



# **Budgeting 101**

## **IRWA Administrative Conference**

**July 16-17, 2026**

# Agenda



- Introduction
- Structural balance & the use of one-time revenues
- The rate setting connection
- Building the budget
- Membership & additional resources

# GFOA is a non-profit association focused on the professional management of governments



- Established in 1906
  - Research and Consulting Established in 1977
  - Technology Consulting Group formed in 1998
- 35,000+ Members
  - Offices in Chicago and Washington DC
- Products and Services
  - Resources/Publications
  - Affinity Groups
  - Training
  - Networking/Conferences
  - Consulting Services
  - Best Practices



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# **The standard Budget Process**

# What is a budget?



- Legal requirement
- Financial plan
- Policy document
- Operations guide
- Communications device
- Performance management tool
- Values document

**ORDINANCE NO. 018-2026**

AN ORDINANCE TO ADOPT THE ANNUAL OPERATING BUDGET FOR THE CITY OF EFFINGHAM, ILLINOIS, FOR THE FISCAL YEAR 2027 BEGINNING MAY 1, 2026 AND ENDING APRIL 30, 2027

WHEREAS, the City of Effingham requires an annual budget to authorize expenditures for the upcoming fiscal year; and

WHEREAS, the City is required to approve said budget prior to the beginning of the fiscal year; and

WHEREAS, said budget shall possess fund level authority; and

WHEREAS, a posted and advertised budget workshop was conducted on Tuesday, March 24, 2026 at 5:00 p.m.; and

WHEREAS, the proposed annual budget was published for public inspection on Tuesday, March 31, 2026 at Effingham City Hall; and

WHEREAS, a posted and advertised public hearing was held on April 7, 2026 at 5:00 p.m. regarding the proposed operating budget for FY27; and

WHEREAS, all comments were heard.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF EFFINGHAM, COUNTY OF EFFINGHAM, STATE OF ILLINOIS THAT:

**SECTION 1:** The budgetary appropriations provided for in the annual budget, as attached herein as Exhibit A, for Fiscal Year 27, beginning May 1, 2026 and ending April 30, 2027, for the City of Effingham, Illinois, is hereby established.

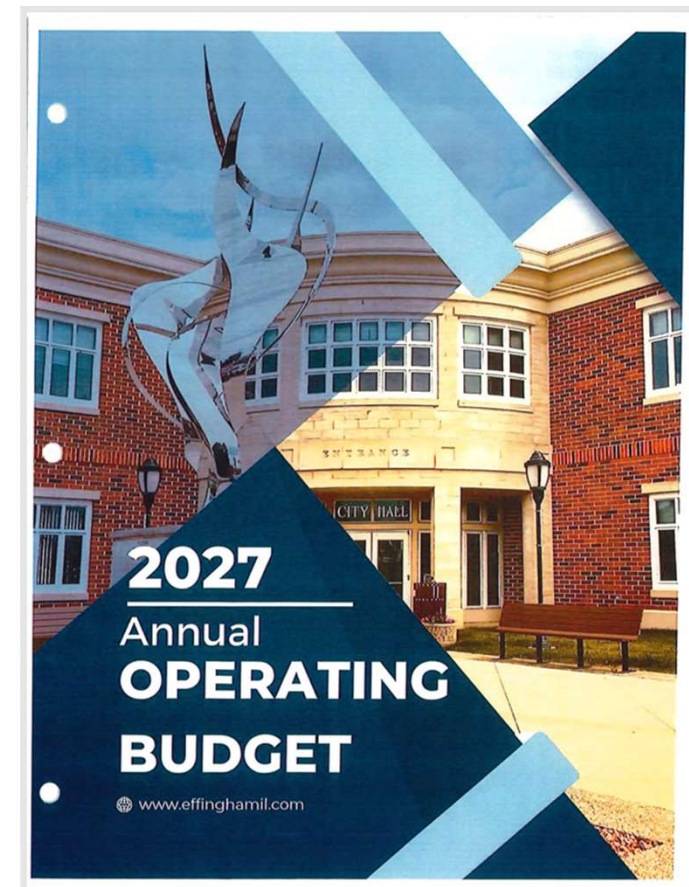
**SECTION 2:** The City Administrator or his/her designee is hereby empowered to execute said budget after final approval by the City Council.

