DOWNSTATE CHAPTER CONFERENCE

February 15 - 16, 2024

Illinois Government Finance Officers Association

Learning • Connecting • Progressing

IGFOA 2024 DOWNSTATE CHAPTER CONFERENCE

February 15-16, 2024

Bloomington-Normal Marriott Hotel & Conference Center
201 Broadway Ave., Normal, IL 61761

AGENDA

THURSDAY, FEBRUARY 15, 2024

9:30 – 9:50 AM **Check-in and Networking**

9:50 – 10:00 AM **Welcome and Opening Remarks**
Courtney Kouzmanoff, Financial Services Manager/Budget Officer, *City of Champaign, President, IGFOA Downstate Chapter*

10:00 – 11:15 AM **How to Achieve the Ultimate Work-Life Balance without Sacrificing Your Career**
Speaker: **Joana Ardelean, MSHRM, SHRM-CP, PHR, CC** – Human Resources Executive, Coach, Speaker and Author

Do you feel exhausted and overwhelmed trying to juggle work life and a full life at home? Wouldn't it be amazing if you knew just where to focus your energy and exactly what to do to navigate your career confidently, stress-free and with ease so there is a "full you" to share at home at the end of the day?

Take the guessing out and attack the big elephant in the room – how to finally manage your work to achieve a calm, beautifully balanced and fulfilled life! This workshop-style presentation will teach you the essential mindset changes you need to make, how to manage a successful career and juggle your personal life at the same time.

Learning Objectives: Participants completing this session will be able to:
- Identify the wrong measuring stick being used to define our success, along with its root cause and a strategy to turn it around;
- Identify the early signs of burnout;
- Learn the fundamental pillars needed for a new way of existing that allows for full work and a full life at the same time; and
- Define and implement the key ingredients of success at each stage so you can focus your efforts in the right places that make a difference.

CPE: About 1.5 hours **Field of Study:** Personal Development – Non-Technical **Level:** Overview

11:15 – 11:30 AM **Break**

11:30 AM – 12:20 PM **IDOR: The Local Tax Allocation Division and Your Local Government**

Speaker: **Aaron Allen**, Division Manager, Local Tax Allocation Division, *Illinois Department of Revenue*

The IDOR will provide a demonstration and discussion of resources offered by LTAD for local government officials, as well as information on how to decode the LTAD reports and PPRT disbursements for FY 2024.

Learning Objectives: Participants completing this session will be able to:
- Learn how to take advantage of LTAD resources offered for local government officials;
- Understand the reports and how to use them; and
- Learn more about the projected reduction in PPRT disbursements for FY F2024.

CPE: About 1.0 hours   **Field of Study:** Finance – Technical   **Level:** Overview

12:20 – 1:15 PM   **Networking Luncheon**

1:15 – 2:05 PM   **HR Fundamentals for Finance Folks**
Speakers: **Bill Hannah,** Director of Finance, *City of St. Charles and IGFOA Past President*
Jennifer McMahon, SPHR, Director of Human Resources, *City of St. Charles*

Human Resources responsibilities can fall into different departments depending on the size and structure of the municipalities. They could be under the Manager's office or a separate HR department. Many times, however, the Finance Director and Department are charged with ensuring that many of HR responsibilities are completed. This session aims to arm finance staff with knowledge to administer basic HR functions to remain compliant, to instill positive labor relations, and to deal with personnel issues effectively.

Learning Objectives: Participants completing this session will be able to:
- Identify compliance requirements (e.g. FMLA, Workers Compensation, employment postings, harassment, ACA, etc.);
- Gain an understanding of basic labor relations; and
- Learn the basics of an internal employee investigation.

CPE: About 1.0 hours   **Field of Study:** Personnel/Human Resources - Non-Technical **Level:** Overview

2:05 – 2:15 PM   **Break**

2:15 – 3:30 PM   **GASBs 87 and 96: Lessons Learned and How to Ensure a Successful Implementation**
Speakers: **Anthony Cervini, CPA, CFE**, Partner-in-Charge, Government Services, *Sikich LLP*
Michael Malatt, CPA, Partner, *Baker Tilly US, LLP*

Discuss some of the key takeaways from the implementation of *GASB Statement 87, Leases* and how to apply those lessons to your implementation of *GASB Statement 96, Subscription-Based Information Technology Arrangements*. This session will include a post-implementation review of GASB 87 and a discussion of the key differences to be aware of with GASB 96. Finally, this session will outline the steps organizations should put into place to ensure successful implementation.

Learning Objectives: Participants completing this session will be able to:
- Debrief on the implementation of GASB 87;
- Identify agreements subject to GASB 96 and analyze the relevant contract terms; and

- Identify best practices to gather the data necessary for a successful implementation.

CPE: About 1.5 hours   **Field of Study:** Accounting (Governmental) - Technical   **Level:** Overview

3:30 – 3:45 PM   **Break**

3:45 – 4:45 PM   **The Fundamentals of Fraud Prevention**
Speakers: **Mike Doerr**, VP Public Sector, *Paymerang*
Sierre Lindgren, Senior Fraud Analyst, *Paymerang*

Did you know your current check processing is posing risks and exposing your AP payments to payment fraud? With internal and external threats on the rise, accounting teams have no time to lose in mitigating the risk of payment fraud, safeguarding sensitive banking information, and ensuring the integrity of the accounting system. Electronic payment solutions, such as virtual cards and ACH transactions, provide greater protections than paper checks, mitigating the risk of payment fraud.

Learning Objectives: Participants completing this session will be able to:
- Discuss growing payment fraud risks to your organization;
- Highlight recent payment fraud incidents that have impacted organizations; and
- Learn how to safeguard your organization's payments through e-payments.

CPE: About 1.0 hours   **Field of Study:** Finance – Technical   **Level:** Overview

4:45 PM   **Announcements**
Courtney Kouzmanoff, Financial Services Manager/Budget Officer *City of Champaign, President, IGFOA Downstate Chapter*

5:15 – 8:00 PM   **Dinner at the Marriott and Energy Leadership Workshop: Energy Leadership: A Path to Resilience**
Speaker: **Sarah Schillerstrom**, Founder and President, *SRSD Consulting*

This engaging and highly interactive presentation will delve into the transformative concept of Energy Leadership™—a framework designed to help individuals understand and harness their personal energy. Attendees will discover how to use this powerful tool to effectively manage their emotional responses and influence others.

Using practical examples and real-world scenarios, the presentation illustrates the application of Energy Leadership™ in both navigating difficult situations and celebrating success. Attendees will gain valuable insights into recognizing their default energy patterns and acquire practical strategies to shift towards more constructive and empowering mindsets.

Ultimately, this presentation offers a tangible strategy for participants to navigate life's challenges with grace and resilience through the principles of Energy Leadership™. By seamlessly integrating these concepts into their daily lives, attendees will emerge better equipped to confront difficult situations, turn obstacles into opportunities, and face adversity with newfound strength and clarity.

Learning Objectives: Participants completing this session will be able to:
- Understand the Energy Leadership™ framework;
- Understand how to apply the framework to everyday situations;
- Learn to recognize one's own energy; and
- Learn to use the Energy Leadership™ framework to influence others.

CPE: About 2.0 hours   **Field of Study:** Personal Development - Non-Technical   **Level:** Overview

FRIDAY, FEBRUARY 16, 2024
8:00 – 9:00 AM   **Breakfast**

8:55 – 9:00 AM   **Announcements**
Courtney Kouzmanoff, Financial Services Manager/Budget Officer *City of Champaign, President, IGFOA Downstate Chapter*

9:00 – 10:15 AM   **Legislative Update**
Speaker: **Brad Cole,** Executive Director, Illinois Municipal League (IML)

This session will update participants with an update on State legislative matters relevant to Illinois local governments.

Learning Objectives: Participants completing this session will be able to:
- Gain knowledge of new Illinois Public Acts significantly affecting local governments;
- Understand pending Illinois General Assembly legislative proposals that may significantly affect local governments; and
- Explore recent developments in proposed legislation.

CPE: About 1.5 hours   **Field of Study:** Business Law – Technical   **Level:** Update

10:15 – 10:30 AM   **Break**

10:30 – 11:45 AM   **GFOA's Budgeting Best Practices**
Speaker: **John Fishbein,** Senior Program Manager, Technical Services, *GFOA*

Learn about GFOA's budgeting best practices, including examples for practical implementation. This session will also summarize GFOA's rethinking budgeting initiatives.

Learning Objectives: Participants completing this session will be able to:
- Become knowledgeable about GFOA's budgeting best practices;
- Learn how real-life examples can be applied to these best practices; and
- Understand GFOA's rethinking budgeting initiatives.

CPE: About 1.5 hours   **Field of Study:** Finance – Technical   **Level:** Overview

11:45 AM   **Closing Remarks**
Courtney Kouzmanoff, Financial Services Manager/Budget Officer *City of Champaign, President, IGFOA Downstate Chapter*

11:45 AM – 12:45 PM   **Luncheon with the IGFOA Executive Board and Committee Chairs**

IGFOA DOWNSTATE CHAPTER CONFERENCE
February 15 - 16, 2024 | Speaker Bios

Aaron Allen, Division Manager, Local Tax Allocation, Illinois Department of Revenue
Aaron Allen received a B.S. in Agribusiness, Farm, and Financial Management from the University of Illinois at Urbana-Champaign and a MBA from the University of Illinois at Springfield. He has worked for the Department of Revenue for 15 years in the Motor Fuel Division, Audit Division, as the Section Manager of the Alcohol and Tobacco Processing Section, and now as the Division Manager of the Local Tax Allocation Division since April 2018.

Joana Ardelean, MSHRM, SHRM-CP, PHR, CC - Human Resources Executive, Coach, Speaker and Author
Joana Ardelean is a human resources executive, coach, speaker and writer, and a proud Romanian with rich traditions filled with faith. She strives for mastery in her field, is an award winner, is triple certified and has a graduate degree in human resources management. Joana spent almost two decades at industry giants such as PricewaterhouseCoopers, KPMG, RR Donnelley, and different local government agencies. But her passion shines through when she is helping with burnout from being overwhelmed at work and at home. Her coveted framework is now published in her book "Burnout 911: The Ultimate Guide to Work-Life Balance".

Joana has been a featured speaker at various HR annual conferences and seminars, webinars, podcasts, university classes and trade association events including IPELRA, IPMA-HR, Stateline SHRM, The Management Association, The Legacy Project, Roosevelt University, Oakton College, John Crane Co, The Chicago Lighthouse, Hacking HR series, No Woman Left Behind and others.

Anthony Cervini, CPA, CFE, Partner-in-Charge, Government Services, Sikich LLP
Anthony M. Cervini, CPA, CFE, is responsible for providing technical services to Sikich's governmental clients in all areas of governmental accounting, auditing, financial reporting, budget development, internal controls, revenue and expenditure forecasting, and cash and debt management. Anthony has participated in hundreds of audits of municipalities and other governmental entities since beginning his career with Sikich in 2005. He also has been responsible for serving as lead instructor for governmental accounting, auditing, financial reporting, cash management and internal control courses internally and throughout the Midwest.

Anthony serves as a member of the GFOA Special Review Committee and is the current Chair of the Illinois CPA Society Government Report Review Committee. Anthony previously served as a budget reviewer for the Government Finance Officers Association Distinguished Budget Presentation Award.

Brad Cole, Executive Director, Illinois Municipal League (IML)
Brad serves as executive director of the Illinois Municipal League, which is the statewide association of 1,298 cities, villages, and towns. The League's mission is to articulate, defend, maintain, and promote the interests and concerns of Illinois communities. Previously, Brad was Senior Vice President of Pepsi MidAmerica, a privately-owned soft drink bottling and distribution business servicing a five-state franchise territory. His duties involved supervision of all aspects of the company, including finance, administration, human resources, fleet management, equipment services, and sales. Prior to entering the private sector, he worked as Downstate Director for U.S. Senator Mark Kirk, of Illinois. In that position, he was a key member of the senator's senior management team and was responsible for strategies initiative, outreach and constituent services in 95 (of 102) counties of Illinois. Cole served as Mayor of the City of Carbondale, Illinois for two four-year terms, which followed one four-year term on the City Council.

Before entering local government service, Brad was Deputy Chief of Staff to Illinois Governor George H. Ryan. He directly advised the Governor and coordinated the administration of government services relative to the southern 40 counties of Illinois. Active as a leader for numerous public and private organizations, he has served on a library board, a park district board, a school board, a regional healthcare system board, a multi-state economic development commission, and in many other similar posts. He has been appointed to commissions by four of the past five Governments of Illinois and was nominated to national board appointment by President George W. Bush. He is Chairman Emeritus of Sister Cities International (a citizen diplomacy organization based in Washington, DC), having served two years as chairman of its global board of directors. Brad Cole is a graduate of Southern Illinois University at Carbondale with a bachelor's degree in a double major of Political Science and Biological Science, and a Master of Legal Studies degree from the SIU School of Law. He originally hails from Macon Illinois.

