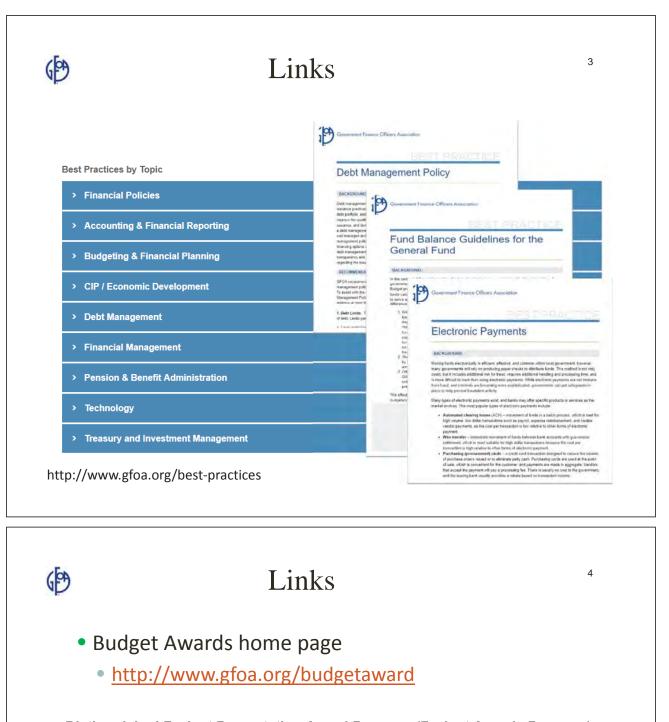
Best Practices for Budgeting and Fiscal Policy	
Presented to Maryland GFOA	
Government Finance Officers Association	
April 26, 2019 @GFOA © 2019 Government Finance Officers Association	

## (D) Instructor

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 Government Finance Officers Association (GFOA)
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 Email: jfishbein@gfoa.org



Distinguished Budget Presentation Award Program (Budget Awards Program)

NEW - Most Recent Award Results Sorted by State/Province: Budget Years Beginning 1/1/2018 (Winners through September 30, 2018)

The outstanding worksheet highlights the governments that have received three outstanding ratings on any of the individual 27 Budget Awards criteria. The specific criteria are noted where they have received the outstanding rating.

- > Award Results Sorted by State/Province: Budget Years Beginning 1/1/2017 (Winners through September 30, 2018)
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2016
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2015
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2014
- Reviewers of Budget Documents During 2017 Calendar Year
- > Details on how to become a Participant or Reviewer





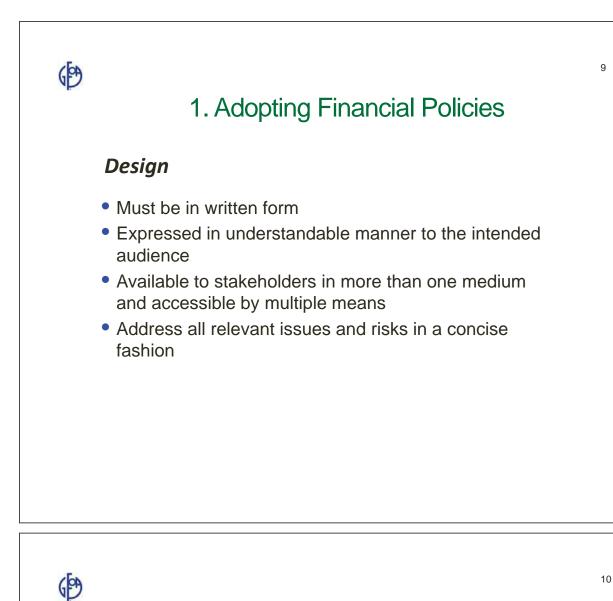




### Development

0

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



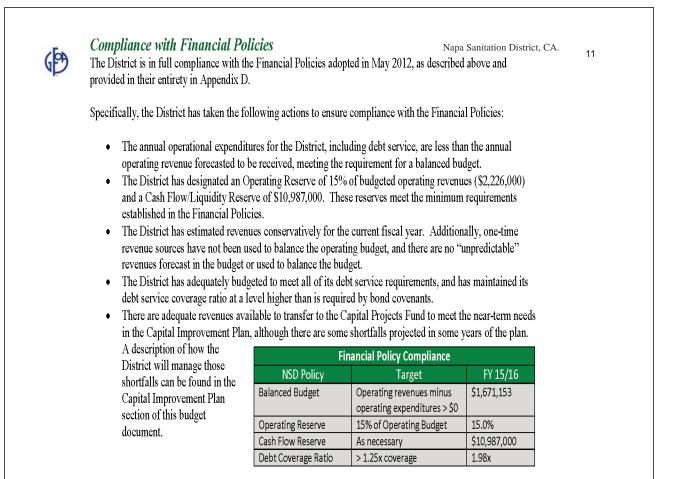
1. Adopting Financial Policies

#### 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

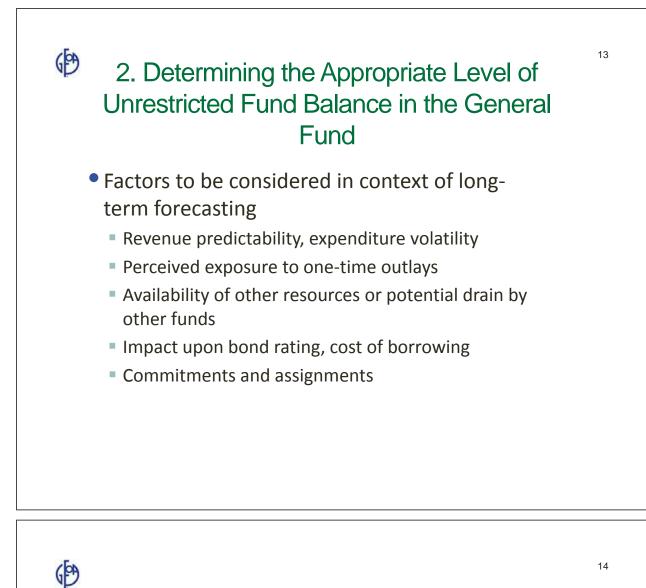




- Focus on unrestricted fund balance (GAAP)
  - Committed fund balance
  - Assigned fund balance

Ð

- 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

Policy components

Time period and contingencies for its use

- How expenditure levels will be adjusted to match any new economic realities
- Time period over which it will be replenished and the means by which to do so



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

- Factors influencing the replenishment time horizon
  - Budgetary reasons behind the fund balance targets
  - Recovering from an extreme event
  - Political continuity
  - Financial planning time horizons
  - Long-term forecasts and economic conditions
  - External financing expectations



#### CITY OF WHEAT RIDGE UNRESTRICTED FUND BALANCE POLICY Adopted by City Council June 2011

The City of Wheat Ridge has determined it to be a sound, financial practice to maintain adequate levels of unrestricted fund balance in its General Fund in order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates. Additionally, the City believes that adequate unrestricted fund balance levels are a critical consideration to the City's long-term financial planning. In this regard, the City has established the following fiscal policy related to its unrestricted fund balance.

