



FY2021 Budget and Financial Policies Development Discussion (Continued)

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Today's Focus



**Reserve
Fund
Balance
Policy**

**OPEB and
Other
Long-Term
Liabilities**



**New
Program
Requests
and
Personnel**

Calendar





Fund Balance Policy



Analysis and
target
setting



Critical
elements of
General Fund
Reserve Policy



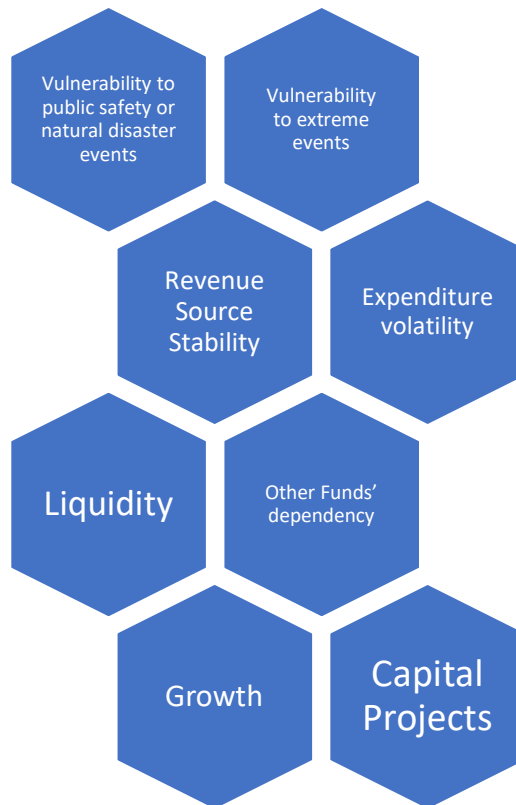
Components
of Other
Funds'
Reserve
Policies



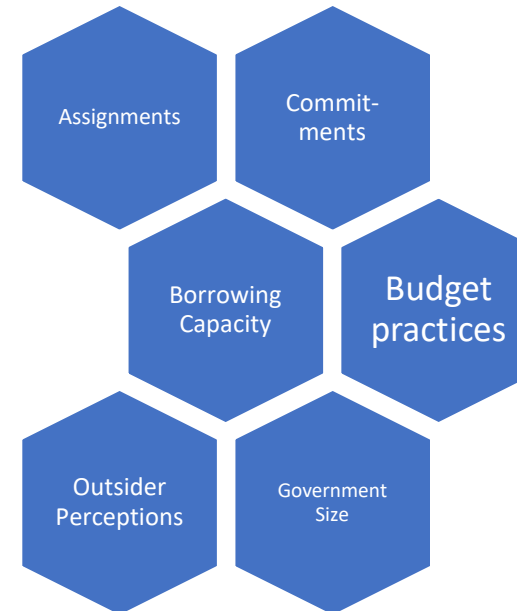
How to Determine the “Right” Target



Risks



Drivers



Source: Financial Policies, GFOA, S. Kavanagh



Reserve Fund Balance Policy



- Section 2.12.2 (page 6) of DRAFT FY2021 Budget & Financial Policies AND Section 3.0 (page 7)
- FY20 language:
 - **Undesignated** fund balances is to be maintained in an amount equal to **27.5% - 35%** of the total of all property tax operating funds
 - FICA, IMRF, and Risk Management & Liability Insurance Funds must maintain an undesignated reserve of **12%**



Reserve Fund Balance Policy



- **Uses of Reserves (section 3.4, page 8)**
 - **Carryovers**
 - **Risk actuarial analysis**
 - **Section 3.4.4 Uses:**
 - **Economic downturn**
 - **One-time emergency or unanticipated revenue downturn**
 - **Fund liability claims**
 - **Section 3.4.5: Must exhaust budgeted contingency first**
 - **Section 3.4.6: "...may also designate undesignated reserves for the purpose of funding future capital projects or other one-time expenditures." – Change to Excess Reserves Only?**



Reserve Fund Balance Policy



- **Economic Downturn Indicators
(section 3.5, page 8)**
 - Revenue growth for sales tax, other state-shared revenues, charges and fees for service in total falls below a **2%** increase
 - Lake County unemployment exceeds **9.0%** for a 6-month period
 - Clarification of either or both



Best Business Practices



Definition and purpose of reserves	✓
Reserve target levels	✓
Funding the target amount	✓
Conditions for use of reserves	✓
Authority over reserves	✓
Replenishment of reserves	
Excess reserves	Section 3.4.6
Periodic review of targets	✓



OPEB and Long-term Liability Funding



Section 1.1.6 (page 6) of DRAFT FY2021
Budget & Financial Policies

FY20 language:

The budget will continue to provide for adequate funding of all retirement systems. The other post-employment benefits (OPEB) liability will be funded on a pay-as-you-go funding basis.

Net OPEB Liability as of 11/30/2020: \$22,356,699

**OPEB and
other
liability
funding**





New Program Requests



New Program Requests and Personnel

Sections 2.3 and 2.4 (page 4) of DRAFT FY2021 Budget & Financial Policies

FY20 language:

2.3 New Program Requests will be accepted

2.4 Board Member requests in same format, with same deadlines

- “...Heard at designated standing committee prior to budget hearings.”
- “Only requests that are supported by the standing committees will be considered...”
- “Consideration of Board Member requests will follow the hearing of all other requests.”



Personnel



New Program Requests and Personnel

Sections 2.1 (page 4), 2.5 (pages 4-5), and 2.7 (page 5) of DRAFT FY2021 Budget & Financial Policies

FY20 language:

- 2.1 evaluate need to fill vacant positions
- 2.5 encouraged to review each vacant position
- 2.7 “Compensation” considered after budgets submitted by departments
- 2.7 Consolidation and shared services reviewed for cost savings



Budget Calendar



August 2020:	Departmental Budget reviews with CAO
September 8, 2020:	Approval of ESTIMATED Tax Levy
October 9, 2020:	Presentation of FY2021 Budget and distribution of budget books
October 20 – 22:	Budget Hearings
October 27 – 29:	Continued budget discussions at Standing Committee Meetings, if necessary
November 3 -5:	Continued budget discussions at Standing Committee Meetings, if necessary
November 10, 2020:	County Board FY2021 Budget and Tax Levy Approval

Calendar





Future Discussions



April 2 F&A: Presentation of red-lined policies and discussion

April 9 F&A: Continued discussion of red-lined policies, if necessary

April 14 County Board: Approval of FY2021 Budget and Financial Policies?

If necessary:

April 30 F&A: Update to and continued discussion of red-lined policies

May 7 F&A: Update to and continued discussion of red-lined policies

May 12 County Board: Approval of FY2021 Budget and Financial Policies

Policies