Mike Doerr, VP Public Sector, Paymerang
Mike Doerr oversees Paymerang's Public Sector business. He has a background in fintech and insurance technology, and he enjoys helping organizations leverage technology to transform their business practices. He received his MBA from the University of Virginia's Darden School of Business.

John Fishbein, Senior Program Manager, GFOA
John Fishbein is a senior program manager in the Technical Services Center of the Government Finance Officers Association of the United States and Canada (GFOA) in Chicago, Illinois. Mr. Fishbein came to GFOA in 2002. He is responsible for the day-to-day operation of GFOA's Distinguished Budget Presentation Awards Program. He is the author of GFOA's recent publication on Building a Better Budget Document. He previously authored Preparing High Quality Budget Documents for School District's and Preparing High Quality Budget Documents. He serves as staff to GFOA's standing Committee on Governmental Budgeting and Fiscal Policy. He has spoken at national and Internet training seminars and conferences on budgeting.

Bill Hannah, Director of Finance, City of St. Charles
Bill Hannah joined the City of St. Charles in 2022, coming from the Village of North Aurora, where he served as the Finance Director/Treasurer since 2005. He started his career as Assistant to the Director of Administrative Services for the Village of Barrington in 1997 and became the Budget/Finance Manager for the City of Wheaton in 2001. Bill holds a BA degree in business and economics from Illinois Benedictine College and a Master of Public Administration from NIU. He was awarded the GFOA Certified Public Finance Officer (CPFO) certificate in 2013. Bill is a Past President of IGFOA, a member of GFOA and former member of ILCMA, IAMMA and IPELRA.

Sierre Lindgren, Senior Fraud Analyst, Paymerang
Sierre Lindgren is a senior fraud analyst at Paymerang. Sierre helps create new fraud mitigation tools, policies and procedures, and analyzes recent fraud trends and schemes. She also educates business offices nationwide on how to protect themselves from fraud during thought leadership presentations. Before Paymerang, she spent 11 years in the banking industry, with the last five of those years focusing on fraud and investigating ACH, wire, and debit card fraud disputes from customers. Lindgren holds degrees in Psychology and Criminal Justice from Virginia Commonwealth University.

Michael Malatt, CPA, Partner, Baker Tilly US, LLP
Michael is a Partner with Baker Tilly and has been a member of the firm's Public Sector Practice Group since 2007. Michael has extensive experience providing financial and compliance audits, accounting services, and consulting services to state and local government organizations. Michael is also responsible for assisting in the implementation of GASB standards, including the development of practical implementation tools to providing in-depth training to firm staff and clients. Michael is a member of the Illinois CPA Society, AICPA, GFOA Special Review Committee, and IGFOA Professional Education Committee. Michael obtained a Bachelor of Business Administration in Accountancy and Mathematics and a Master of Science in Accountancy from the University of Notre Dame. Michael received the 2008 Excel Award from the Illinois CPA Society for outstanding achievement on the Uniform CPA Examination in Illinois.

Jennifer McMahon, SPHR, Director of Human Resources, City of St. Charles
Jennifer McMahon became the Director of Human Resources for the City of St. Charles in 2016. She earned a BA in Urban Studies from DePaul University and a Master of Urban Planning & Policy from UIC. Her career includes positions as Human Resources Assistant in Elmhurst and Assistant City Administrator in Warrenville. Jennifer is a member of ICMA, ILCMA, NPELRA, IPELRA and The Legacy Project, having held committee or board positions in many of them. She also acts as a career mentor for DePaul University's Alumni Sharing Knowledge program.

Sarah Schillerstrom, Founder and President, SRSD Consulting, LLC
With a successful career spanning nearly two decades in local government, Sarah quickly rose through the ranks and held multiple positions across various departments, including Public Works, Administrative Services, Human Resources and the Village Manager's Office. During her tenure, she served as the Human Resources Director for almost a decade and concluded her service as the Deputy Village Manager. She started her career as an L.P. Cookingham-Noll Fellow and Budget Analyst with the City of Kansas City, MO. Sarah's true passion is to support the creation of positive and healthy work cultures in local government by helping leaders reach their full potential and attracting and retaining top talent. She has established SRSD Consulting, LLC, which partners with GovHR USA to promote coaching within local government. Sarah is also a professional certified coach, bringing her expertise to help build a leadership pipeline for the future.

IGFOA 2024 Downstate Chapter Conference
Illinois Department of Revenue
Local Tax Allocation Division (LTAD)
and Your Local Government

February 15, 2024
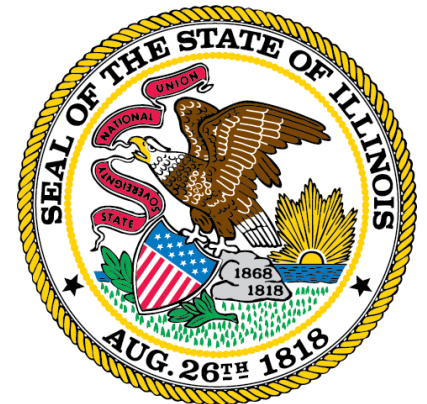
Disclaimer

This PowerPoint presentation is provided for general informational purposes only. The information contained in this presentation should not be construed as legal advice from the Illinois Department of Revenue or the presenter for any purpose, including but not limited to the Taxpayers' Bill of Rights, nor is it intended to be a substitute for legal counsel on any subject matter. IDOR advises that audience members pursue appropriate legal or other professional advice when seeking guidance, based upon their particular facts and circumstances.

DISTRIBUTIONS OF 1% MUNICIPAL TAXES
(Fiscal Year July 1 through June 30)

MT	
($Millions)	**(MT 1.00%)**
FY-15	1,720.1
FY-16	1,753.8
FY-17	1,758.3
FY-18	1,796.5
FY-19	1,833.6
FY-20	1,860.2
FY-21	1,816.9
FY-22	2,251.6
FY-23	2,371.1
FY-24*	1,447.4

*FY-24 is through the January disbursement (7 months through the year)

FY-23 was $1,405.4 million through January 2023.

FY-24 is a 3% increase compared to FY-23 at the same point.

ILLINOIS REVENUE

DISTRIBUTIONS OF 1% PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)
(Fiscal Year July 1 through June 30)

PPRT ($Millions)	Annual Amt
FY-15	1,434.5
FY-16	1,320.5
FY-17	1,466.8
FY-18	1,227.4
FY-19	1,327.8
FY-20	1,453.4
FY-21	1,843.5
FY-22	4,018.4
FY-23	4,541.8
FY-24*	2,018.3

ILLINOIS REVENUE

*FY-24 is through the January 2024 disbursement (7 months through the year)

FY-23 was $2,765 million through January 2023.

FY-24 is a 27% decrease compared to FY-23 at the same point. This is due to the October and January adjustments that were described in our May PPRT statement and the FY-24 PPRT estimate posted to our website. Additional adjustments will occur in April, May, and July.

Even with the decrease, you are still receiving more PPRT funds than prior to FY-22.

DISTRIBUTIONS OF INCOME TAX
(Fiscal Year July 1 through June 30)

INC	
($Millions)	**Annual Amt**
FY-15	1,316.3
FY-16	1,301.1
FY-17	1,216.3
FY-18	1,162.9
FY-19	1,331.0
FY-20	1,266.5
FY-21	1,672.6
FY-22	1,968.9
FY-23	1,996.8
FY-24*	1,127.4

*FY-24 is through the January 2024 disbursement (7 months through the year)

FY-23 was $1,064.1 million through January 2023.

FY-24 is a 6% increase compared to FY-23 at the same point.

Income tax was expected to increase because of the PPRT adjustments, moving money into LGDF.

ILLINOIS REVENUE

DISTRIBUTIONS OF USE TAXES
(Fiscal Year July 1 through June 30)

ULO ($Millions)	Annual Amt
FY-15	204.8
FY-16	234.1
FY-17	250.2
FY-18	267.5
FY-19	309.4
FY-20	356.2
FY-21	458.0
FY-22	392.8
FY-23	412.8
FY-24*	215.3

*FY-24 is through the January 2024 disbursement (7 months through the year)

FY-23 was $229.6 million through January 2023.

FY-24 is a 6% decrease compared to FY-23 at the same point.

ILLINOIS REVENUE

DISTRIBUTIONS OF CANNABIS USE TAXES
(Fiscal Year July 1 through June 30)

CUT	
($ Millions)	**Annual Amount**
FY-20	3.2
FY-21	12.6
FY-22	20.5
FY-23	19.7
FY-24*	11.2

*FY-24 is through the January 2024 disbursement (7 months through the year)

FY-23 was $11.6 million through January 2023.

FY-24 is a 3% decrease compared to FY-23 at the same point.

ILLINOIS
REVENUE

COMPARISON OF ALL DISBURSEMENTS

- FY-23 through January 2023:
  - $9,136.5 Million

- FY-24 through January 2024:
  - $8,572.7 Million

- Decrease of 6% attributable to the PPRT decrease.

ANNUAL BOUNDARY REVIEW

- On February 1, 2024, LTAD made its local taxing jurisdiction boundaries available, which requires review for accuracy by local governments.

- These boundaries were sent to local governments via MLT message.

- Local governments have the option of providing their boundary file which IDOR will overlay onto its maps to make any necessary corrections. Alternatively, IDOR can provide shape files to local governments which can then be used to determine if any boundary changes are needed.

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ANNUAL BOUNDARY REVIEW

- Local governments may report corrections or request/provide a boundary file by emailing REV.GIS.Tech@illinois.gov.

- Changes must be reported by April 1, 2024. All changes will take effect July 1, 2024.

- Any updates not reported by April 1, other than boundary changes made by local ordinances, such as annexations or disconnections, will not be made until July 1, 2025.

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UPCOMING DEADLINES

- March 20
  - Telecom Ordinances

- April 1
  - Boundary Changes
  - Ordinances that **<u>don't</u>** require voter approval
    - BDST, HMR, MCAN/CCAN, MMFT/CMFT

- May 1
  - Ordinances that **<u>do</u>** require voter approval
    - NHMR, CFST, CPST

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TIPS FOR ALL ORDINANCES

- There are templates for the ordinances on our website.

- Legal will send a letter either stating that the ordinance will be imposed or requesting changes to the ordinance.

- Required documentation must be mailed or submitted through MyLocalTax using the "Submit Certified Ordinance or Resolution" function.

- We use the postmark date on the envelope for the ordinance deadline.

- If you want to verify that we received your ordinance, please check with us before the deadline!

- You don't have to wait for the meeting closest to the deadline to pass the ordinance.

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BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT TAX

- Tips to ensure all intended addresses are added to the business district
  - Business Districts are based on addresses, not business names or PINs
    - Example: Your list should provide 101 N. First Street, not McDonald's
  - Verify all work done by a 3rd party, you know your municipality, they might not
  - Order a taxpayer listing through the MyLocalTax (MLT) portal monthly
    - This listing provides a spreadsheet with all retail businesses within the municipality
    - Compare your business district list to this taxpayer listing to verify all businesses have been added

ILLINOIS REVENUE

BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT TAX

- Tips to ensure all intended addresses are added to the business district
  - Refer to the annual taxpayer listing
    - This file is now provided through MLT according to the schedule on the following page. If you aren't using MLT, you must request this from LTAD.
    - Use this listing in the same manner as the taxpayer listing above
  - Make sure the business's address is correct and updated
    - Example: 100 State Route 5, USPS address is 100 W. Main Street
  - A simple abbreviation could cause the address to not match USPS. Please use the USPS address.
    - Example: Street and St.

BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT TAX

- After verifying your business district addresses, IDOR will send a business district taxpayer listing.

- It is very important to review this document closely, as any addresses that are omitted must be submitted to IDOR before the April 1/October 1 deadline, otherwise you must wait until the next deadline to add that address to your district.

- Once all the intended addresses are included on your business district taxpayer listing, IDOR will finalize the business district process and notify the affected businesses.

BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT TAX

- Other information to know about business districts
  - Individual sales tax data for the businesses in your business district is confidential. To view this data, your municipality must have a current information exchange agreement on file with IDOR.

  The sales tax allocation process is a four-month cycle
    - If the effective date of your district is January 1, you will receive the first distribution of business district tax in April.
    - If the effective date of your district is July 1, you will receive the first distribution of business district tax in October.

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BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT TAX

- Recent Change
  - IDOR developed an electronic address submittal process.
  - No more manual entry, reducing the possibility of typos or other errors.
  - Time savings for the staff, allowing them to respond to questions and other correspondence quicker.
  - You aren't required to submit electronically.

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ANALYSIS OF LOCAL GOVERNMENT ROT AND USE TAX RECEIPTS

- Report completed by IDOR's Office of Fiscal and Economic Research.

- Posted on LTAD's web page under "Taxes Distributed to Local Governments" in the Sales Tax Section.