#### Maximum and Minimum Amounts

The City will maintain a minimum unrestricted fund balance of at least two months or approximately 17%, as recommended by the Government Finance Officers' Association (GFOA), of its General Fund operating expenditures. The City's maximum unrestricted fund balance shall not exceed 35.0% of General Fund operating expenditures. Not precluding the aforementioned minimum and maximum percentages, the City will annually target to maintain a 25.0% unrestricted fund balance percentage level as part of its annual budget process.

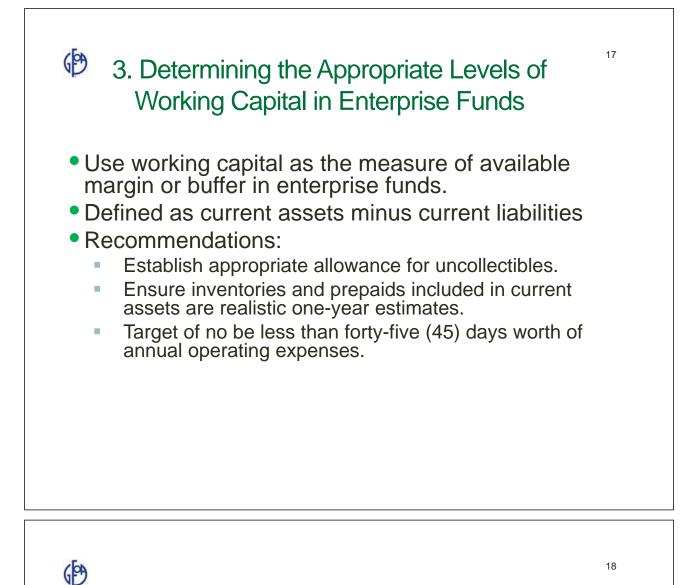
#### Use of Funds

While targeting to maintain an annual unrestricted fund balance of 25.0%, the City understands there may be circumstances that warrant that the City use these funds temporarily. The City has established the following instances where it may elect to use these funds:

- An economic downturn in which revenues are below budget
- Unexpected and unappropriated costs to service and maintain current City operations
- Unexpected and non-budgeted emergencies, natural disaster costs, and/or litigation
- Grant matching
- Early retirement of debt
- To cover deficits in other funds due to a shortfall in budgeted revenues
- Capital asset acquisition, construction and improvement projects

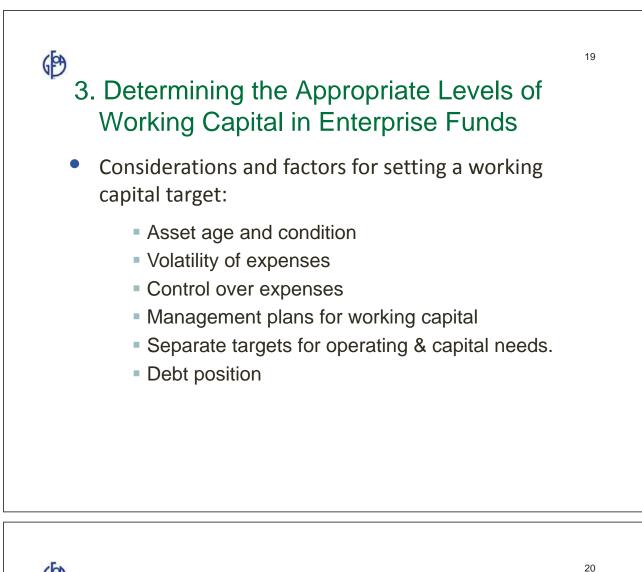
The use of the unrestricted fund balance for the above permitted events which cause the unrestricted fund balance to fall below the targeted 25% level will require a majority vote by City Council. Use of the restricted fund balance which causes the unrestricted fund balance to fall below the minimum required level of 17% will require a super majority vote by Council.

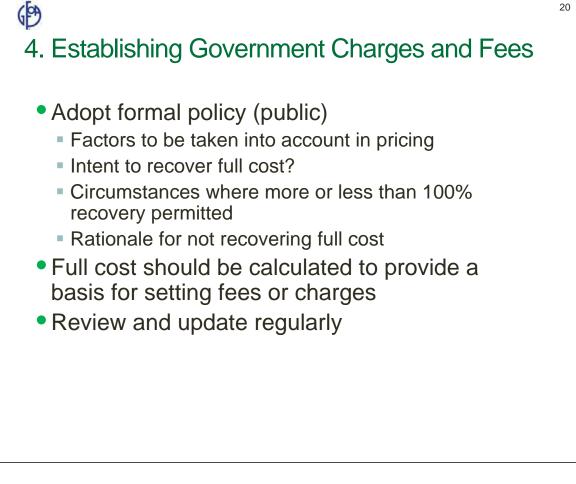
City of Wheat Ridge, CO. 16





- 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.