**SECTION 3:** The City Administration is hereby authorized to pay obligations or claims incurred by each municipal department pursuant to the attached budget.

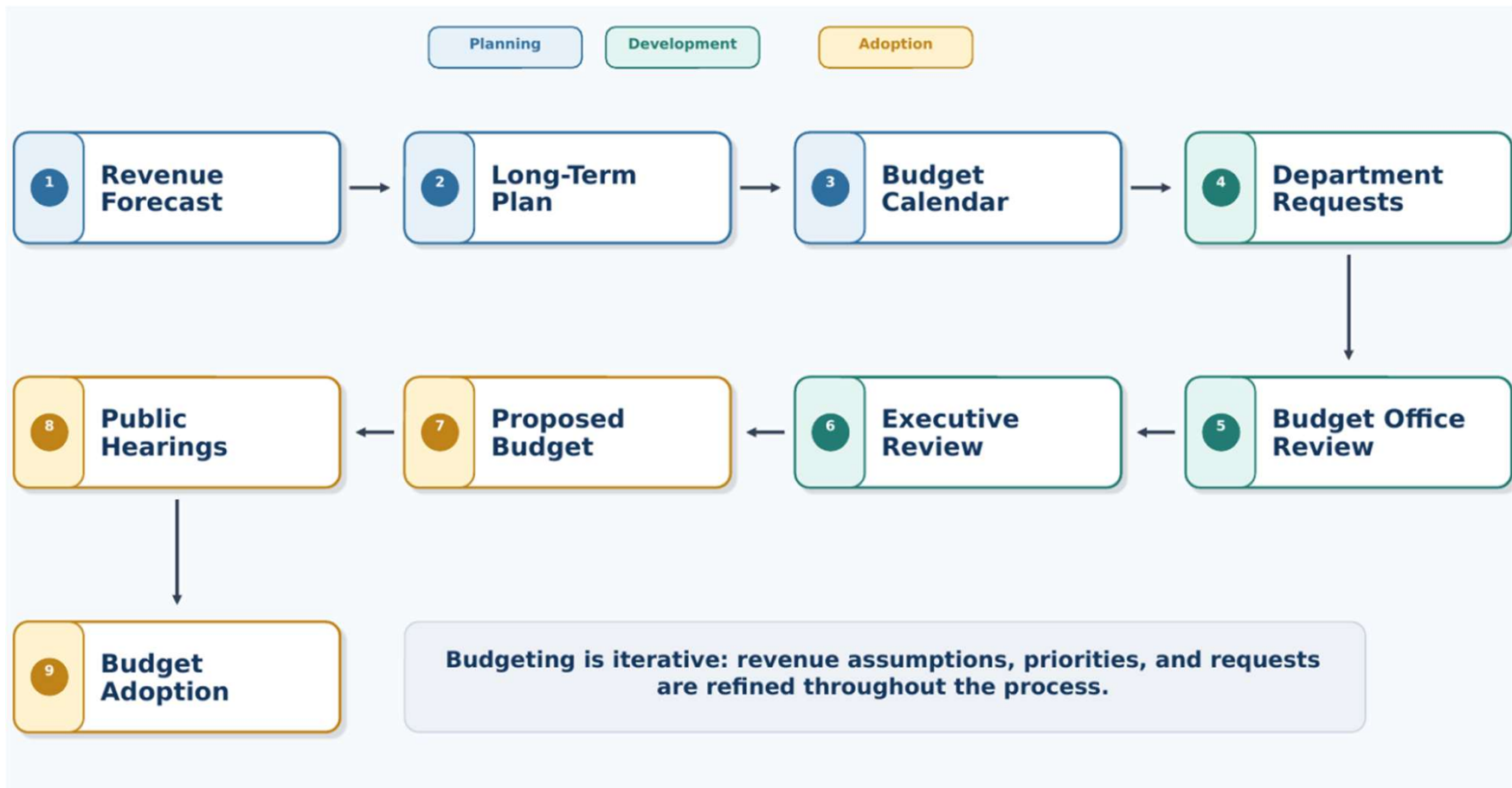
**SECTION 4:** The Budget Officer or his/her designee shall hereby have fund level authority to expend monies and receive monies as appropriated within budget.