- Summary
  - COVID-19 pandemic distorted the economy
  - Leveling the Playing Field Act and phased return to pre-pandemic commuting patterns in CY 2021, led to strong revenue growth in FY 2022.
  - Strong growth continued in FY 2023, but that growth was due to inflation rather than growth in taxable consumption.

ILLINOIS REVENUE

PROPOSED LEGISLATION

- HB 4438 – CMFT Statewide
- HB 4455 – LGDF Transfers

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LOCAL GOVERNMENT RESOURCES

- LTAD Website
  - Allocation amounts
  - PPRT Estimate
  - Training materials

- LTAD Quarterly Newsletter
  - January, April, July, October
  - We will post it to our website and send a message to subscribers

- IDOR's News and Updates email subscription service
  - Sign up on website
  - Short messages to alert you of news
    - When the PPRT estimate was posted, etc.

ILLINOIS REVENUE

THANK YOU!

Illinois Department of Revenue
Local Tax Allocation Division
101 W. Jefferson St. 3-500
Springfield, IL 62702

Telephone: (217) 785-6518
Fax: (217) 785-6527
Email: REV.LocalTax@Illinois.gov
Website: https://tax.illinois.gov/localgovernments/localtaxallocation.html
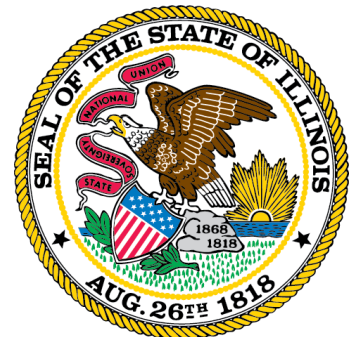
HR Fundamentals for Finance Folks

February 15, 2024

Presenters: Bill Hannah, Director of Finance, City of St. Charles and IGFOA Past President and Jennifer McMahon, SPHR, Director of Human Resources, City of St. Charles

Illinois Government Finance Officers Association

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Topics to Cover

- Compliance
  - FMLA
  - Workers' Compensation
  - Employment Postings
  - Harassment
  - ACA

- Labor Relations

- Internal Employee Investigations

Compliance - FMLA
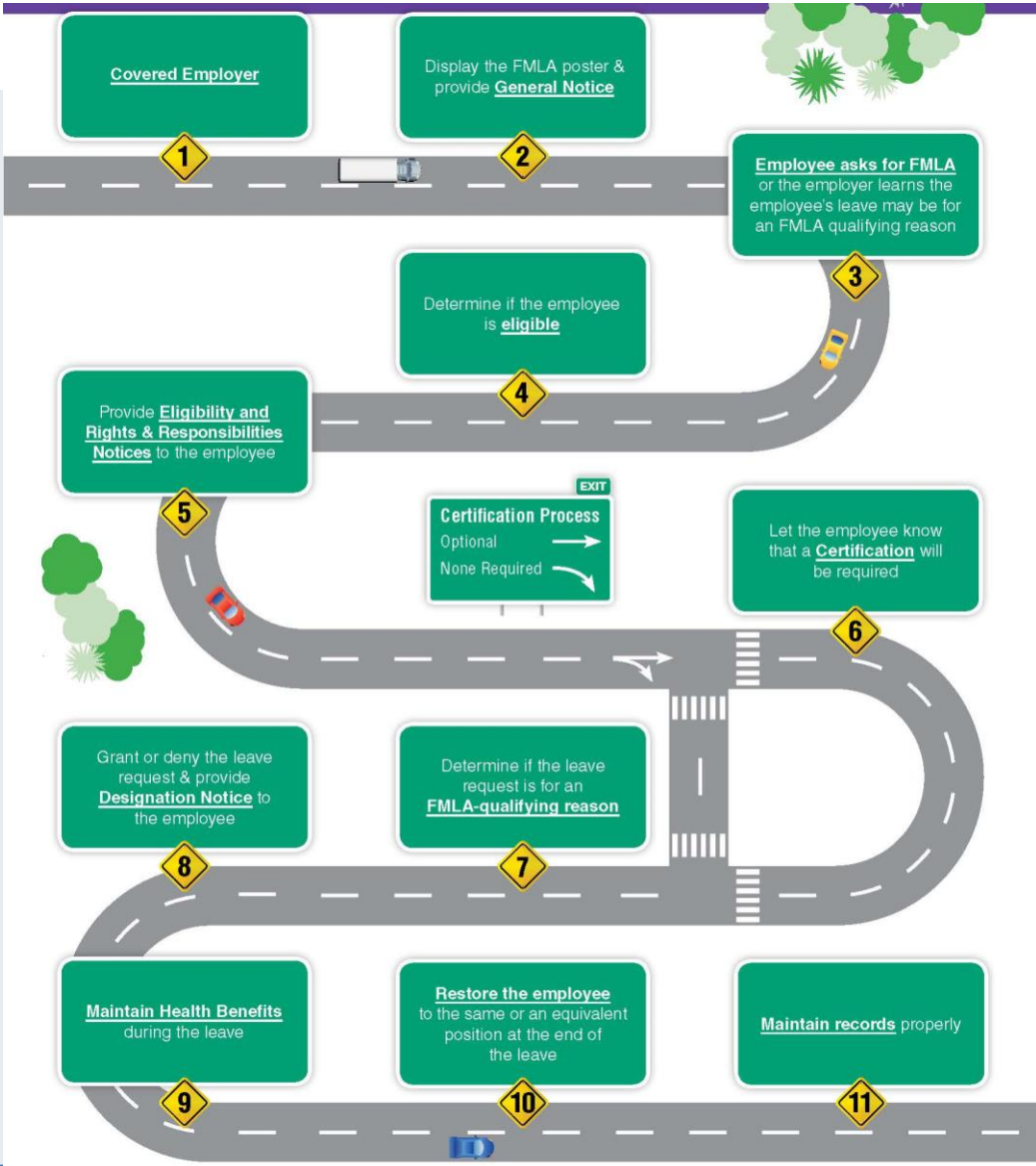
Compliance – Workers' Compensation

1. Accurate reports are vital
2. Investigations by claims administrator
3. Is incident or employee suspect?
4. Tools to help manage claim
5. Put the employee on FMLA
6. Employee and supervisor should talk regularly
7. Light duty impacts pay and benefit time usage
8. TTD (66 2/3), PEDA, and tax deductions
   A. Method of Payment (Pass Through or Direct)

Compliance – Employment Postings

1. All posters can be downloaded for free at https://labor.illinois.gov/employers/posters

2. Federal and state requirements

3. Post at all locations

4. Check/update at least once a year

Compliance – Harassment

1. Requirement for annual training

- https://dhr.illinois.gov/training/state-of-illinois-sexual-harassment-prevention-training-model.html

- https://www.iml.org/page.cfm?key=26395

2. Reports can go to <u>any</u> supervisor

3. Cultivate a culture of respect

Compliance – Affordable Care Act (ACA)

- Have to provide affordable health insurance to anyone working 30+ hours per week (look-back period)

- Can't cost employee more than a certain percentage of their household income.

- IRS reporting – 1095-C to IRS and EE and 1094-C to IRS only.

Labor Relations

- Follow the contract

- Abide by *Janus* response legislation

- Be mindful of Weingarten Rights

- Cost out your contract

- Know your wage increase history and the CPI history

- Think about a contract's administrative/soft costs and headaches

- Nurture and maintain good relationships

Internal Employee Investigations

1. Start with complainant, then witnesses, then employee under investigation

2. Review all evidence ahead of time (e.g., documentation)

3. Order them to keep it confidential

4. Take notes and don't be alone

5. Be mindful of Garrity Warning

6. Take the time

7. Get comfortable with being uncomfortable

8. Ask catalytic questions in different ways

Questions/Discussion

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GASBs 87 and 96: Lessons Learned and How to Ensure a Successful Implementation

Anthony Cervini, CPA, CFE, Sikich LLP
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February 15, 2024

**Illinois
Government
Finance
Officers
Association**

Learning • Connecting • Progressing

GASB Statement No. 87, Leases

- **What:** GASB issued S-87 to improve lease accounting and financial reporting

- **Why:**
  - The existing standards had been in effect for decades without review to determine if they remain appropriate in light of GASB conceptual framework and continue to result in useful information
  - FASB and IASB conducted a joint project to update their lease standards
  - An opportunity to increase comparability and usefulness of information and reduce complexity for preparers

- **When:** Effective date is periods beginning after June 15, 2021 (June 30, 2022, and thereafter

- **Implementation Guide:** IG No. 2019-3, Leases was issued in August 2019 and is effective for periods beginning after June 15, 2021 (June 30, 2022, and thereafter to coincide with the implementation of GASB S-87

GASB Statement No. 87, Leases

- Applied to any contract that meets the definition of a lease: "A lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) for a period of time in an exchange or exchange-like transaction."
  - The right-to-use asset is that "specified in the contract"
  - Control is manifested by (1) the right to obtain present service capacity from use of the underlying asset and (2) the right to determine the nature and manner of use of the underlying asset
- Leases are financings of the right to use an underlying asset
  - Therefore, single approach applied to accounting for leases with some exceptions, such as short-term leases

GASB Statement No. 96, Subscription Based IT Arrangements

- What: GASB issued S-96 to provide guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs)

- Why:
  - Lack of existing guidance
  - Conflict with GASB S-87 on Leases

- When: Effective date is periods beginning after June 15, 2022 (FYE June 30, 2023, and thereafter). GASB Statement No 95 did not defer the implementation date of GASB S-96

GASB Statement No. 96, Subscription Based IT Arrangements

- A subscription-based information technology arrangement (SBITA) is a
  - Contract that conveys control of the right to use another party's IT software
    - Alone or with tangible capital assets (e.g., hardware)
  - In an exchange or exchange-like transaction

- Right to use the underlying IT asset means the government can
  - Obtain the present service capacity from the use of the underlying IT asset
  - Determine the nature and manner of use of the underlying IT assets

- SBITAs exclude contracts that solely provide IT support services

- SBITAS include contracts that contain both a right to use asset and an IT support services component

GASB Statement No. 96, Subscription Based IT Arrangements

- Subscription Term (paragraph 9)
  - **Periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term.** For example, a rolling month-to-month SBITA, or a SBITA that continues into a holdover period until a new SBITA contract is entered into, would not be enforceable if both the government and the SBITA vendor have an option to terminate and, therefore, either could cancel the SBITA at any time. Provisions that allow for termination of a SBITA as a result of either payment of all sums due or default on subscription payments are *not* considered termination options.

GASB Statement No. 96, Subscription Based IT Arrangements

- Subscription Term (paragraph 13)
  - A short-term SBITA is a SBITA that, at the commencement of the subscription term, **has a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised**. As discussed in paragraph 9, periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and should be excluded from the maximum possible term. For a SBITA that has cancellable periods, such as a rolling month-to-month SBITA or a year-to-year SBITA, the maximum possible term of that SBITA is the noncancellable period, including any notice periods.

GASB Statement No. 96, Subscription Based IT Arrangements

- Lum sum / prepaid SBITA

- How to account?
  - Technically, the prepayment should have resulted in a prepaid being recorded in prior years and expenses being recognized each period. This is a classification issue...it is a SBITA, it just may not result in a liability.
  - First, look at the contract terms --> Evaluate whether or not the prepayment covers all option periods and evaluate the likelihood of exercising extension periods.
  - If you prepaid the initial term but would have to pay for option periods that you are likely to exercise, then you will have a liability and additional intangible asset.

GASB Statement No. 96, Subscription Based IT Arrangements

- Materiality
  - Does materiality play a role in determining if an agreement is a SBITA?
  - Tread with caution:
    - Don't only look at the payment amount of the liability amount…you must consider the intangible asset value too
    - Consider SBITAs in the aggregate as accumulation may trigger the need to implement
  - "…The Board concluded that a threshold should not be set to specifically exclude small ticket SBITAs from the scope of this Statement. The Board believes that the determination of whether the provisions of this Statement apply to the accounting and financial reporting of a particular SBITA should be left to professional judgment."

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.1. Q—A government obtains the right to use land, which has a market rent of $100,000 per year, for $1 per year. Should the government apply the requirements in Statement 87 to that transaction?

- A—No. The definition of a lease in paragraph 4 of Statement 87 specifies that the Statement should be applied only to exchange or exchange-like transactions. Paragraph 1 of Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, classifies all transactions of state and local governments into two categories: (a) exchange and exchange-like and (b) nonexchange. The government's right to use land for $1 does not meet the description of an exchange or exchange-like transaction because each party does not receive or give up essentially equal value or not quite equal value.

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.8. Q—Are cell phone tower or antenna placement agreements leases?

- A—If the agreements meet the definition of a lease in paragraph 4 of Statement 87, including the control criterion, then such agreements are leases. The control criterion generally is met if a cell phone tower or antenna placement agreement conveys control of the right to use the land on which the tower is placed or the connection point to which the antenna is affixed.