Pinellas County, FL

22



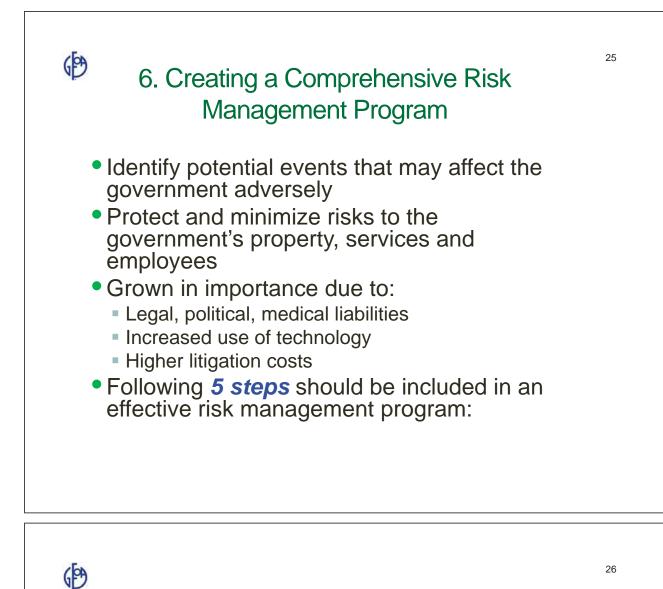
- As a part of the budget process, the Board set water rates that will go into effect on January 1, 2016.
- The planned water rate adjustment is 2.5% based on a cost of service analysis. This represents an impact of \$1/month for the typical residential customer. The main cost drivers that make an increase in 2016 necessary are investments in infrastructure replacement, labor expenses, security enhancements, and a gradual decline in indoor water use.
- The 2016 rate is consistent with WaterOne's approach to avoid rate volatility by creating incremental rate adjustments. Stable, predictable rates are preferred by customers and promote the growth of the local economy.

Department / Description	FY15 Rate	FY16 Rate	Net Revenue Impact	Reason for Change
	NEW F	EES	-	
Parks and Conservation Resources <u>1. Proposed new fee for a Six (6) Month Pass for</u> <u>Fort DeSoto Park, Sand Key Park and Fred</u> <u>Howard Park (beach) Parking Fee.</u>	None	<u>\$45.00</u>	\$5,000	The availability of a 6-month pass may appeal to part-time residents. Proposed fee is 60% of the \$75 Annual Pass.
2. Proposed new fee for a Senior Citizen Six (6) Month Pass for Fort DeSoto Park, Sand Key Park and Fred Howard Park (beach) Parking Fee.	None	<u>\$30.00</u>	\$2,500	The availability of a 6-month pass may appeal to part-time residents. Proposed fee is 55% of the \$55 Senior Citizen Annual Pass.
<u>3. Proposed new fee for a Military Six (6) Month</u> Pass for Fort DeSoto Park, Sand Key Park and Fred Howard Park (beach) Parking Fee.	None	<u>\$30.00</u>	\$500	The availability of a 6-month pass may appeal to part-time residents. Proposed fee is 55% of the \$55 Military Annual Pass.



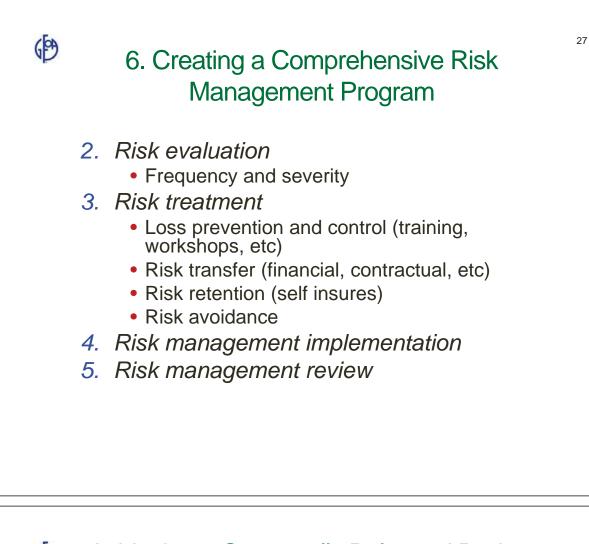
- Provides staff guidance to staff in order to maximize the benefits and minimize the risks of receiving grants.
- Identifies formal steps to take prior to applying for or accepting a grant.
- Policy should include, at a minimum, the following:
  - Grants identification and application
  - Strategic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

Ð	Funding Contracts with Outside Granting Agencies	Coconino County, AZ.	24
	• All applications for new grants, which are submitted by a department during th and request a match from the County's General Fund, must be approved Supervisors.		
	<ul> <li>All applications for new grants, submitted by a department during the off-budge not require a match from the County's General Fund, must be approve Manager.</li> </ul>		
	• If new grants or contracts are received by the County, either by any of its ag elected or appointed officials, they must be approved first by the Board of Superv		
	• Under ARS 42-17102, all expenditures must be shown in the budget, regardles the funds which pays for the expense.	s of the source of	
	• Departments must appropriate funds for grants that are received off-budget cy grant, an appropriation is made to the budget holding account. Once the gr budget adjustment is made to move the appropriation into the new fund.		
	• Grant funds that have accumulated a fund balance must expend that fun requesting new funds from the granting agency. An exception is made whe restrictions on the use of the fund balance for a specific purpose.		



## 6. Creating a Comprehensive Risk Management Program

- 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)



- 7. Achieving a Structurally Balanced Budget
- 28
- Clarify distinction between satisfying a statutory definition and a true structurally balanced budget.
- Define parameters for achieving and maintaining structural balance whereby recurring revenues equal recurring expenditures in the adopted budget.
- Identify key items, including:
  - Recurring and non-recurring revenues
  - Recurring and non-recurring expenditures
  - Reserves
- Adopt a formal, written policy calling for structural balance of the budget.
- Require the budget presentation to clearly identify how recurring revenues are aligned with or not aligned with recurring expenditures.