**SECTION 5:** Said budget may be amended from time to time throughout the fiscal year pursuant to City Council approval.

**SECTION 6:** The City Clerk shall make and file with the County Clerk of said County of Effingham, a duly certified copy of this ordinance.



# Budget Process (Annual, Biennial, Triennial)



# Goal is a Structurally Balanced Budget



Recurring  
Revenues

=

Recurring  
Expenditures

GFOA Best Practice:

<https://www.gfoa.org/materials/achieving-a-structurally-balanced-budget>



# KNOW YOUR TOWN'S BUDGET

## TOWN OF ORO VALLEY | FY 2021/22 BUDGET

Fiscal Year 2021/22 budget is in the amount of \$162.0 million; a \$56.5 million, or 53.6% increase from the adopted FY 2020/21 budget totaling \$105.4 million. This increase is primarily due to one-time projects and initiatives as a result of anticipated stimulus dollars and bond proceeds.

### GENERAL FUND HIGHLIGHTS

- General Fund budget totals **\$61.3 million** (excluding budgeted contingency reserves of \$5,000,000).
- Estimated year-end contingency reserve balance in the General Fund for FY 2021/22 is **\$15.1 million**; 28.0% of the expenditure budget, exceeding the Town Council's policy of 25% by \$1.6 million.
- Includes planned use of **\$14.2 million** of reserves.



Town of Oro Valley, AZ

# Recurring vs. unstable vs. one-time sources



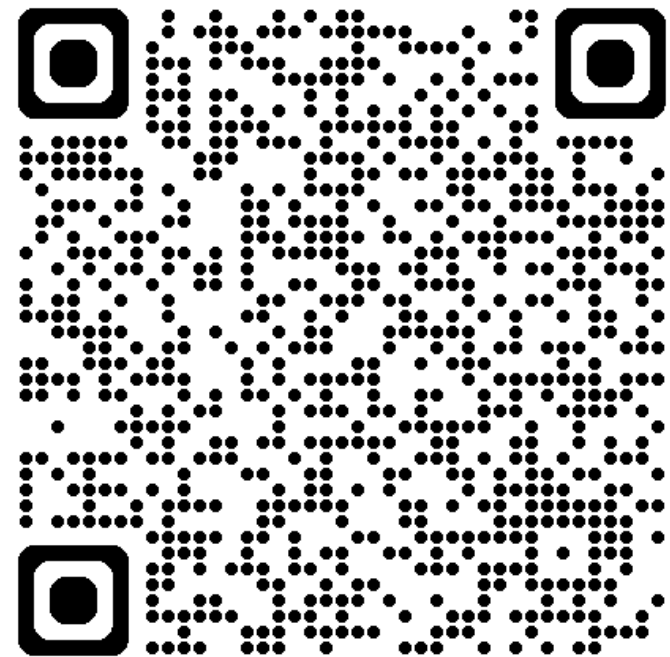
- Recurring: revenue that you can (generally) count on year after year, with little variation (or with highly predictable variation)
  - Example: rates and the revenue they provide (usually)
- Unstable: revenue that is volatile or unpredictable
  - Example: fines, certain transaction/sales taxes
- One-time (also known as non-recurring): revenue that you don't (or shouldn't) expect to receive on a regular basis
  - Example: certain grants and intergovernmental assistance (e.g., ARPA), proceeds from the sale of assets, debt, reserves

# Should you spend one-time revenue on...



- Salaries for existing staff?
- Salaries for additional staff?
- Regular vehicle maintenance?
- Utility bills?
- Service line replacement?
- New technology or upgrades to existing technology?
  - ERP software
  - Cashiering software
- Building rehabilitation?

# Government Finance Review



# Three Areas for Rate Setting



**1**

## **Baseline**

**STEPS 1–3**

Evaluate asset condition, build confident financial statements, and understand fixed and variable operating costs to establish a solid foundation.

**2**

## **Spending Plan**

**STEPS 4–6**

Develop a long-term capital plan, identify debt capacity strategy, and build a cash flow model to determine total revenue requirements.