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.13. Q—A lease contract has a noncancellable period of five years and specifies that at the end of the five years, both the lessor and lessee have the right to cancel the lease or may continue the lease, using the same terms on a month-to-month basis. Is the month-to-month holdover period included in the initial assessment of the lease term?

- A—No. During the holdover period, the lessee has not contracted for a noncancellable right to use an underlying asset, and the lessor is not required to continue providing the asset. That is, the holdover period is cancellable by either party and, therefore, is excluded from the lease term, as defined in paragraph 12 of Statement 87.

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.15. Q—A lease contract allows either party to unilaterally terminate the lease at any time but also provides for cancellation penalties. The cancellation penalties are so great that it is reasonably certain that neither party will terminate the lease. Should the cancellable periods be excluded from the lease term?

- A—Yes. Paragraph 12 of Statement 87 requires that periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party be excluded from the lease term as cancellable periods. The presence of cancellation penalties does not affect that conclusion. Even if, as in this example, both parties are reasonably certain that the lease will not be terminated, the cancellable periods should be excluded from the lease term.

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.16. Q—A lease contract allows only the lessee to unilaterally terminate the lease at any time but also provides for cancellation penalties. The cancellation penalties are so great that it is reasonably certain that the lessee will not terminate the lease. Should the cancellable periods be excluded from the lease term?

- A—No. Paragraph 12 of Statement 87 requires that periods covered by either a lessee or a lessor option to terminate the lease be included in the lease term if it is reasonably certain, based on all relevant factors, that the lessee or lessor will not exercise the option. In determining whether it is reasonably certain that the lessee will not exercise the option to terminate the lease, the lessee (or in the case in which the government is the lessor—the lessor) should assess all factors relevant to the likelihood that the lessee will not exercise the option. Those factors include significant economic disincentives, such as cancellation penalties, as discussed in paragraph 14 of Statement 87 . (See also Question 4.29.)

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.17. Q—A government enters into a 12-month noncancellable lease in which the lessee has options to renew for 12 months at a time, up to 49 times. Is this agreement a short-term lease under Statement 87?

- A—No. According to paragraph 16 of Statement 87, the maximum possible term of a short-term lease is required to be 12 months or less, including any options to extend. The presence of lessee renewal options, regardless of their probability of being exercised, means this lease does not meet the definition of a short-term lease.

GASB Statement No. 87 – Implementation Guide No. 2019-3

- 4.25. Q—A lease contract for copy machines requires that a minimum amount be paid for toner and paper regardless of whether these supplies are obtained. Should some portion of the minimum amount to be paid for supplies be included in the measurement of the lease liability?

- A—As discussed in paragraphs 66 and 67 of Statement 87, if the amount that the lessee is required to pay for supplies does not appear to be unreasonable, regardless of whether supplies are obtained, the government should account for the supplies separately from the lease and therefore not include that amount in the measurement of the lease liability. If the amount appears to be unreasonable, professional judgment may be needed to determine whether some or all of the minimum amount is, in substance, a fixed lease payment that should be included in the measurement of the lease liability under paragraph 21c of Statement 87.

GASB Statement No. 96 – Implementation Guide No. 2023-1

- 4.7. Q—Is a licensing agreement for a vendor's computer software that automatically renews until cancelled a licensing agreement that provides a perpetual license?

- A—No. A provision under which a licensing agreement automatically renews until cancelled is an option to terminate the agreement at each renewal date. An agreement that includes an option to terminate is not a purchase, whereas a perpetual license is a purchase in which a government is granted a permanent right to use the vendor's computer software. Therefore, a licensing agreement for a vendor's computer software that automatically renews until cancelled does not provide a perpetual license.

GASB Statement No. 96 – Implementation Guide No. 2023-1

- 4.8. Q—For purposes of determining the applicability of Statement 96, do Software as a Service, Platform as a Service, and Infrastructure as a Service contain a combination of IT software and tangible capital assets?

- A—Yes. Software as a Service, Platform as a Service, and Infrastructure as a Service are three common deployment models of cloud computing arrangements. Notwithstanding the labels of those arrangements, each deployment model contains IT software used in combination with tangible capital assets. To further assess the applicability of Statement 96, the substance of the arrangement should be evaluated in accordance with all aspects of paragraph 6 of that Statement to determine whether the arrangement meets the definition of a subscription-based information technology arrangement (SBITA).

GASB Statement No. 96 – Implementation Guide No. 2023-1

- 4.9. Q—A government enters into a six-year SBITA contract with no options to extend or terminate the contract and begins making semiannual subscription payments to the SBITA vendor immediately after the contract takes effect. The initial implementation stage is not completed until the end of the second year after the contract takes effect. What is the subscription term?

- A—Although the length of the contract is six years, the subscription term is four years. The initial implementation stage is completed at the end of the second year of the contract. Therefore, in accordance with paragraphs 9 and 15 of Statement 96, the subscription term commences at the beginning of the third year and ends at the conclusion of the sixth year when the SBITA contract ends.

Key Takeaways

- Give yourself enough time for a thorough, complete and successful implementation
  - Contract documentation
  - Review GL for potential/likely costs associated with leases and/or software
    - Much trickier for SBITAs
- Communicate with your auditors early and often
- Develop a process for collecting and maintaining agreements on an ongoing basis
- Leverage external tools, if necessary

ANY QUESTIONS

Thank you!

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The Fundamentals of
Fraud Prevention

paymerang | a fraud prevention training webinar

February 15, 2024

presenters

SIERRE LINDGREN
Fraud Prevention Manager

Sierre Lindgren is a Fraud Prevrention Manager at Paymerang. In addition to overseeing Paymerang's fraud team, Sierre helps create new fraud mitigation tools, policies and procedures, and analyzes recent fraud trends and schemes. She also spends time educating business offices nationwide on how to protect themselves from fraud during thought leadership. Before Paymerang, she spent 11 years in the banking industry, with the last five of those years focusing on fraud and investigating ACH, wire, and debit card fraud disputes from customers. Lindgren holds degrees in Psychology and Criminal Justice from Virginia Commonwealth University. When she's not fighting fraud, she enjoys spending time with her two children and rescue dogs on the Rappahannock River.

MIKE DOERR
Vice President of Business Development

Mike Doerr oversees Paymerang's Public Sector business. He has a background in fintech and insurance technology, and he enjoys helping organizations leverage technology to transform their business practices. He received his MBA from the University of Virginia's Darden School of Business and has a pet Corgi named David Bowie.

a matter of when, not if
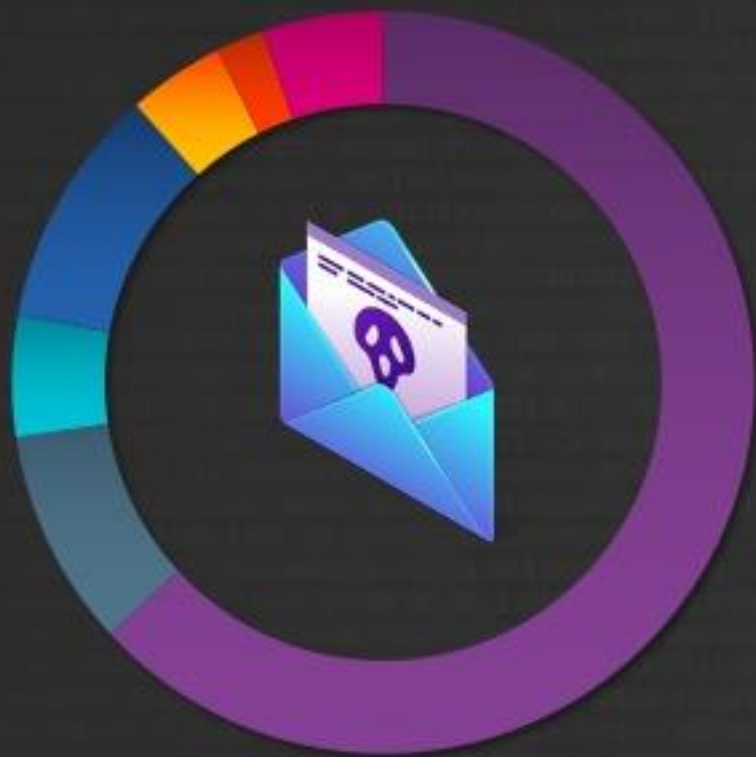
Departments Most Vulnerable to Being Targeted by BEC Fraud
(Percentage Distribution of Organizations)

- 60% - Accounts Payable
- 9% - Treasury
- 5% - CEO, COO, CFO or other C-Suite Executive
- 10% - Procurement/Sourcing
- 4% - Human Resources/Payroll Dept.
- 2% Accounts Receivable
- 7% - Other

checks are not a safe option

63%

IN 2022, 63% OF COMPANIES PAYING BY CHECK EXPERIENCED REAL OR ATTEMPTED FRAUD.

CHECKS CONTINUE TO BE THE PAYMENT METHOD MOST VULNERABLE TO FRAUD.

Source: 2023 AFP Payment Fraud and Control Report

payments fraud

65%

OF ORGANIZATIONS
WERE VICTIMS OF PAYMENTS FRAUD
ATTACKS AND ATTEMPTS IN 2022

Source: 2023 AFP Payments Fraud and Control Report

FRAUDSTERS EXPLOIT COVID-19 TO SCAM $5.6M FROM VICTIMS

VIRGINIA HIGH SCHOOL HAD $600,000 FOOTBALL FIELD FUND STOLEN IN PHISHING SCHEME

WASHINGTON'S UNEMPLOYMENT FRAUD MAY HAVE HIT $650M; STATE RECOVERS $333M

learning objectives

1 Key Threats

2 Three Types of Fraud

3 Practical Steps You Can Take

key threats of fraud

ORGANIZATION   COMPLEXITY   VICTIMS   SPEED OF ATTACK

three types of fraud

BUSINESS EMAIL COMPROMISE

VENDOR IMPERSONATION

PHISHING

What is Business Email Compromise?

Scam artists use emails to dupe accounting departments into transferring funds to illegitimate accounts.

Fraudsters spoof URLs and send emails pretending to be vendors or company senior management requesting either a change in bank account information or a transfer of funds to a fraudulent account.

most prevalent types of BEC fraud in 2022

(Percent of Organizations)

73% SPOOF EMAIL

57% DOMAIN LOOKALIKE

54% LEGITIMATE EMAIL THAT WAS TAKEN OVER BY FRAUDSTER

New message   _ ⤢ ✕

------------- Forwarded message -------------
From: Martie Sherlock <Msherlock@5thstreetcatering.com
Date: Thu, Sep 2. 2021 at 1:04 PM
Subject: Invoice for 5th St. Catering 8/30/2021 : E62693

Please do not process CHECK payments, We are having some error issues with our check systems which has made us loose count on payment records. we cannot cash checks at the moment till further notice, We want all payment sent to us via Ach Transfer only.

Please see attached for our ACH bank account information for payment, kindly have it updated on your system for future reference.

Await your response

Thank you,

Martie Sherlock
5th Street Catering
3506 Davis Street
New Kelton, PA 40835
215.290.7594 ext. 13

Send ▾   A 🖉 ✎ 🖼 🔍   ⋮ 🗑

What is Vendor Impersonation?

Fraudsters send fake emails to companies asking for payment

vendor impersonator persona

ABCD

Aggressive   **B**ouncing   **C**lueless   **D**esperately hasty

A FRAUDSTER

MIGHT USE JOHN.KELLY@COMPONY.COM (AN EXTRA "O" IN COMPANY) INSTEAD OF JOHN.KELLY@COMPANY.COM TO TRICK VICTIMS INTO THINKING THEIR EMAIL IS LEGITIMATE.

New message — ↗ ✕

From: Shirille Jackson <s.jackson@pharmakinexx.com>
Sent: Thursday, November 11, 2021 10:03 AM

Subject: [External] Invoice 3076 from Pharmakinnex, Inc. PO#01-2006 Q4 Expan. Ext.

Goodmorning,

We would like you to pay this outstanding invoice and our future invoices to our new banking details via ACH Payment. Please let me know if you have an ACH form for us to fill out or should I just email you our banking information.

Thank you,

Shirille

Shirille Jackson

PharmaKinnex
330 Milltown Road
East Brunswick, NJ 08816
732-613-4422 ext. 114
s.jackson@pharmakinnexx.com
Life isn't about waiting for the storm to pass....
It's about learning to dance in the rain!
This e-mail transmission may contain confidentiality or legally privileged information that is intended only for the individual or entity named in the e-mail address. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or reliance upon the contents of this e-mail is strictly prohibited. If you have received this e-mail transmission in error, please reply to the sender and then please delete the message from your inbox.

