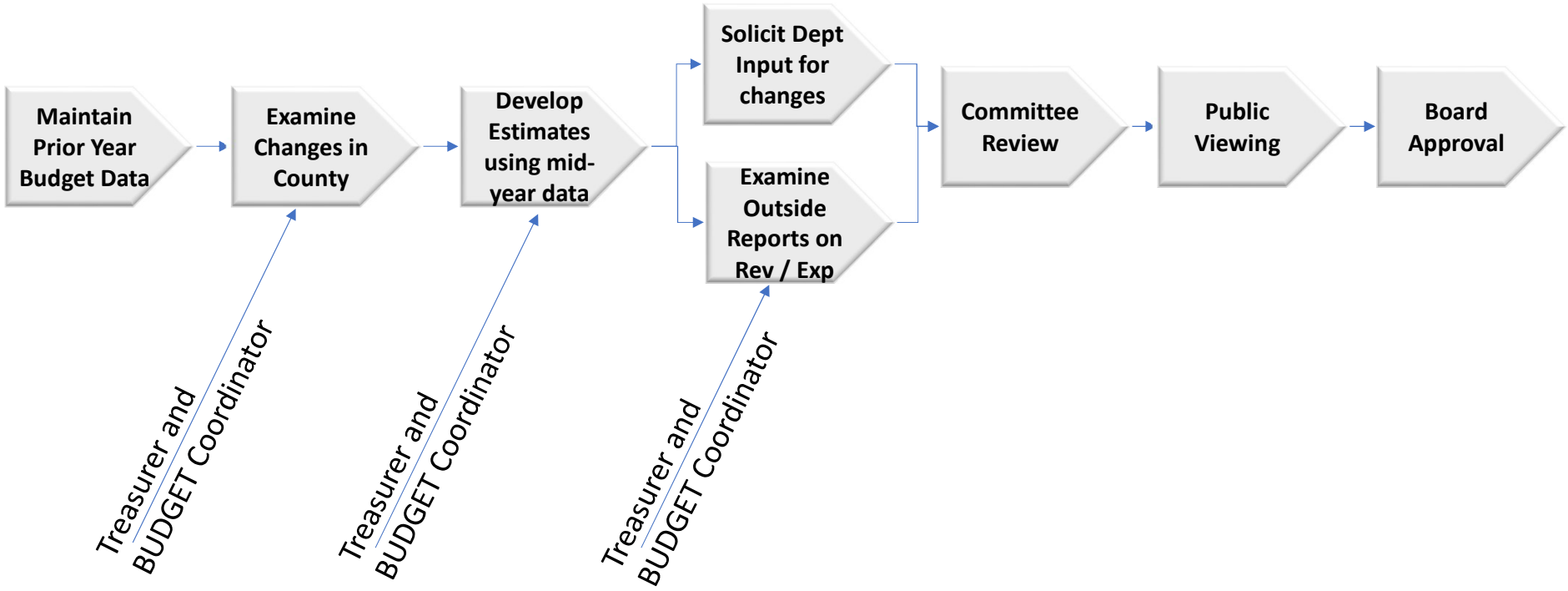
- ***The Rules***
- ***Treasurer Role***
- ***Issues and Concerns***

Bellwether, LLC
Management Services & Consulting

55 ILCS 5Division 6-1. Budget Rules

1. Prior Year's Receipts and Expenditures
2. Unexpended Prior Year Funds
3. Estimated income from taxes, from fees, and from all other sources.
4. A detailed statement showing estimates of expenditures for the current fiscal year
5. A schedule of proposed appropriations
6. A detailed statement showing compensation that is not subject to a collective bargaining agreement

The Budget Process



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Budget Pitfalls

1. Incorrectly estimating revenue or expenses
2. Incorrectly aligning expenses to the General Fund
3. Incorrectly considering external factors
    a. State Payment Changes
    b. Inflation Impact
    c. Bargaining Unit Compensation
    d. Impending External Drivers of Expense (Unfunded Mandates)

Budget Pitfalls (continued)

4. Incorrectly projecting PTEL limitations or extension strategies
5. Failing to fund adequate reserves in special levies (IMRF, FICA, TORT, etc.)
6. Failing to consider special purpose fee revenue (i.e. technology) for central services
7. Over / Under stating fee revenues
8. Failing to provide contingency funding

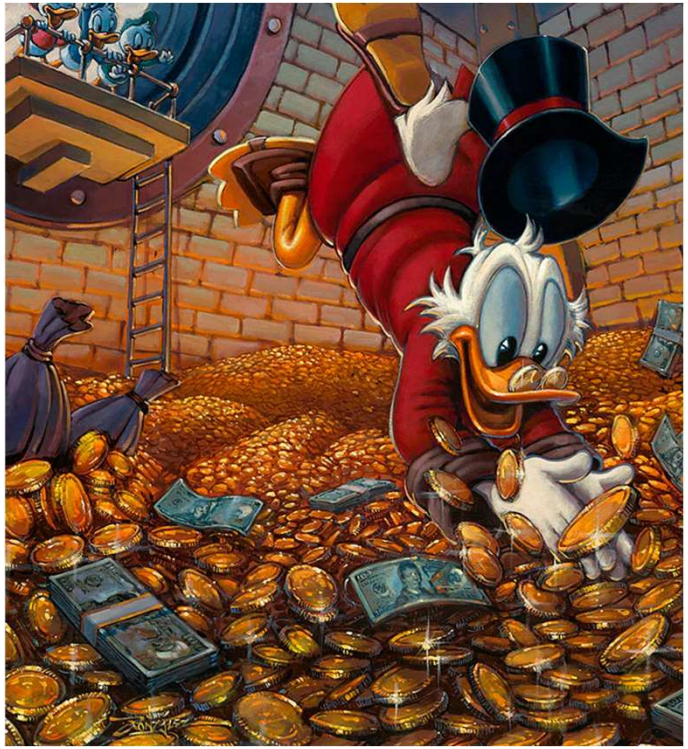
Cardinal Sins of Budget Management

1. “Across the Board” Reductions
    a. A target amount rationalized across all departments is preferred
2. Using hope as a strategy for expense reduction
    a. Reductions should be specific to actions with clear understanding of trade offs
3. Failing to engage departments in budget discussions to understand impacts
    a. Small committees acting independent is a common factor in failed budgets
4. Failing to provide periodic and rationalized estimate-to-actual reports on budget performance

Budget

Do

1. Get an early start
2. Regularly check status
3. Plan for rotating annual exp
4. Use trended spending
5. Plan for contractual changes
6. Use reserves
7. Build reserves



Do Not

1. Be a hermit
2. Generalize budget lines
3. Track revenue and expense in the same lines
4. Budget for worst case scenario
5. Budget for best case scenario
6. Completely deplete contingency
7. Over or under project EAV's