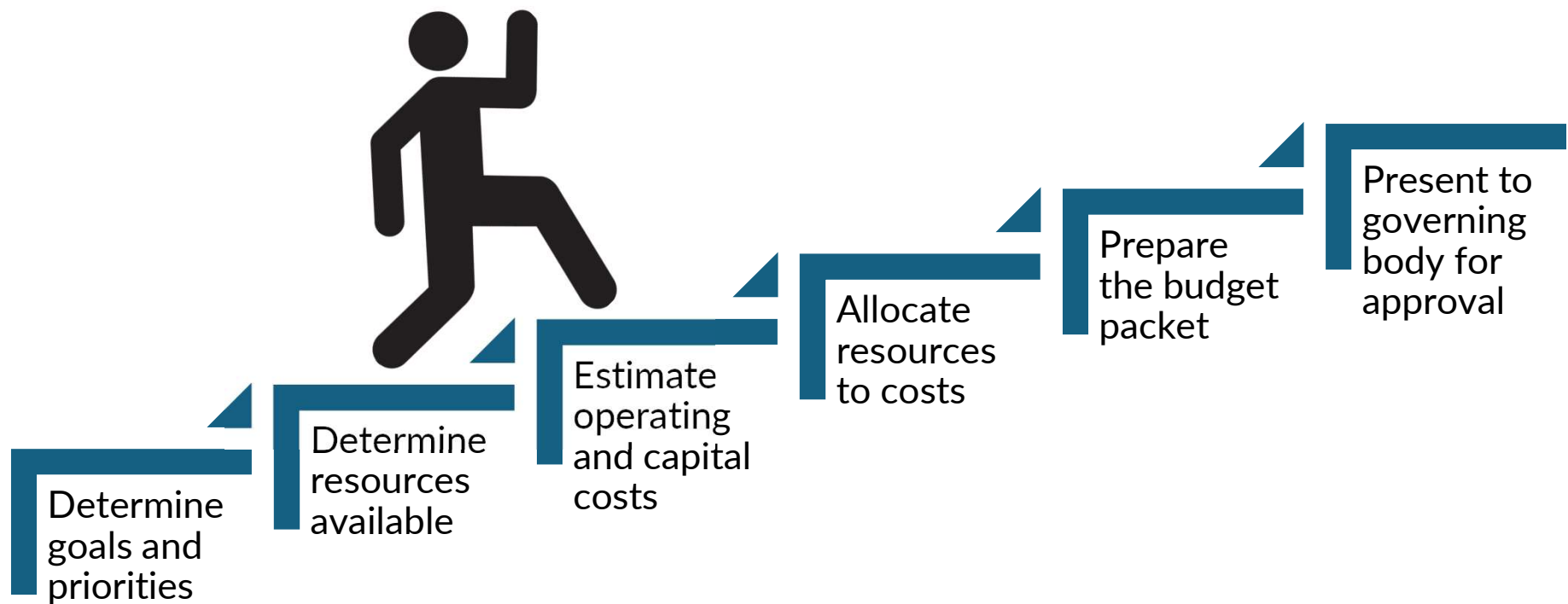
**3**

## **Establish Rates**

**STEPS 7–10**

Analyze customer mix, decide the fixed vs. variable balance, model typical bills for affordability, and set rates that cover the full cost of service.

# Path to Getting a Budget Approved



# Checklist: Getting Started



- Is a budget legally required for your organization?
  - If so, what is **actually** required?
  - Read the legislation/regulation/by-laws, etc. yourself
- What other steps are legally required?
  - Examples: public hearings, tax notifications, newspaper ads
  - Check with your state association when possible.
- What is the legal **level** of appropriation for the organization's budget?
  - Fund? Department/Division? Service?
- What is the level of budget control?

# Checklist: Getting Started



- What funds are included in the budget?
- Which departments and component units are included?
- Is there a separate capital budget?
  - If so, does the organization develop its operating and capital budget on the same schedule? What is the relationship between the two?
- Does the organization prepare a budget every year? Two years? Three years?
- What technology applications are used to develop the budget?