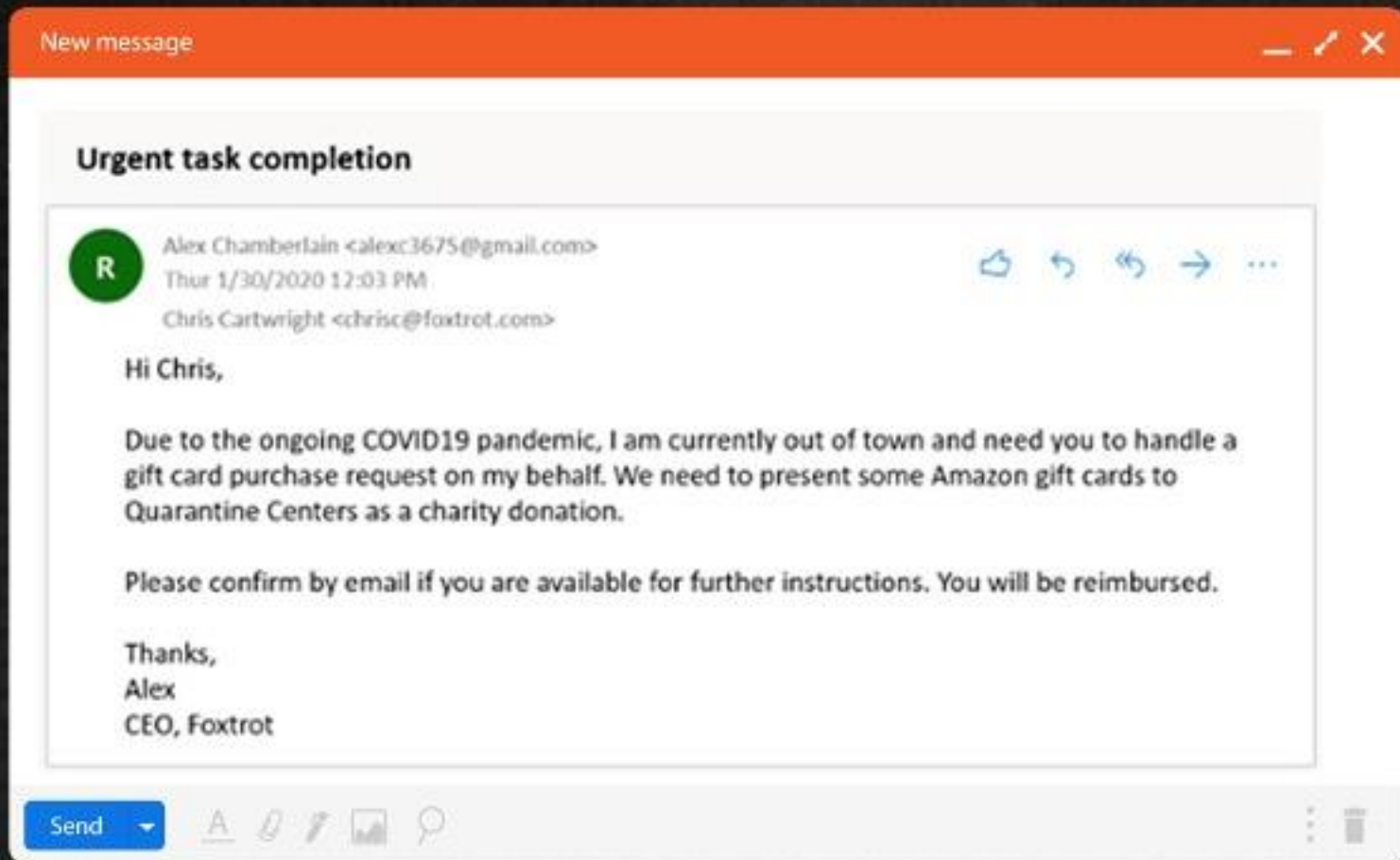🖨 **Please consider the environment before printing this e-mail.**

Send ▾   A 𝒪 ✎ 🖼 🔍   ⋮ 🗑

What is Phishing?

Fraudsters send a fake message designed to trick a victim into revealing sensitive information so the attacker can expose the victim's device to malicious software, get their credit card information and passwords.

phishing examples

Questions?

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Energy Leadership: A path to resilience

February 15, 2024

SRSD CONSULTING, LLC

INFORMATION IS BASED ON BRUCE D SCHNEIDER'S WORK IN ENERGY LEADERSHIP AND IPEC

We believe public servants deserve a workplace where they have opportunities to grow and develop, are supported by strong leaders, and are valued for their contributions.

SRSD
CONSULTING, LLC

We support public sector organizations in

- Retention strategies
- Leadership development
- Organizational Culture
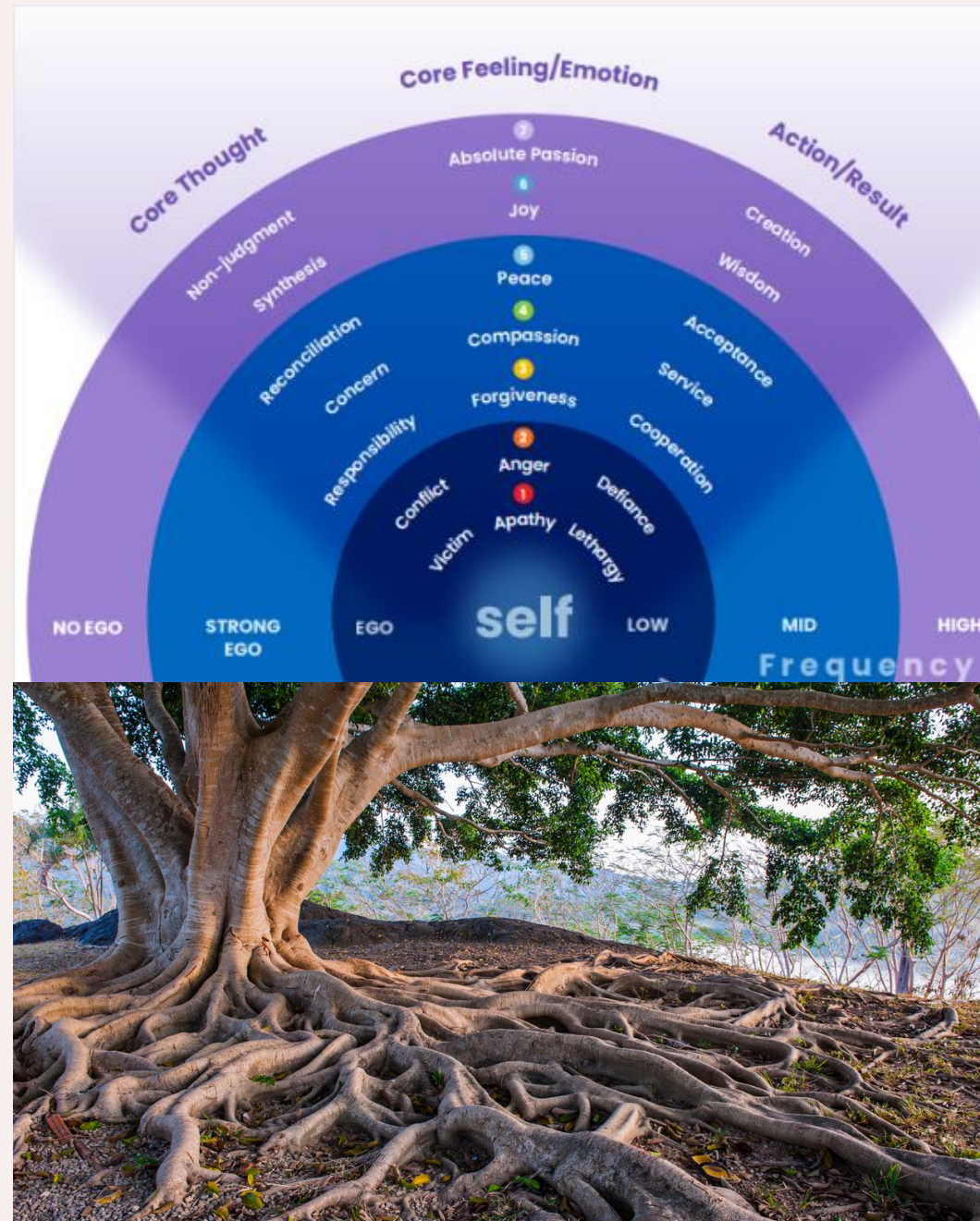
We do this by using:

- A coaching approach
- Principles of Energy Leadership™

To:
Identify the root causes and barriers to progress

Learning Objectives

- Understand the Energy Leadership™ framework.
- Understand how to apply the framework to everyday situations.
- Learn to recognize one's energy.
- Learn to use the Energy Leadership™ framework to influence ourselves and others.

What is there to be stressed about?

Stress
Reactions

Fight,
Flight,
Freeze

Just the Facts

• 77% of people in the U.S. experience physical symptoms caused by stress.

• 64% of adults cite work as a major stressor.

• Stress is estimated to cost the U.S. economy over $300B annually.

• Chronic stress is connected to heart disease, diabetes, and autoimmune disorders.

I can't reduce the stress in my life...

But you can mitigate what causes stress triggers and how long you stay in a stress reaction.

What are your stress triggers?

Tip: Take note of what is triggering your stress reactions

Energy Leadership Defined

Energy Leadership emphasizes how one's attitude and perception of challenges impact their ability to lead and influence others positively.

The Impact of Energy

Why Energy is Important?

Two Types of Energy

Catabolic:
- Destructive, "tearing down", is associated with stress.

Anabolic:
- Constructive, "building up", is associated with less stress.

Small Group Discussion

In what circumstances or environments do you experience anabolic energy?

What about catabolic energy?
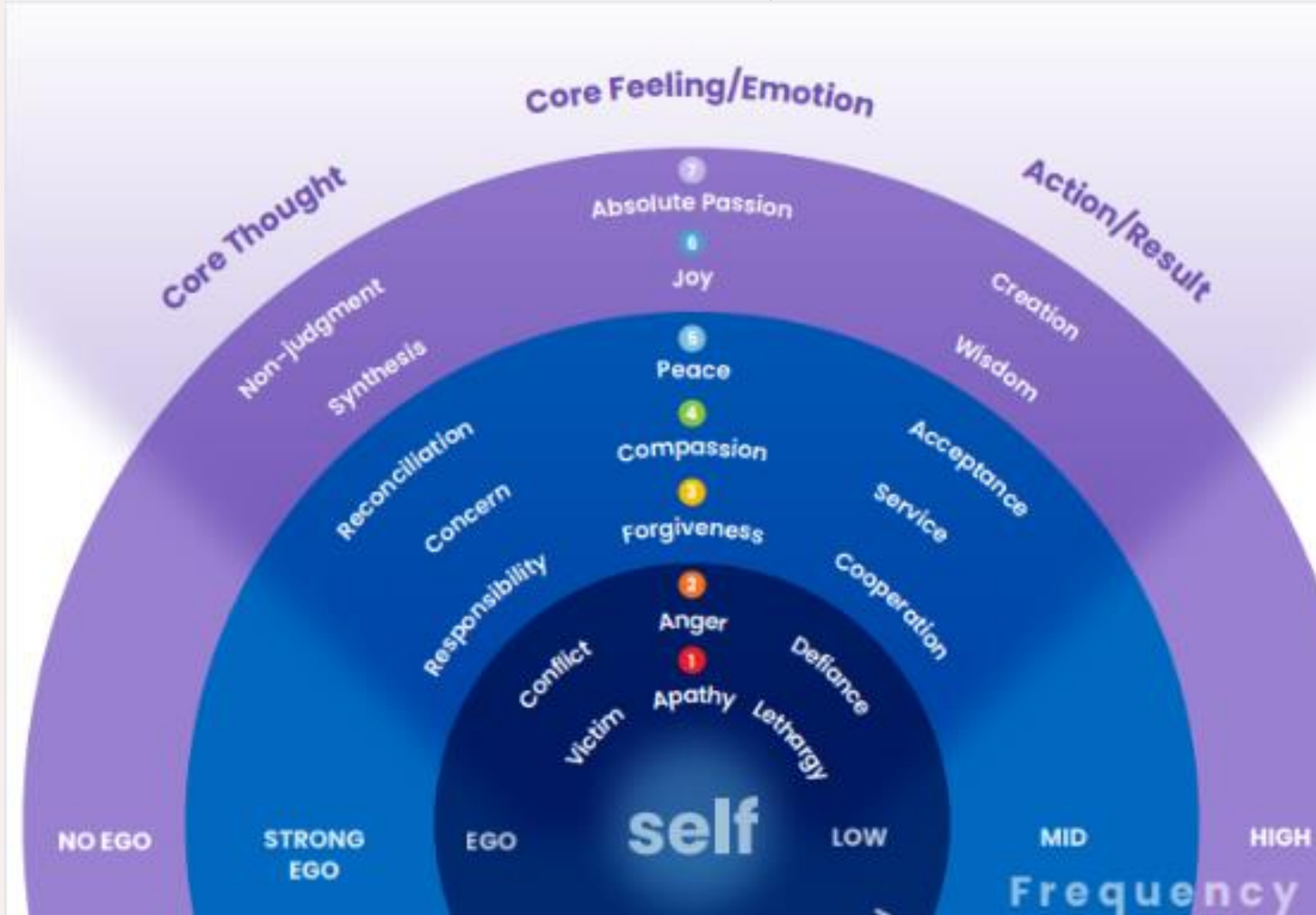
Energy Leadership