# FY 2016 Adopted Budget

Consolidated Sources, Uses and Fund Balance by Fund Type

	GEN	ERAL	SPEC REVE		_	RVICE	CAPITAL PROJECTS		SERVICE	3	SUBTOTAL	ELIMINAT	IONS		TOTAL
BEGINNING FUND BALANCE	\$ 82	,902,015	\$151,97	5,019	\$ 9,	874,372	\$953,324,794	s	35,327,600	\$1.	233,403,800	\$	1	\$1,	233,403,80
SOURCES OF FUNDS															
OPERATING															
PROPERTY TAXES	\$ 465	,539,207	S		s		\$ -	S		\$	465,539,207	\$		S	465,539,2
TAX PENALTIES & INTEREST	11	,087,186				÷.					11,087,186				11,087,1
SALES TAXES		1.1.2	146,08	5,926							146,085,926				146,085,9
LICENSES AND PERMITS	2	,311,877	38,22	3,781							40,535,658		1.		40,535,6
GRANTS			165,05	8,344			-				165,058,344				165,058,3
OTHER INTERGOVERNMENTAL	2	,728,302	15,16	8,842							17,897,144				17,897,1
PAYMENTS IN LIEU OF TAXES	13	,686,679				-					13,686,679		1.0		13,686,6
STATE SHARED SALES TAX	492	,019,045		1.0		-	1.				492,019,045				492,019,0
STATE SHARED HIGHWAY USER REV			98.17	5.564			1.1.4				98,175,564		1.4		98,175.5
STATE SHARED VEHICLE LICENSE	138	282,676	8.80	8.030					1.1.1.2		147.090.706				147.090.7
INTERGOV CHARGES FOR SERVICES		844.891	37.86		1	371.504			4,701,596		61,780,928		1.2		61,780.9
OTHER CHARGES FOR SERVICES		559,638	69,63		- 2				28,249,819		122,440,213				122,440,2
INTERNAL SERVICE CHARGES									81,990,122		181,990,122	(181,990	0 122)		
PATIENT SERVICES REVENUE		6,988	2 29	0.807							2,297,795	(			2,297,7
FINES & FORFEITS	9	.802.082	13.28				-				23.087.298				23.087.2
INTEREST EARNINGS		.800.000		5.862					531,464		5.277.326				5.277.3
MISCELLANEOUS REVENUE		782.364	10.55						35.000		13.367.482				13.367.4
GAIN ON FIXED ASSETS	-	,102,004		0.000					00,000		200.000				200.0
TRANSFERS IN			198.36		1	139.868	20,943,619				220,444,433	(220,444	4 433)		200,0
TOTAL OPERATING SOURCES	\$1,183	450,935	\$805,64			511,372	\$ 20,943,619	_	15,508,001	\$2	228,061,056	\$(402,434		\$1,	825,626,5
NON-RECURRING															
GRANTS	S		S 55	2,473	S		\$ 18,713,118	s		S	19,265,591	S		\$	19,265,5
OTHER INTERGOVERNMENTAL	2	375,000				-		12		4	2,375,000		1.1	-	2.375.0
INTERGOV CHARGES FOR SERVICES		366,768				- 2	10,651,500				11.018,268				11.018.2
OTHER CHARGES FOR SERVICES			13	1,495					-		131,495				131,4
INTEREST EARNINGS		1.1				2,000	200				2,200				2,2
MISCELLANEOUS REVENUE			30,65	6.664							30,656,664				30,656,6
TRANSFERS IN	5	809.670		1,150	11	007.415	87,697,577		3.517.901		108.393.713	(108.39)	3 713)		
TOTAL NON-RECURRING SOURCES		1	\$ 31,70			009,415	\$117,062,395	\$	3,517,901	\$	171,842,931	\$(108,393		\$	63,449,2
TOTAL SOURCES	-	000 070	\$837.34			520,787	\$138.006.014		19.025.902		399.903.987	\$(510.828	0000		889.075.7