# Know Your Organization's Stakeholders



- Organizational executives
  - Superintendent, city/town manager/administrator
  - General manager
- Departments
  - Directors
  - Division leads
  - Managers
  - Front-line staff
- Rate payers/residents
- Operations staff
- Engineers
- Elected officials or members of governing body
- Union representatives
- Advocates
- “Sister” organizations/agencies
- Non-profit organizations
- Businesses (big and small)
- Regional partners
  - Planning groups
  - Transit agencies
  - Neighboring jurisdictions

# Roles and Responsibilities



- What should central budget/finance do vs. departments?
  - Particularly as it relates to benefits, salary, inflation, revenue
  - **It depends!**
    - Organizational culture
    - Staffing
    - Knowledge and expertise
  - Helpful to document this in your financial policies and procedures
  - Even if Finance/Budget is taking the lead, need to keep departments in the loop and collaborate

# Preparing a Calendar



# Internal Communications



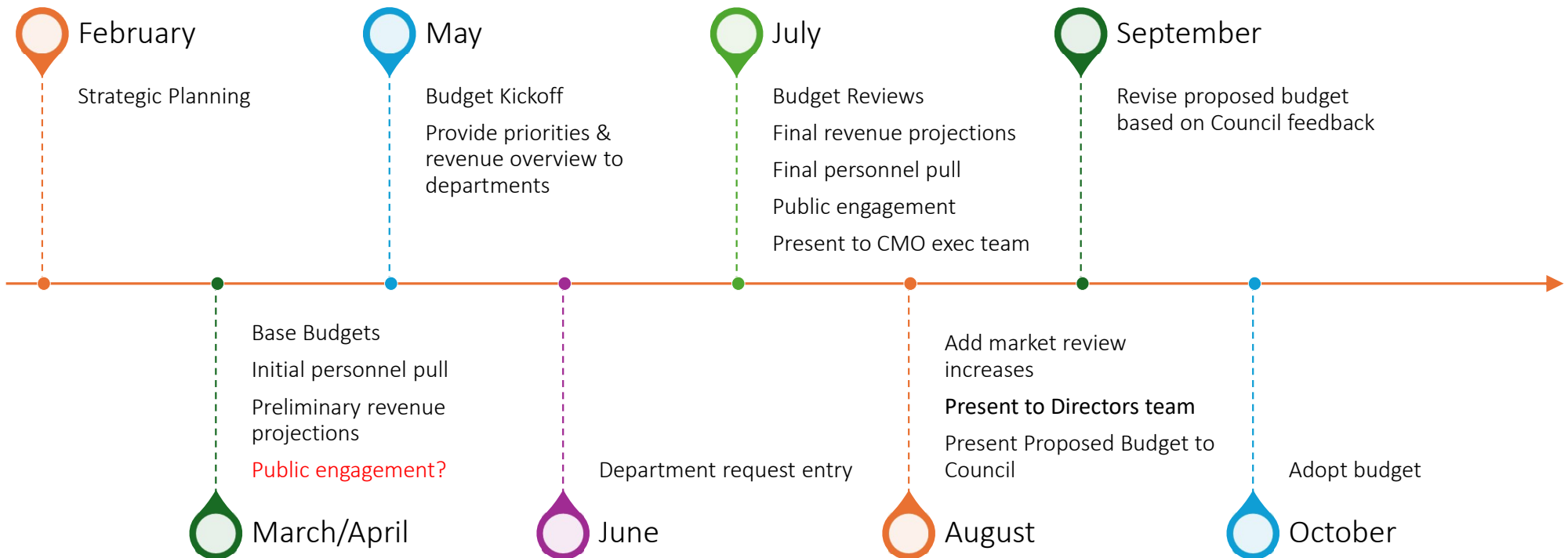
## Mgmt Staff

| Due Date   | Item                                                                                  | Prepared By                   |
|------------|---------------------------------------------------------------------------------------|-------------------------------|
| 8/6/2021   | Distribute Budget Calendar - Management Staff                                         | Elizabeth                     |
| 8/31/2021  | Plan-It and CIP Training - 9:00 a.m. MS Training Room                                 | Elizabeth                     |
| 8/31/2021  | Plan-It available for input; CIP Targets Issued; Operating Capital Reminder           | Elizabeth                     |
| 9/22/2021  | Budget % increase preliminary estimates for Cem, Golf, Fleet                          | Elizabeth                     |
| 9/30/2021  | Open BS&A for Recreation Only - Budget Entry Training Provided                        | Elizabeth/Diane/Recreation    |
| 9/30/2021  | Capital Asset Management Analysis Update (odd numbered fiscal years)                  | Elizabeth                     |
| 10/12/2021 | Special Recreation tax levy recommendation                                            | Sally                         |
| 10/12/2021 | Demolition, Impact Fees, Building Permits, Recycling Due                              | Cathy/MT                      |
| 10/12/2021 | Plan-It and scoresheets due; estimated actuals for current year in Excel              | All staff that work on CIP    |
| 10/18/2021 | Finance Committee meeting - mission, fiscal policy, tax levy estimate                 | Elizabeth/Jason               |
| 10/19/2021 | Five Year CIP Discussion - Executive Staff Meeting                                    | Exec Staff                    |
| 10/22/2021 | Fee Increase Proposals                                                                | Exec Staff that have fees     |
| 11/1/2021  | November Finance Committee Packet Distribution                                        | Elizabeth                     |
| 11/1/2021  | Distribute Salary/Benefit sheets - preliminary                                        | Diane                         |
| 11/8/2021  | Finance Committee meeting: Fees, CIP, Tax Levy - early start-5pm                      | All staff that work on this   |
| 11/10/2021 | Distribute revenue forecast worksheets                                                | Diane/Elizabeth               |
| 11/17/2021 | Salary Assumption/Health Insurance Numbers/Tuition Reimbursement                      | Amber                         |
| 12/1/2021  | Revenue Forecasts due                                                                 | Exec Staff                    |
| 12/1/2021  | Salary/Benefit Sheet comments due back to Finance                                     | Exec Staff                    |
| 12/1/2021  | Cell Phones                                                                           | Mike Strong                   |
| 12/1/2021  | IT Maintenance by Dept                                                                | Joe                           |