Focus on Levels 1 - 5

Shadow Side

No Level is good or bad

Each level serves a purpose

Harmonizing between the levels

Every level has a healthy and
unhealthy side

Level 1 Energy
"I Lose"

Most catabolic type of energy

"**victim**" mentality

Feeling of no control of a situation, apathy

Withdraw, avoid, or disengage, lethargy

Signs of Level 1

- Stuck in the past
- Low confidence
- Powerless
- Doesn't feel valued
- Rumination
- Low motivation
- Low energy
- "wishing"
- Avoiding confrontation and decisions

Stuck in the past

Level 2 Energy
"I win, so you must lose"

Catabolic type of energy

"**fighter**" energy -- conflict

Anger, resentment, entitlement, frustration

Blame others, difficulty "letting go" and feel
the need to "fight" for themselves to be
successful

Signs of Level 2

- Fighting - resistant
- Out for themselves
- Not trusting
- No one can ever do anything right
- Unrealistic expectations
- See threats everywhere
- Expecting to be betrayed
- Need to be right

Ready to fight because of past events

Level 3 Energy
"I win, and hopefully you do too"

Focused on winning and achieving results

Take **responsibility** for thoughts, feelings, actions

Able to cope with feelings of resentment, and stress

Encourage cooperation and productivity

Rationalize the situation to keep moving forward

Signs of Level 3

- "it's fine"
- Ability to "cope" and keep going
- Accepts others
- Ability to develop a plan
- Generally an "up" attitude
- Tries to see the good

Let's just get along and do the work

Level 4 Energy "You win"

Expresses concern for others

Caring, giving, supporting, **compassionate,** and helping others

Focused on others winning and succeeding

Create deep connections and their perspective comes from the heart

Signs of Level 4

- Concerned for self and others
- Tend to fix our own problems and those of others
- Empath (potentially)
- Compassion for self and others
- Want to be seen as "go to"

I'm here for others

Level 5 Energy "We all win or we don't play"

Don't judge situations or people as good or bad, right or wrong

High levels of acceptance

Sense of **peace** and confidence

Opportunities are everywhere

Signs of Level 5

- Less judgmental
- Emotionally steady
- Democratic approach
- Believes in a purpose to life
- Power to create the life and circumstances they want
- Every challenge or mistake is an opportunity

Everything is as it should be

Small Group Exercise

You receive a performance evaluation where your supervisor communicates that you are failing to meet deadlines and are not supporting the team, meaning you aren't taking on additional work.

You know you struggle to meet deadlines and don't volunteer for more work because you have too much of your work to do and are already overwhelmed and buried.

	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Core Thought	Victim	Conflict	Responsibility	Concern	Reconciliation	Synthesis	Non-Judgment
Core Emotion	Anxiety Overwhelm Fear	Anger Frustration	Forgiveness Release	Compassion	Peace Calm Confidence	Joy Flow	Absolute Passion
Core Action	Lethary Procrastination	Fight	Coping Tolerating Rationalizing	Service Supporing others	Seeing Opportunities	Using wisdom & intuition	Choose & use the other levels at will
Core Result	No action Loneliness	Resistance Stress Defiance	Settling Cooperation	Deep, trusting relationships	Fast & confident action	Creative Ideas, flow	Creation
Attitude	I lose	I win, you lose.	I win. If you win, too, great	You win	We both win	We always win	Winning and losing are illusions
Advantage	Draws sympathy	Getting a lot done	Safe	Giving, helping others	No failure, Win or learn	Connect w/o judgment	Manifestation
Disadvantage	Lack of engagement, Fear-based actions	Burn-out	Settling for good enough	Getting pulled into drama, Resentment	Paralysis by analysis Risk-taking	Aloof, high risk-taking	Not grounded

Foundational Principal

"energy attracts like energy"

Shifting **Your** Energy

- Grounding

- Change your questions

- Reframe

Grounding Techniques

- Deep breathing
- Mindful observation
- Body scan
- Use your senses

Practice body scan

Book Recommendations:
The Power of Now by Eckhart Tolle
Positive Intelligence, Shirzad Chamine

Change your questions

L1 and L2 Catabolic Voice

- Why am I such a failure?
- Why didn't they do this?
- They (or I) know better than this.
- Why didn't they listen to me?

L4 and L5 Anabolic Voice

- What happened?
- What can I (we) learn?
- What assumptions am I making?
- What outcome do I want from this?
- What can be done?

Book Recommendation: Change Your Questions, Change Your Life by Marilee Adams

Reframe:

- Identify the thought

- How do I know my thought is true?
  - What evidence do I have?
  - What facts am I ignoring?

- Any other possible explanations?
  - What would a friend say?
  - Am I blaming myself?
  - What experiences have I had to support or contradict?

- What can I do to help myself?
  - What's the worst that could happen?
  - What's most likely?
  - How can I cope?

Shifting the Energy of **Others**

- Acknowledge and Validate

Shifting Others: Acknowledge and Validate

Normalize
- "It's ...understandable"
- "It's...perfectly normal"
- "It makes sense..."

Name the feeling
- "you might feel ...(insert)"

Acknowledge the situation
- "given the fact that...(insert)"

COMMUNICATING WITH LEVEL 1 AND 2 ACKNOWLEDGE AND VALIDATE

"It is understandable that you don't feel valued because you are not at the same salary as Mary and Joe given the fact you have been here the same amount of time"

"It is completely normal to feel angry about how John spoke to you in the meeting, given how hard you worked on the presentation."

"It makes sense that you feel you can't trust anyone because of how you view the impact of this policy decision."

Keep Acknowledging and Validating

COMMUNICATING WITH LEVEL 2
PULL LANGUAGE FROM LEVEL 3

"It is understandable that you don't feel valued because you are not at the same salary as Mary and Joe given the fact you have been here the same amount of time."

Wait for response - A & V again.

"I can see this is very upsetting to you. How open are you to receiving feedback about your performance and <u>developing a plan</u> to get you to where you want to be?"

Wait for response - A & V again.

"What <u>responsibility</u> do you have in achieving the same salary as Mary and Joe?"

COMMUNICATING WITH LEVEL 2 PULL LANGUAGE FROM LEVEL 3

"It is perfectly normal to feel angry about how John spoke to you in the meeting, given how hard you worked on the presentation."

Wait for response - A & V again.

"What <u>can you do</u> to make it less likely for this to happen in the future?"

Wait for response - A & V again.

"What <u>do you want</u> John to know about how his actions impacted you?"

Wait for response - A & V again.

COMMUNICATING WITH LEVEL 3
PULL FROM HIGHER LEVEL

"It's fine, I try not to let them get to me. I just focus on doing the work and if I have to do other people's work to get things done around here, that's what I'll do."

Mgr: How do you feel when you do other people's work?

Wait for response - A & V again.

Mgr: What is your ideal outcome of this situation?

Wait for response - A & V again.

Mgr: What approach can you take that <u>demonstrates empathy</u> for their situation and also benefits you?

Remember, we always have 5 choices

- Remain a victim
- Leave the situation
- Accept the situation
- Change the situation
- Change your perception

Summary

Stress reactions are normal

We can reduce the time we stay in a stress reaction.

Use the levels of energy to recognize when you are experiencing a stress reaction.

Listen to what it is telling you

Use a method to shift energy
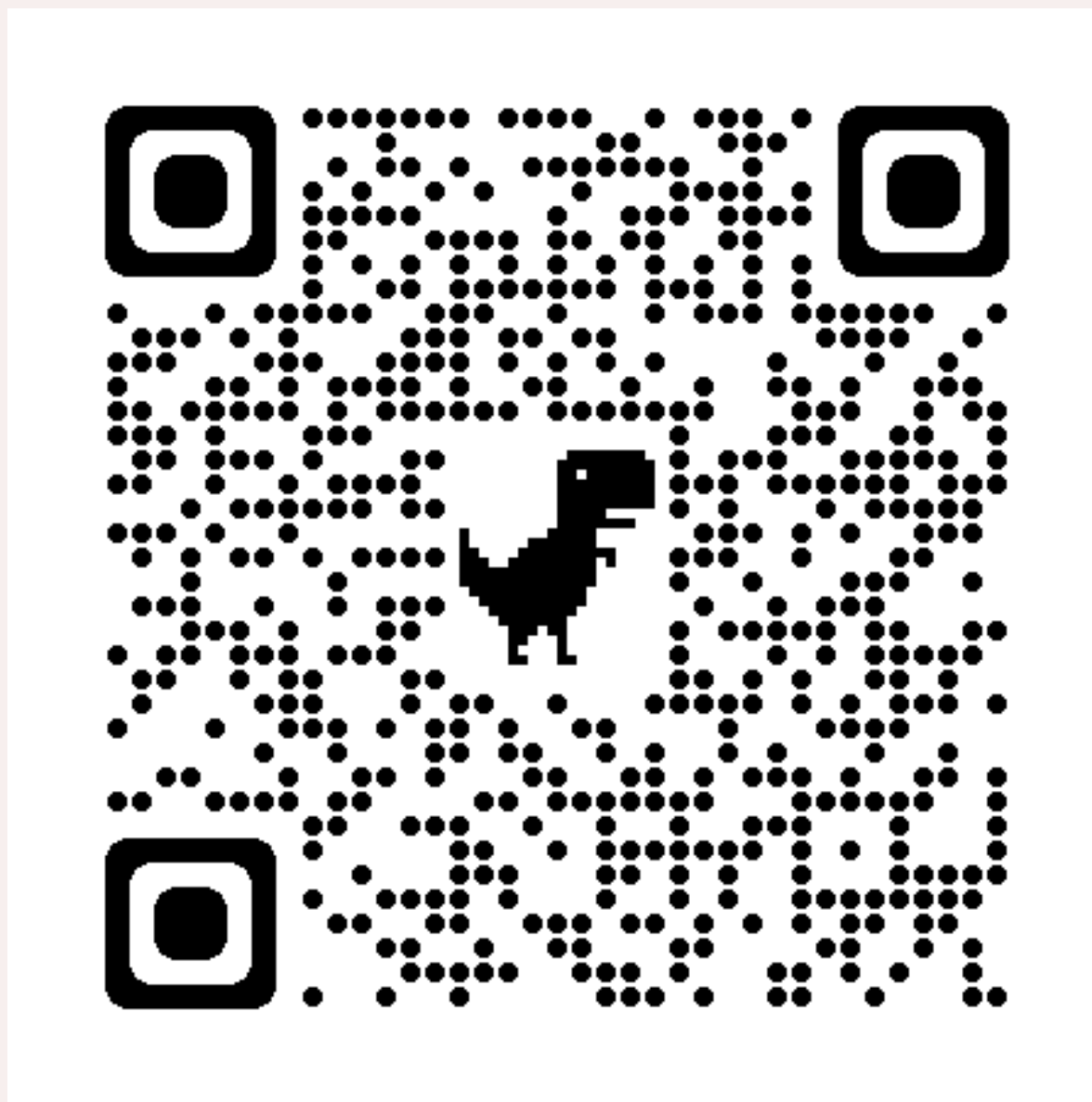
www.sarahschillerstrom.com

Legislative Update
February 16, 2024

Speaker: Brad Cole, Executive Director, Illinois Municipal League (IML

Moderator: Bill McCarty, Chief Operating Officer, Illinois Department of Central Management Services, IGFOA Past President and Legislative Committee Chair

Illinois Government Finance Officers Association

Learning • Connecting • Progressing

Questions or Comments?