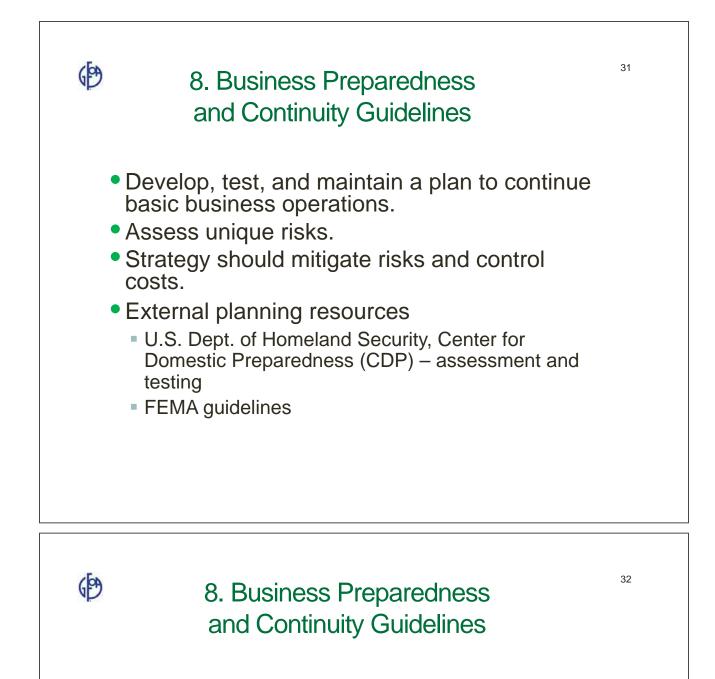
# 2016 Adopted Budget

#### Maricopa County, AZ

30

Consolidated Sources, Uses and Fund Balance by Fund Type

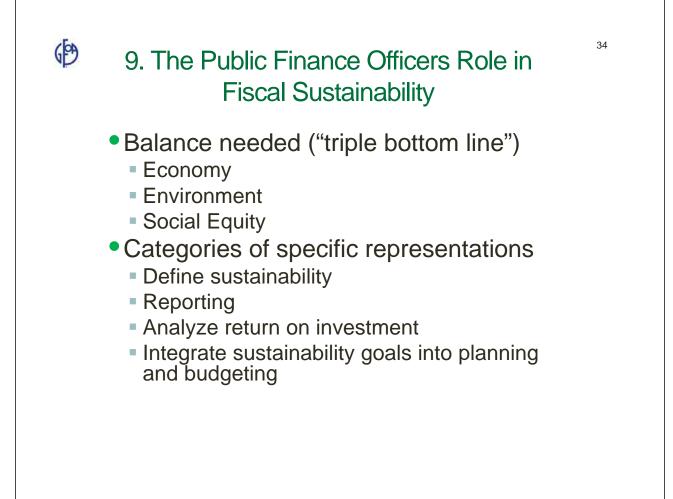
				SPECIAL		DEBT		CAPITAL		INTERNAL						-
		GENERAL		REVENUE		SERVICE		PROJECTS		SERVICE		SUBTOTAL	E	LIMINATIONS		TOTAL
JSES OF FUNDS																
OPERATING																
PERSONAL SERVICES	\$	535,618,408	\$50	07,953,838	\$	1	\$		\$	14,814,297	\$1	,058,386,543	\$	1.00	\$	,058,386,54
SUPPLIES		15,035,238		46,849,921						12,201,255		74,086,414		(7,012,224)		67,074,19
SERVICES		408,915,824	1	94, 147, 547					2	207,350,450		810,413,821	1	(174,977,898)		635,435,92
CAPITAL		5,164,400		5,655,563						81,000		10,900,963	2	10.00		10,900,96
OTHER FINANCING USES		218,717,065		1,727,368								220,444,433	1	(220,444,433)		
TOTAL OPERATING USES	\$1	,183,450,935	\$75	56,334,237	\$	i i	\$	•	\$2	34,447,002	\$2	,174,232,174	\$(	402,434,555)	\$	1,771,797,6
NON-RECURRING																
PERSONAL SERVICES	\$	619,268	\$	3,526,800	\$		\$	7,913,218	\$	384,781	\$	12,444,067	\$		\$	12,444,0
SUPPLIES		3,253,650	1	10,270,151				11,850		44,351		13,580,002		÷.		13,580,00
SERVICES		60,643,833		64,806,881				31,370,528		2,167,022		158,988,264		1.		158,988,2
CAPITAL		4,405,268		6,718,559		9,580,777	1	55,942,777		948,500		277,595,881				277,595,8
OTHER FINANCING USES		22,531,434	11	71,284,876	-01			14,577,403		1.1		108,393,713		(108,393,713)		
TOTAL NON-RECURRING USES	\$	91,453,453	\$15	56,607,267	\$	9,580,777	\$3	09,815,776	\$	3,544,654	\$	571,001,927	\$(	108,393,713)	\$	462,608,2
TOTAL USES	\$1	,274,904,388	\$9	12,941,504	\$	9,580,777	\$3	09,815,776	\$2	37,991,656	\$2	,745,234,101	\$(	510,828,268)	\$2	2,234,405,83
TRUCTURAL BALANCE	\$	÷	\$ 4	49,312,892	s	2,511,372	\$	20,943,619	\$(	(18,939,001)	s	53,828,882	\$		\$	53,828,8
NDING FUND BALANCE:																
RESTRICTED	\$		\$ (	67,398,539	\$	7,414,230	\$2	68,393,309	\$	37,397,106	\$	380,603,184	\$	1. 1.	\$	380,603,1
COMMITTED			193	10,951,455		6,400,152	5	13,121,723		1,888,421		532,361,751				532,361,7
UNASSIGNED			1.1	(1,967,568)						(22.923.681)		(24.891.249)				(24,891,24

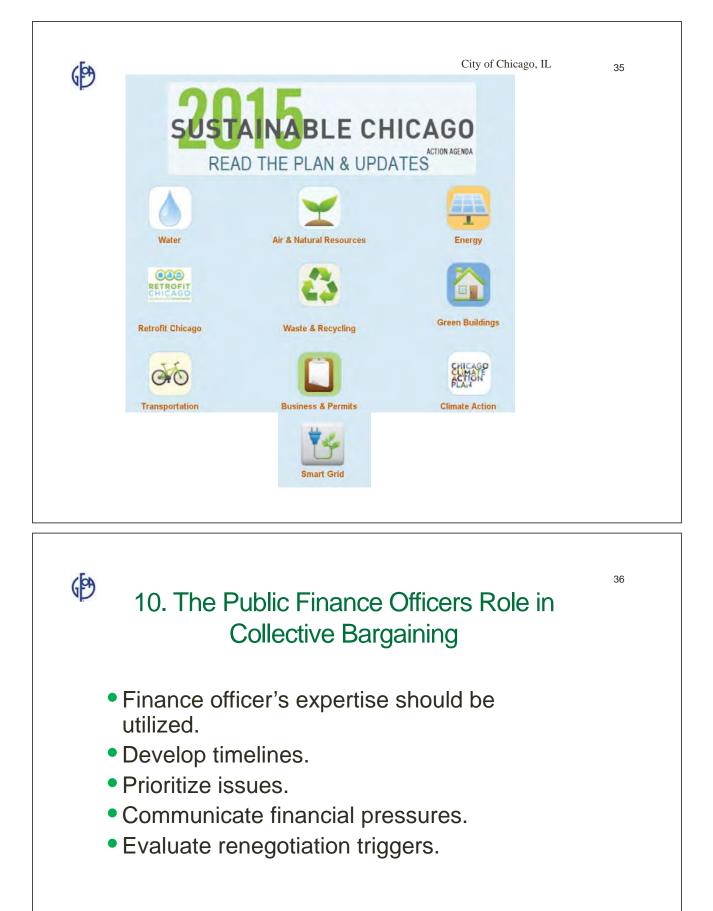


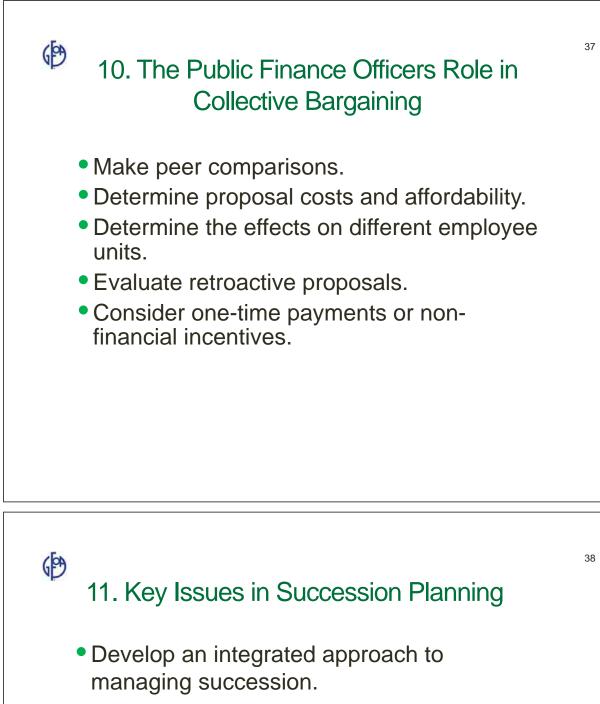
- Other planning considerations
  - Plan compliance with OSHA, EPA, local, state and other federal requirements
  - Risk management (insurance coverage)
  - Administrative support functions (HR, purchasing, treasury, legal, risk management)
  - Outsourced/recovery services (e.g. garbage collection) able to function during disruption