| 12/3/2021  | Fleet receives final sal/ben sheet; allocations for phones, admin serv, IT            | Diane/Elizabeth               |
| 12/8/2021  | Fleet Budget due                                                                      | MT/Dan Martin                 |
| 12/8/2021  | City Manager meeting to discuss and approve Fleet budget - Time TBD                   | Jason/Elizabeth/MT/Dan Martin |
| 12/15/2021 | Pass out FINAL sal/ben sheets                                                         | Elizabeth/Diane               |
| 12/15/2021 | Cemetery/Golf/Parks and Rec receive budget allocations - fuel, phones, admin serv, IT | Elizabeth                     |
| 12/16/2021 | BS&A Budget Entry Refresher Training - 2:00 P.M. MS Training Room                     | Elizabeth                     |
| 12/17/2021 | Executive Staff receives targets                                                      | Elizabeth                     |

## Mgmt Staff

| Due Date         | Item                                                                               | Prepared By                   |
|------------------|------------------------------------------------------------------------------------|-------------------------------|
| 1/14/2022        | All Operating Budgets due                                                          | Executive Staff               |
| 1/18/2022        | Finance Committee meeting- CIP, Service Listing, IT Draft Technology Plan          | All staff that work on this   |
| TBD              | Dialogue - Communicate fee increases                                               | Elizabeth                     |
| 1/21/2022        | Finance confirm budget entry; resolve with departments                             | Elizabeth/Diane               |
| 1/31/2022        | FY23 Vendor Approval Forms for Vendor List due to Finance                          | Exec Staff                    |
| 1/31, 2/1, 2/7-9 | City Manager Budget Meetings                                                       | Executive Staff               |
| 2/9/2022         | Org Charts, Department Highlights, Perf Measures (Word) due to OCM                 | Exec Staff                    |
| 2/15/2022        | Executive Staff Meeting - Discuss budget issues and prep for March meeting         | Exec Staff                    |
| 2/25/2022        | Org Charts, Department Highlights, Perf Measures (Word) due to Elizabeth Holleb    | OCM                           |
| 2/25/2022        | Information due for March budget packet                                            | Exec Staff that Jason informs |
| 2/25/2022        | Department Budget Summaries                                                        | Elizabeth                     |
| 2/25/2022        | City Manager Budget Message                                                        | Jason                         |
| 3/7/2022         | Budget Workshop Packet Distribution                                                | Elizabeth                     |
| 3/14/2022        | Budget Finance Committee meeting- 5:00 p.m. TENTATIVE                              | All                           |
| 3/18/2022        | Org Charts, Department Highlights, Perf Measures (Word) - REVISIONS DUE TO FINANCE | OCM                           |
| 3/18/2022        | DRAFT FY23 Vendor List                                                             | Diane/Matthew                 |
| 3/31/2022        | Begin entry of FY23 Purchase Orders (excludes Vendor List)                         | All departments               |
| 4/11/2022        | Proposed Comprehensive Fiscal Plan to City Council/On City Web Site                | Elizabeth                     |
| 4/18/2022        | Finance Committee meeting- final budget discussion                                 | All as needed                 |
| 4/18/2022        | City Council meeting- budget passage and vendor list approval                      | Elizabeth                     |
| 4/22/2022        | Deadline for entry and approval of FY22 Purchase Orders                            | All departments               |