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GFOA's Budgeting Best Practices
Illinois GFOA – Downstate Chapter

GFOA Government Finance Officers Association

February 16, 2024

Instructor

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Session Objectives

- **Become familiar with GFOA's budgeting best practices and rethinking budgeting initiatives.**

- **https://www.gfoa.org/materials/topic/rethinking-budgeting (link where to find rethinking budgeting).**

- **https://www.gfoa.org/best-practices/budgeting (link where to find the best practices).**

Rethinking Budgeting

Title	Publish Date	Content Type
Breaking the Law of Triviality	2/6/2024	
Building a Better Community for Everyone	10/1/2023	GFR Article
Fiscal Fluency Made Easy	8/1/2023	GFR Article
Should We Rethink Reserves?	8/1/2023	GFR Article
Rethinking Public Engagement	5/22/2023	Research Report
Should We Rethink Reserves?	5/19/2023	Research Report
Fiscal Fluency Made Easy	5/9/2023	Research Report
Budgeting for Equity	5/9/2023	Research Report
Rethinking Public Engagement	4/1/2023	GFR Article

Rethinking Budgeting

Title	Publish Date	Content Type
Should We Rethink Reserves?	5/19/2023	Research Report
Fiscal Fluency Made Easy	5/9/2023	Research Report
Budgeting for Equity	5/9/2023	Research Report
Rethinking Public Engagement	4/1/2023	GFR Article
Budget Officer as Decision Architect	2/6/2023	Research Report
The Decision Architect	2/1/2023	GFR Article
Seeking Consensus in Budgeting	2/1/2023	GFR Article
Why Communication Skills are Essential for Public Finance Staff	2/1/2023	GFR Article
Lessons for the Future: A Convening of Practitioners	12/2/2022	Research Report

Rethinking Budgeting

Title	Publish Date	Content Type
10 Steps to Bridging Political Divides	12/1/2022	GFR Article
Many Choices and Many People	11/3/2022	Research Report
City Budgeting for Equity and Recovery: Effective Change Management in Equity Implementation	10/1/2022	GFR Article
Bridging Political Divides in Local Government	5/27/2022	Research Report
Rethinking Strategic Planning	2/9/2022	Research Report
Why Do We Need to Rethink Budgeting?	1/19/2022	Research Report

1. Adopting Financial Policies

Strong reasons for formal adoption:

- Institutionalizes good financial mgt practices
- Clarifies strategic intent for financial mgt
- Defines boundaries and framework for actions
- Supports good bond ratings
- Promotes long-term, strategic thinking
- Manages risk to financial condition
- Complies with established public management best practices

1. Adopting Financial Policies

Scope – Basic categories

- General fund reserves
- Reserves in other funds
- Grants
- Debt
- Investment
- Economic development
- Accounting and financial reporting
- Risk management and internal controls

1. Adopting Financial Policies

Scope – Basic categories

- Procurement
- Long-term financial planning
- Structurally balanced budget
- Capital
- Revenues
- Expenditures
- Operating budget

1. Adopting Financial Policies

Development

- o Define problem to be addressed
- o Draft policy – legal requirements, public comments, peer governments
- o Review with governing body
- o Governing body formally adopts
- o Implement

1. Adopting Financial Policies

Design

- Must be in written form
- Expressed in understandable manner to the intended audience
- Available to stakeholders in more than one medium and accessible by multiple means
- Address all relevant issues and risks in a concise fashion

1. Adopting Financial Policies

Presentation

- Same section of the budget
- Original and revision dates on each policy

Review

- Monitored, reviewed and updated in a systematic way
- If not being followed, analyze reasons

2. Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

- Focus on *unrestricted fund balance* (GAAP)
  - Committed fund balance
  - Assigned fund balance
  - Unassigned fund balance
- Minimum level of *unrestricted fund balance*
  - Two months of regular revenues *or* regular expenditures

2. Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

- Factors to be considered in context of long-term forecasting
  - Revenue predictability, expenditure volatility
  - Perceived exposure to one-time outlays
  - Availability of other resources or potential drain by other funds
  - Impact upon bond rating, cost of borrowing
  - Commitments and assignments

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Use working capital as the measure of available margin or buffer in enterprise funds.
- Defined as current assets minus current liabilities
- Recommendations:
  - Establish appropriate allowance for uncollectibles.
  - Ensure inventories and prepaids included in current assets are realistic one-year estimates.
  - Target of no be less than forty-five (45) days worth of annual operating expenses.

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Considerations and factors for setting a working capital target:
  - Support from general government
  - Transfers out
  - Cash cycles
  - Customer concentration
  - Demand for services
  - Control over rates and revenues.

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Considerations and factors for setting a working capital target:
  - Asset age and condition
  - Volatility of expenses
  - Control over expenses
  - Management plans for working capital
  - Separate targets for operating & capital needs.
  - Debt position

4. Establishing Government Charges and Fees

- Adopt formal policy (public)
  - Factors to be taken into account in pricing
  - Intent to recover full cost?
  - Circumstances where more or less than 100% recovery permitted
  - Rationale for not recovering full cost
- Full cost should be calculated to provide a basis for setting fees or charges
- Review and update regularly

5. Establishing an Effective Grants Policy

- Provides staff guidance to staff in order to maximize the benefits and minimize the risks of receiving grants.
- Identifies formal steps to take prior to applying for or accepting a grant.
- Policy should include, at a minimum, the following:
  - *Grants identification and application*
  - *Strategic alignment*
  - *Funding analysis*
  - *Evaluation prior to renewal or grant continuation*
  - *Administrative and operational support*

6. Enterprise Risk Management

1. *Risk identification*
   - Physical environment (disasters & infrastructure)
   - Legal environment (laws and legal precedents)
   - Operational environment (day-to-day activities within the organization, workforce demographics)
   - Political environment
   - Social/community environment
   - Economic environment
   - Internal environment (the attitude of individuals towards risk)

6. Enterprise Risk Management

2. *Risk evaluation*
   - Frequency and severity
3. *Risk treatment*
   - Loss prevention and control (training, workshops, etc)
   - Risk transfer (financial, contractual, etc)
   - Risk retention (self insures)
   - Risk avoidance
4. *Risk management implementation*
5. *Risk management review*

7. The Public Finance Officers Role in Fiscal Sustainability

- Balance needed ("triple bottom line")
  - Economy
  - Environment
  - Social Equity
- Categories of specific representations
  - Define sustainability
  - Reporting
  - Analyze return on investment
  - Integrate sustainability goals into planning and budgeting

8. The Public Finance Officers Role in Collective Bargaining

- Finance officer's expertise should be utilized.
- Develop timelines.
- Prioritize issues.
- Communicate financial pressures.
- Evaluate renegotiation triggers.

8. The Public Finance Officers Role in Collective Bargaining

- Make peer comparisons.
- Determine proposal costs and affordability.
- Determine the effects on different employee units.
- Evaluate retroactive proposals.
- Consider one-time payments or non-financial incentives.

9. Key Issues in Succession Planning

- Develop an integrated approach to managing succession.
- Continually assess potential employee turnover.
- Provide formal, written succession plans as frameworks.
- Develop written policies and procedures to facilitate knowledge transfer.
- Leadership skills should be a key component.

9. Key Issues in Succession Planning

- Encourage personal professional development activities.
- Design better recruitment and retention practices.
- Consider collective bargaining agreements and how those agreements fit in.
- Consider non-traditional hiring strategies.

10. Strategic Planning

- Initiate strategic planning: It is essential that strategic planning be initiated and conducted under the authorization of the organization's chief executive (CEO), either appointed or elected. As stated in the design principles, the inclusion of other stakeholders is critical, but a strategic plan that is not supported by the CEO has little chance of influencing an organization's future.
- Analyze and assess the environment: A thorough analysis of the government's internal and external environment sets the stage for an effective strategic plan. A frequently used methodology for conducting an environmental assessment is a "SWOT" (Strengths, Weaknesses, Opportunities, Threats) analysis. Strengths and weaknesses relate to the internal environment, while analysis of opportunities and threats focuses on the environment external to the organization. Local, regional, national, and global factors affecting the community should be analyzed, including (a) economic and financial factors, (b) demographic trends, (c) legal or regulatory issues, (d) social and cultural trends, (e) physical (e.g., community development), (f) intergovernmental issues, and (g) technological change.
- Define the problem(s): Once the environmental analysis has been completed, the next step is to use the information to identify the most critical problems facing the organization and the community.

10. Strategic Planning

- Develop a vision to address each problem: A vision (which might also be called a goal or a priority) is an aspirational state for the community; a strategic plan could outline different visions to address different areas of the community's cares and concerns. For example, a strategic plan might include a vision for high-school graduation rates, as well as a vision for providing broadband access and another for decreasing violent crime.
- Develop strategies to realize your visions and implement strategies using tactics: After an organization has defined its visions, it can then focus on developing strategies, which define how the organization will achieve the vision, and tactics, which put a strategy into action.
- Obtain approval of the plan: Policymakers (i.e., the governing body) should formally approve the strategic plan so it can guide policy and budget decisions.
- Execute and monitor tactics: The budget development process is an opportunity for governments to execute specific tactics and to monitor the success of those tactics as they relate to strategy implementation. Governments can execute their strategic plans by allocating funding for specific tactics during the budget development process. The budget development process can also be used to monitor and measure whether or not the tactics are working well to implement the strategies put in place to achieve the visions. If they are not working well, new tactics can be considered during the next budget development process.

10. Strategic Planning

- Evaluate and reassess: Governments should utilize a rolling plan process to continually evaluate and reassess the vision and strategies. This could mean conducting interim reviews every one to three years, and more comprehensive strategic planning processes every five to ten years, depending on how quickly conditions change.

11. National Advisory Council on State and Local Budgeting

- NACSLB (1995-1997)
  - GFOA and 7 other SLG associations
  - Goal = set of recommended budget practices
- Recommendation:
  - Adopt NACSLB Framework and practice statements
  - Blueprint rather than mandatory prescriptions
  - Incremental implementation foreseen

12.   GFOA Best Practice on Long-Term Financial Planning

Beyond the annual budget cycle and multi-year capital plan, governments need to identify long-term financial trends. Long-term financial planning involves projecting revenues, expenses, and key factors that have a financial impact on the organization. Understanding long-term trends and potential risk factors that may impact overall financial sustainability allows the finance officer to proactively address these issues. Going through a long-term financial planning process allows decision makers to focus on long-term objectives, encourages strategic thinking, and promotes overall awareness for financial literacy in an organization. Long-term financial planning creates commitment and motivation to provide a guide for decision-making.

Long-term financial planning relates to strategic planning, developing financial policies, capital improvement planning, and budgeting, but it is inherently different, as shown in the table below. Each process fulfills a different combination of planning purposes. As such, long-term financial planning is most valuable when accompanied by these other planning processes and often communicated together.

12.   GFOA Best Practice on Long-Term Financial Planning

GFOA recommends that all governments prepare and maintain a long-term financial plan that projects revenues, expenses, financial position, and external factors for all key funds and government operations at least five years into the future. Governments that utilize debt financing and/or utility rate setting should consider a long-term financial plan greater than five years. The plan should be reviewed on an annual basis and updated as needed or as major assumptions change. Long-term financial planning should be the starting point for capital planning, developing operating budgets, estimating revenue, and other planning processes.

When fully embraced by an organization, long-term financial planning can have many benefits including:
• Creating a long-term outlook into other planning processes like budgeting, capital planning, and revenue forecasting
• Helping to diagnose potential risks and causes of fiscal distress
• Stimulating "big-picture thinking"
• Providing a tool for evaluating long-term compliance with financial policies
• Allowing for pre-emptive action to mitigate forecasted financial distress
• Defining parameters for decision-making
• Communicating long-term financial position to residents and other stakeholders, including rating agencies and bond investors.

13. Budgeting for Results and Outcomes

1) Determine how much money is available.
2) Prioritize results.
3) Allocate resources among high priority results.
4) Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.

13. Budgeting for Results and Outcomes

5) Budget available dollars to the most significant programs and activities.
6) Set measures of annual progress, monitor, and close the feedback loop.
7) Check what actually happened.
8) Communicate performance results.

14. Performance Management

Principles adopted by the National Performance Management Commission, in a 2010 report,

A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving

- Information, measures, goals, priorities, and activities are relevant to the priorities and wellbeing of the government and the community.
- Information related to performance, decisions, regulations, and processes is transparent — easy to access, use, and understand.

14. Performance Management

Principles continued . . .

- Goals, programs, activities, and resources are aligned with priorities and desired results.
- Decisions and processes are driven by timely, accurate, and meaningful data.
- Practices are sustainable over time and across organizational changes.
- Performance management helps to transform the organization, its management, and the policymaking process.

15.   Decide Purpose of Public Engagement

Articulating the purpose for conducting a public participation process is critical because the purpose becomes the foundation for deciding who to involve, how to select them, what activities they will be involved in, what information will be collected, and how the government will use the information. Consequently, determining the purpose should be the first step in designing a participation effort. Governments should not initiate public participation processes without first establishing a tangible purpose or objectives. Purposes may include one or more of the following, and, in addition, individual governments may identify other purposes for involving the public:

•*Performance.* Improve performance by better understanding what the public wants and expects from its government. Establish performance measures that incorporate the public's perspective. See GFOA's best practice on <u>performance measures</u>.

•*Service Levels.* Adjust service levels more closely to citizens' preferences in the context of limited resources

•*Differentiate.* Differentiate among the expectations of a jurisdiction's various demographic groups in policy and service design.

•*Priorities.* Understand public priorities in planning, budgeting, and managing services. This is especially true when revenues are not sufficient, new services are required, or in disaster recovery situations.

15.   Decide Purpose of Public Engagement

Encourage People to Engage

The best way to assure a broad perspective is to collect information in a variety of ways and from a variety of sources. Consider the following items to get the public involved in the process.