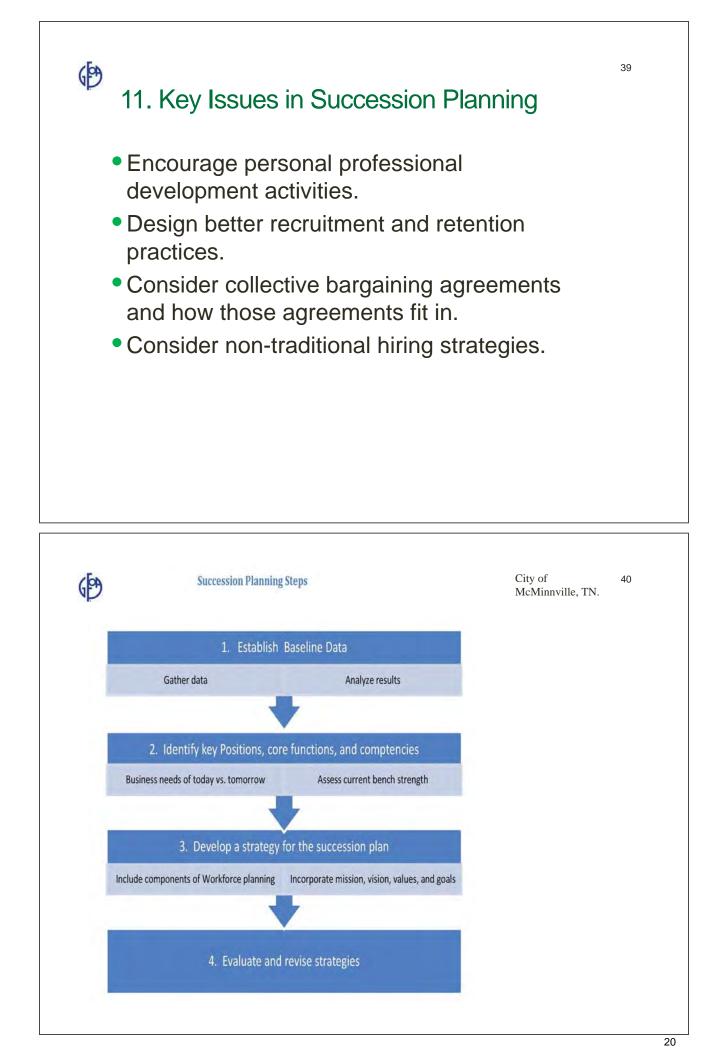
- 1. Which staff, materials, procedures and equipment are essential for keeping your business operating?
- 2. Who are your suppliers and other businesses you work with on a daily basis?
- 3. If your workplace becomes inaccessible, what's your plan? Developing a continuity of operations plan (COOP) is essential to your organization's health.
- 4. Convene a core team to develop your emergency plan.
- 5. Train everyone.
- 6. Work with other organizations.
- 7. Review your plans annually.