# External Communications



# Budget Guidelines & Instructions



- Host a Budget Kickoff Meeting
  - Organization's goals and objectives, budget climate
  - Summary of strategic priorities that covers budget period
  - Optional: A target for base requests and increases
  - Instructions on personnel adds
  - Provide training on instructions and forms
  - Where to get help
  - **DEADLINES!**



# Checklist: What do you generally need from staff?



- ✓ Narrative describing mission, vision, goals, etc.
- ✓ Spending estimates for the remainder of the current year
- ✓ Revenue estimates for remainder of current year and for upcoming budget period (if applicable)
- ✓ Funding request for next budget period
  - New initiatives
  - New positions
- ✓ Performance/Outcome data
  - Existing budget period
  - Upcoming budget period
- ✓ Program/service cost information (if applicable)
- ✓ Internal service cost estimates (if applicable)
- ✓ Anticipated grants (if applicable)
- ✓ Hiring plan (optional)
- ✓ Buying plan (optional)

# What else?



- **REVENUE – HOW MUCH DO WE HAVE TO SPEND?**

- Forecast Revenues for Current and Budget Years
- How are revenues tracking for the current year to date?

- **FORM OF BUDGETING**

- Incremental
- Zero Based Budget
- Program or Outcome Based

- **PERSONNEL**

- Develop Salary and Benefit Projections
- Vacancy Savings Current Year
- Assumptions
  - Full Employment?
  - Step Increases
  - Overtime
  - Status of bargaining unit contracts
  - Benefit Costs – Pension, Insurance
- Staffing Levels

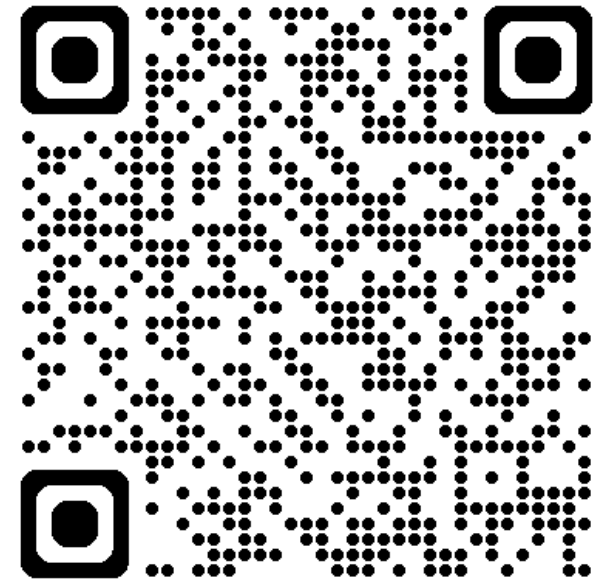
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# **Additional Resources**

# GFOA Membership/Utility Finance Forum



- Best Practices
- GFOA Affinity groups:
  - Small government forum
  - Utility Finance forum
  - Women's public finance network
- Mentorship Program
- National trainings, webinars, and other professional development opportunities



# Thank you and stay in touch!



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Research and Consulting Center

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[www.gfoa.org](http://www.gfoa.org)

[www.gfoa.org/rcc](http://www.gfoa.org/rcc)

[www.gfoa.org/utility-finance-forum](http://www.gfoa.org/utility-finance-forum)