•*Schedule.* Start early enough that public input meaningfully influences decisions.

•*Transparency.* Provide information to the public in a format that they can understand. This approach is appropriate at all stages and may include:

- Newsletters
- Public notices in community media
- Public hearings
- Public reports, such as Budgets-in-Brief, Popular Annual Financial Reports, or performance reports
- Web sites and Dashboards – GFOA has a best practice on Website Posting of Financial Documents
- Individual or group emails, phone calls, and in-person contact

•*Education.* Educate the public about different budget options. This can make for more informed decision making. Reach a shared set of facts. Recruit volunteers to attend meetings and educate the public. Use formats that encourage discussion about trade-offs, (such as a "game" format).

•*Fairness.* Make sure that typically underrepresented groups are included. Recruit a diverse mix of participants.

15. Decide Purpose of Public Engagement

•*Groups.* Create public or neighborhood advisory groups, committees, and informal task forces. These can be ongoing and can be used both to seek information during planning and information gathering, as well as with subsequent phases, including consideration of alternatives, decision making, implementation, evaluation, and reporting. It is important to identify specific groups that will be affected the most by the decisions made.

•*Technology.* Use technology, such as a Constituent Relationship Management (CRM) systems to manage service relationships as well as to identify public preferences and priorities. It can also be a resource as to certain services that the public may have an interest in.

•*Preferences.* Identify citizen preferences and satisfaction levels.. Common methods for soliciting information include the following:

- Surveys, either in person or via mail, phone, or Internet
- Focus groups
- Interviews
- Comment (or point of service) cards
- Public meetings, such as public hearings, "Town Hall" meetings, and community vision sessions
- Interactive priority setting tools

15. Decide Purpose of Public Engagement

Provide the Engagement Medium

Conversations will be more productive if the following concepts are kept in mind.

•*Facts.* Participants should have a common set of facts to work from. For instance, consider allocating budget dollars by discretionary and non discretionary funds. Focus on the public process with the discretionary dollars (money not set aside for mandatory or fixed costs). Make your information readily accessible, such as through a dedicated web page.

•*Conversations.* The environment needs to be designed to facilitate the conversation. For instance, a school setting may be less formidable than city hall. Smaller group settings may be more amenable than larger groups.

•*Enjoyable.* Make public participation an enjoyable experience.

•*Trade-Offs.* Financial sustainability requires making hard decisions between competing uses of the community's resources. To truly engage the public in decision-making, they too must make hard choices.

Show Opportunities for Future Engagement
Governments should systematically collect, maintain, monitor, and analyze information gained from public involvement activities, maintain contact information on individuals and groups that wish to be kept informed. Governments should use multiple communication mechanisms to ensure that those involved or interested in the process are notified of opportunities for additional feedback and of decisions made based on the public involvement process. Most importantly, governments should explain how public involvement has made a difference in plans, budgets, and performance, and gather public feedback on how successful the process has been through the public's eyes. Information derived from public involvement processes provides a critical perspective for making decisions in planning, budgeting, and management. However, such information should be considered along with expert knowledge and judgment (such as the engineering expertise necessary to build a bridge) and objective data (such as economic and demographic information, both of which are also critical to good decision making).

16. Financial Forecasting in the Budget Preparation Process

- Define assumptions – time horizon, objective, political/legal issues, major revenue and expenditure categories.
- Gather information.
- Preliminary/exploratory analysis
  - Business cycles
  - Demographic trends
  - Anomalies
  - Variables

16. Financial Forecasting in the Budget Preparation Process

- Select methods – extrapolation, regression, knowledge-based.
- Implement methods, make the forecast, and forecast ranges.
- Use the forecast.
  - Credibility of the forecaster
  - Presentation approach
  - Linking forecast to decision-making.

17. Effective Budgeting of Salary and Wages

- Personnel tracking system
- Vacancy adjustments
  - Start dates
  - Trends, attrition
  - Frozen positions
  - Funded versus unfunded
- Collective Bargaining Agreements

17. Effective Budgeting of Salary and Wages

- Impact of Inflation

- Optimal Staffing Level

    - Comparison to other Governments

    - Staffing Guidelines

    - Classifying Position by Goal

    - Use of Volunteers/Temporary Positions

17. Effective Budgeting of Salary and Wages

- Compensation approaches

    - Step and grade systems

    - Pay for performance

    - Surveys

17. Effective Budgeting of Salary and Wages

- Personnel categorization
    - Capital versus operating
    - Cost allocation
    - Funding sources
    - Privatization or shared services
- Monitoring

18. Inflationary Indices in Budgeting

- Inflation indices
    - CPI (BLS)
    - GDP Deflator (BLS)
    - Construction Price Index (*ENR*)
    - Employment Cost Index (BLS)
    - Municipal Cost Index (*American City & Co*)

18. Inflationary Indices in Budgeting

- Alternatives to using indices
  - Economic consultants
  - Local universities
  - Peer governments
  - Vendor contacts
  - Industry specific journals

19. Strategies for Managing Health-Care Costs

- Monitor medical plan network and prescription drug discounts.
- Set an appropriate level of employee cost sharing.
- Encourage good consumer behaviors.
- Analyze risks in self-insurance
  - Premiums, administrative fees
  - High-cost claims and high cost areas
  - Stop-loss insurance programs
  - Wellness programs

19. Strategies for Managing Health-Care Costs

- Measurements to assess plan performance
  - Medical loss ratio
  - Medical claim trends
  - Network discounts
  - Administrative fees
  - Prescription drug cost trend/generic drug substitution rate

19. Strategies for Managing Health-Care Costs

- Additional Strategies
  - Federal Requirements
  - Long-term Plan
  - Build Support
  - Educate Employees
  - Audit Plan Records
  - Rebid Periodically

20. Evaluating Service Delivery Alternatives

Carefully analyze all aspects of a service delivery option before changing service delivery methods.

- Current service – level of service, secondary functions
- Required governmental control of service
- Risks and benefits
  - Flexibility, reversibility of the arrangement
  - Public opinion
  - Specialized knowledge

20. Evaluating Service Delivery Alternatives

- Risks and benefits
  - Mgt capacity for alternative arrangement
  - Continuity of competitive forces
  - Financial risks – legal liability for performance and safety
  - Continuity
- Risk mitigation
  - Transferring risk thru bonding/ insurance
  - Monitoring
  - Multiple vendors

20. Evaluating Service Delivery Alternatives

- Financial analysis
  - Focus on avoidable costs
  - Internal costing information accuracy
  - Present value analysis for multiple year contracts
  - Transitional financial impacts
  - Equipment, capital and infrastructure usage
  - Market input
  - Peer government comparisons
- Communication and change mgt strategy

21. Measuring the Full Costs of Government Service

- Calculate the full cost of all services
  - Useful when considering alternative service-delivery options
    - ✓ Distinguish avoidable costs from unavoidable costs
    - ✓ Consider cost of transition
    - ✓ Consider offsetting revenues

22. Pricing Internal Services

- Identify Goals
  - Govern demand for a service
  - Develop enterprise rate models
  - Calculate indirect costs
  - Provide input for full costing
  - Discuss value of service
  - Promote competition in service delivery
  - Customize service levels for different customers
- Decide Basis of Allocation
  - Cause and effect relationship
  - Benefit received
  - Fairness
  - Legal constraints

23. Presenting Official Financial Documents on Your Government's Website

- Benefits
  - Heightened awareness
  - Universal accessibility (range of potential users)
  - Potential for interaction with users
  - Enhanced diversity (use of different languages)
  - Facilitated analysis (can extract data)
  - Increased efficiency (reduce redundant reports)
  - Lower costs
  - Broadened potential scope (use of hyperlinks)

23. Presenting Official Financial Documents on Your Government's Website

- Specific guidelines:
  - Consistency with hardcopy version (if any)
  - Legibility (font size and page layout/direction) should be consistent
  - Pagination (numbers pages sequentially)
  - File size
  - Security (protect document from unauthorized changes)

23. Presenting Official Financial Documents on Your Government's Website

- Specific guidelines:
  - Placement (predominately on homepage)
  - Software compatibility
  - Features such as zooming, bookmark, facing pages and search mechanism should be available

24. Making the Budget Document Easier to Understand

- Organization – Consider Budget Awards criteria
- Avoid excessive detail
- Attractive, simple and easy to use design
- Consistency – ex. department presentations
- Highlights
    - Consider a budget-in-brief
    - Effective tables, charts, illustrations
- Format
    - PDF numbering matches document pages
    - Hot links in table of contents
    - All pages same direction

25. Budget Monitoring & Control

- *Revenues.* Governments need to carefully analyze sources of funds with particular attention to:
    - Seasonality, and whether comparable to prior observations
    - Any potential volatility and the resulting impacts
    - Trends and comparison to projections
    - Timing of receipts
    - Relationship to economic indicators and potential impacts
    - Changes in policy/practice of overarching governments involved in disbursement of revenues
    - Review of patterns at other similar/related governments

25. Budget Monitoring & Control

▪ *Expenditures.* Governments need to carefully monitor all expenditures as well – including one-time uses and also examining key aspects of the following:

- • *Personnel.* Examine additional detail beyond just regular payroll expenses, including analysis related to hiring and vacancy information and also, depending on magnitude, analysis of part-time, overtime and special pay. In addition, conduct analysis of re-class/promotions to see if on-track with expectations. And whether fringe benefit costs are within budgeted expectations as well.

- • *Non-personnel.* Monitoring needs to include more than just current expenses. Governments need to analyze draw down of encumbrances, outstanding purchase orders, and its major contracts to develop a better picture of not only what was spent, but what remains to be spent.

25. Budget Monitoring and Control

○ How the elements should be analyzed

▪ *Root cause.* Governments should move beyond just identifying deviations from budget versus actuals and work towards analyzing and articulating why deviations occurred in order to move towards resolution.

▪ *Time frame.* Is it anticipated for any identified variance to continue or is there an underlying reason for the variance? How does the current spending pattern impact the subsequent year's budget?

- • *Requirements.* Structure budget monitoring to meet any interim reporting requirements that the government may have, if possible.

25. Budget Monitoring and Control

○ At what level of detail should the analysis be conducted. This will vary depending on revenue/expenditure type. Organizations should discuss benefits of more versus less detail and its impacts on the timeliness, usefulness, and degree of difficulty to compile, among other factors. Potential levels at which to monitor the budget should mirror an organization's chart of accounts, including the following:

- *Fund.* Use for high level analysis and also may be the only monitoring needed for minor revenue/expenditure areas
- *Department.* Analysis at this level can be used to establish budget accountability for department heads
- *Sub-department/division.* Appropriate to analyze in particular if budget accountability resides at the sub-department head level.
- *Function.* Use to track expenditures by major organizational responsibilities, i.e. public safety, public works, etc.
- *Object/account.* Utilize for examining key types of expenditures at an organization-wide basis, such as overtime.
- *Project/program/grant/activity.* Use to track revenue/expenditures of specific activities associated with areas that need additional scrutiny or for reporting requirements

25. Budget Monitoring and Control

○ Who is responsible and outlining roles

- *Production.* Who produces the analysis, reports, etc. related to budget monitoring should be clearly articulated and disseminated.
- *Roles.* Collaboration and ownership within the organization should be promoted to help provide context related to any potential issues.
- *Ownership.* Identify who is responsible for resolving variances related to both spend and service delivery as well as any other problems identified that need attention.

25. Budget Monitoring and Control

○ Tools for conducting the analysis

▪ *Electronic system.* An organization's enterprise resource planning (ERP) system should drive data gathering and analysis related to budget monitoring. Use of the ERP system allows for real time information to be readily accessible for encumbrances and other time sensitive information as opposed to reliance on static, stand-alone reports.

▪ *Automation.* Budget monitoring data and reports should be integrated into and generated by an organization's ERP system to ensure efficient use of staff time and also consistency of information.

▪ *Overspend Protection.* Governments should also ensure that mechanisms are in place in their ERP system to automatically prevent overspending of budget and notify the organization's financial leadership.

▪ *Consistency.* Off-system analysis should be consistently applied to all aspects of monitoring the budget and clearly articulated to both staff conducting the analysis and end users.

25. Budget Monitoring and Control

○ Communications

▪ *Frequency.* The frequency of how often budget monitoring reports and information is generated should be agreed upon at all levels of the organization.

▪ *Delivery.* How the information is communicated and to which stakeholders, both internally and externally, needs to be clearly structured.

▪ *Format.* The format for how information related to budget monitoring needs to be clearly established as well.

▪ *Transparency.* How can the information be shared on a wide spread basis to the community and include the proper context to best inform the public and minimize additional request for more information.

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Your username is your email address. To retrieve your password, use the "Forgot your password" option at https://www.igfoa.org/members/forgot-my-password or contact the IGFOA office. Please note that CPE certificates will only be issued to attendees that meet the CPE participation requirements.