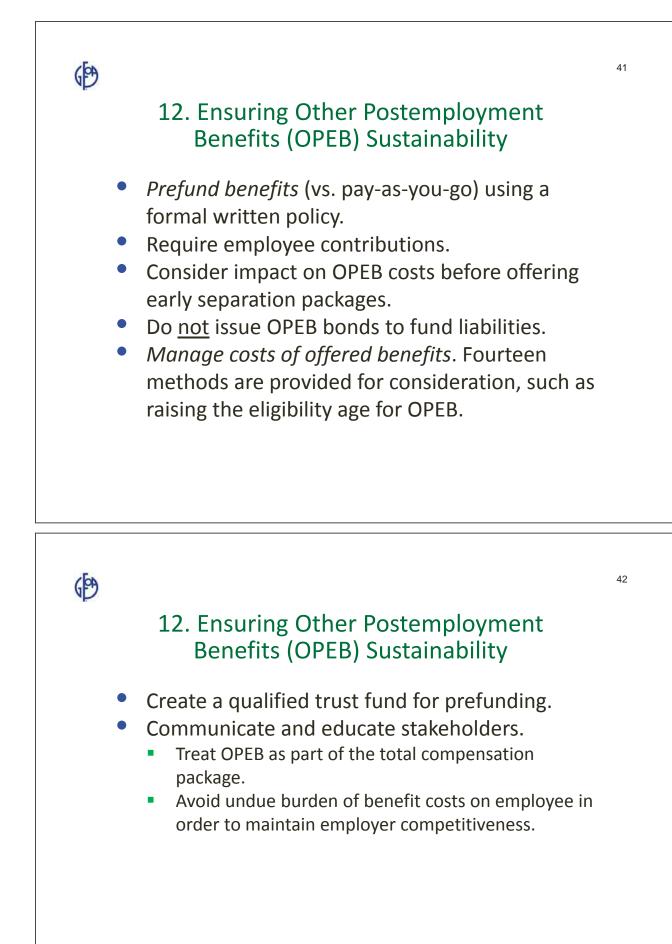


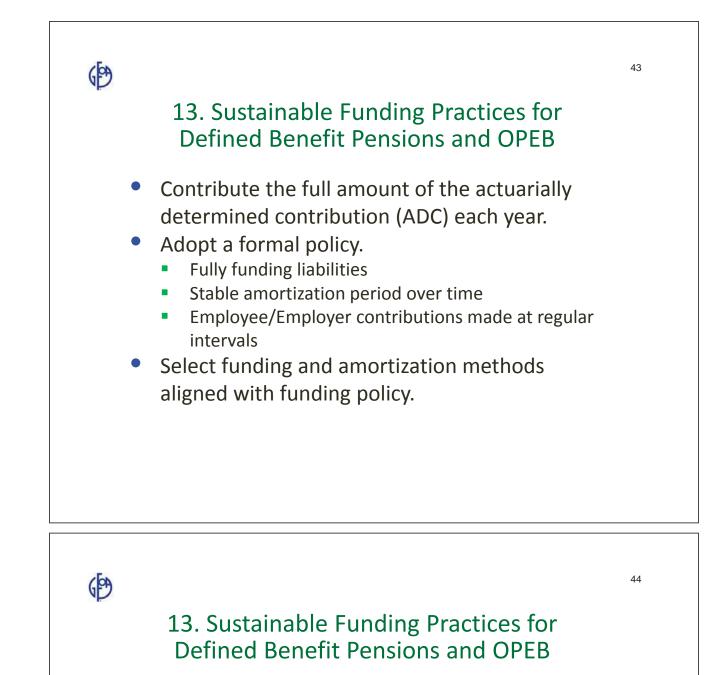




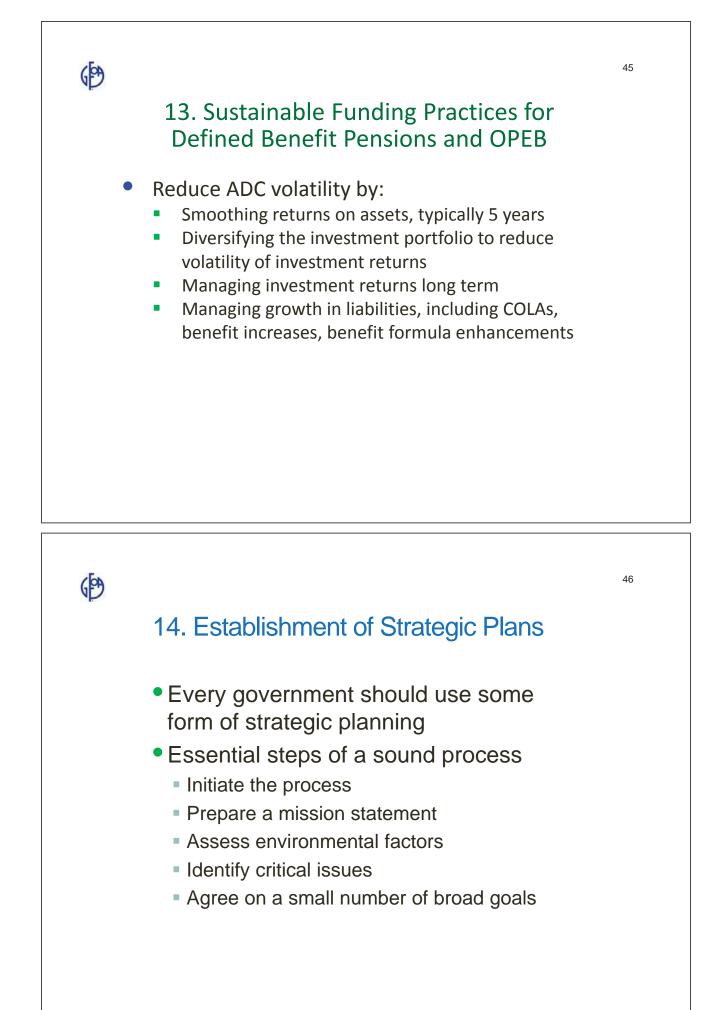
- Continually assess potential employee turnover.
- Provide formal, written succession plans as frameworks.
- Develop written policies and procedures to facilitate knowledge transfer.
- Leadership skills should be a key component.







- Prepare actuarial valuation at least biennially.
- Perform an actuarial experience study at least once every 5 years and update assumptions as needed.
- Perform an independent audit of the actuarial evaluations at least once every 5 to 8 years.
- Prepare and widely distribute a CAFR covering the retirement system, communicating plan status and activities.





# 14. Establishment of Strategic Plans

- Develop strategies to achieve broad goals
- Create an action plan
- Develop measurable objectives
- Incorporate performance measures
- Review or adopt the plan
- Implement the plan
- Monitor progress
- Reassess the plan

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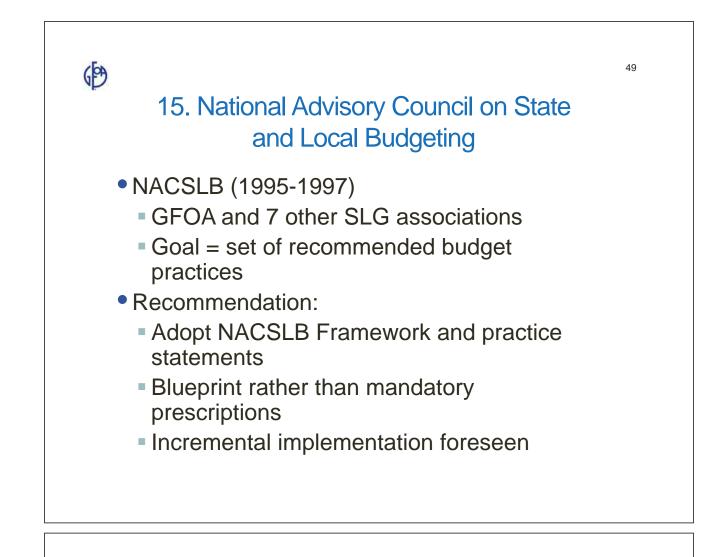
Council has identified the following goals in order to achieve the vision. All of the following goals are equally important to Council. Progress reports will be regularly presented to Council for its consideration.

Facilitate Regional Collaboration	
Referendum to twin Kal Tire Place	November 2015
Resolve specific funding and cost sharing arrangements with RDNO (including the	December 2015
Library, Transit, Fire Services and gateway signage)	
Establish a working group with the Okanagan Indian Band to develop a servicing	June 2016
plan for IR#6 (with grant funding)	
Develop a boundary extension and servicing plan for the Swan Lake Corridor to	2016
facilitate development and redevelopment	
Determine future locations of the Art Gallery and Museum, with consideration of a	2017
combined facility	
Review the Master Water Plan and associated DCC Bylaw, with due consideration	2017
for equitable rates for agricultural, residential and commercial users	
If Electoral Area B, Electoral Area C and/or Coldstream requests an amalgamation	If required
study, agree to support it	

Be a Leader in Economic Development	
Bring forward a resolution to increase the business tax exemption from \$10,000 to	March 2015
\$50,000 to SILGA/UBCM	
Develop and promote inventories of vacant commercial properties to reduce the	December 2015
downtown vacancy rate to 10% or less	
Engage realtors in the promotion of economic opportunities	December 2015
Endorse and implement the Industrial Lands Action Plan	June 2016
Support sustainable urban development by reducing off site costs and reviewing	September
parking requirements for infill development	2016

City of Vernon, ON.

48



# 16. Long-Term Financial Planning

- Time horizon
  - Five to 10 years into the future
- Scope

B

- Consider all appropriated funds, but especially those that account for issues of top concern
- Don't just focus on the General Fund
- Frequency
  - Update long-term planning activities as needed
- Content
  - Financial environment
  - Revenue and expenditure forecasts
  - Debt position and affordability analysis
  - Strategies for achieving financial balance
  - Plan monitoring mechanisms
- Visibility
  - Effective means to communicate information

St. Johns County, FL 51

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Fire District Fund (in \$ Millions)

Revenue:	Actual FY 2014	Projected FY 2015	Budget FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Property Taxes	\$22.2	\$23.5	\$26.8	\$29.2	\$31.0	\$32.8	\$34.8
Grant Revenue	\$0.1	\$0.0	\$1.3	\$0.8	\$0.1	\$0.1	\$0.1
Other Revenue	\$0.6	\$0.6	\$0.5	\$0.4	\$0.4	\$0.4	\$0.4
Debt Proceeds	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Revenue	\$23.9	\$24.1	\$28.6	\$30.4	\$31.5	\$33.3	\$35.3
Expenditures:							
Salaries	\$11.7	\$12.0	\$13.2	\$13.6	\$14.1	\$14.7	\$15.3
Overtime	\$1.1	\$1.3	\$1.1	\$1.2	\$1.2	\$1.2	\$1.3
Benefits	\$5.8	\$6.1	\$7.0	\$7.8	\$8.2	\$8.6	\$9.0
Grant Expenditures	\$0.0	\$0.0	\$0.6	\$0.0	\$0.1	\$0.1	\$0.1
Other Expenses	\$4.5	\$4.6	\$4.8	\$5.0	\$5.2	\$5.3	\$5.5
Transfer to Funds	\$0.8	\$1.0	\$1.0	\$1.2	\$1.4	\$1.4	\$1.5
Capital Outlay	\$1.5	\$0.6	\$1.9	\$1.8	\$1.8	\$1.8	\$1.8
Total Expenditures	\$25.4	\$25.6	\$29.6	\$30.6	\$32.0	\$33.1	\$34.5
Net Increase (Decrease)							
in Fund Balance	(\$1.5)	(\$1.5)	(\$1.0)	(\$0.2)	(\$0.5)	\$0.2	\$0.8
Beginning Fund Balance	\$13.7	\$12.2	\$10.7	\$9.7	\$9.5	\$9.0	\$9.2
Ending Fund Balance	\$12.2	\$10.7	\$9.7	\$9.5	\$9.0	\$9.2	\$10.0



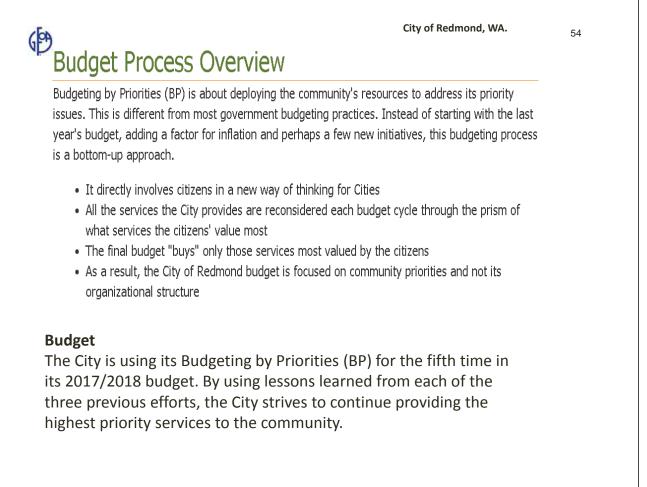
### 17. Budgeting for Results and Outcomes

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



## 17. 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.





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# 18. 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.

## 18. 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.



#### 57

#### POLICE

#### DIVISION/PROGRAM: PATROL SERVICES

#### PERFORMANCE MEASURES FOR FISCAL YEAR 2015-16

Core Value	Five-Year Long Term Goal	Performance Measures	FY 2013-14 Actuals	FY 2014-15 Target	FY 2015-16 Target
fe and Prepared Community	Minimize The Impact To Life, Property And The Environment From Natural Hazards And Emergency Situations	Percentage of CSO's trained in the operation and set up of the Mobile Command Post	60%	75%	80%
A Safe and Comm	Remain Within The Federal Ranking Of The Top 25 Safest Cities	Percentage of patrol officers maintaining 24 hour perishable skills training	95%	100%	100%
Healthy and Livable City	Maintain A Safe And Family Oriented Environment	Number of overall calls for Police service	85,514	87,083	88,000

# 6

City of Grants Pass, Oregon

58

#### **Streets Division Performance Measures**

Indicator	2012	-13	2013	8-14	2014-15	2015-16	2016-17
Outputs	Actual	Est	Actual	Est	Actual	Est	Est
Miles of streets to maintain	167	N/A	167	N/A	167	170	170
Asphalt digouts/repairs made on segments	25	20	32	20	23	20	20
School crosswalk to maintain	84	84	85	85	85	85	85
Number of street segments crack sealed	31	25	60	25	55	35	35
Effectiveness	Actual	Goal	Actual	Goal	Goal	Goal	Goal
Percent of asphalt repairs maintaining City standards one year after completion.	98	95	100	95	95	95	95
Percent of signs inspected per year for readability and retro reflectivity	25	20	30	20	25	20	20
Percent of School crosswalks maintained each year before school starts	100	100	100	100	100	100	100
Efficiency	Actual	Goal	Actual	Goal	Goal	Goal	Goal
Sq. feet of asphalt repairs per man-hour	22	20	25	20	22	20	20
Feet of roadway cracks sealed per man- hour	55	40	45	40	53	40	40

	2013	2014		015	2016
-	Actual	Actual	Budget	Est. Actual	Budget
		[	2014		
Performance Measures		E	Benchmark @		
Total Expenditures / Finance FTE	4,109,504	4,180,696	3,587,043	4,822,693	5,659,118
Receipts & Checks / Finance FTE	1,954	1,811		1,827	1,843
Insurance Losses / Worker Hour	0.08	0.08	0.12	-	-
Computer Services as % of Total Expenditures	3.2%	4.5%	1.9%	3.7%	3.2%
Certificate of Achievement for Excellence in Financial Reporting (Consecutive years)	15	16		17	
Distinguished Budget Presentation Award (Consecutive years)	12	13		14	
@ Where available, the "Benchmark" repre comparable for salary survey information University Place, and Woodinville.					

# 19. Best Practices in School District Budgeting

GFOA has developed a series of Best Practices in School District Budgeting, which clearly outline steps to developing a budget that best *aligns resources with student achievement goals*. The budgeting process presented in these Best Practices is focused on optimizing student achievement within available resources. It encompasses a complete cycle for long-term financial planning and budgeting, including planning and preparing to undertake the budget process, developing a budget, evaluating how the budget process worked, and adjusting accordingly. Within this cycle, the district's *instructional priorities provide a guide for decision-making*. GFOA recommends that all districts go through the defined steps as part of their planning and budgeting process.



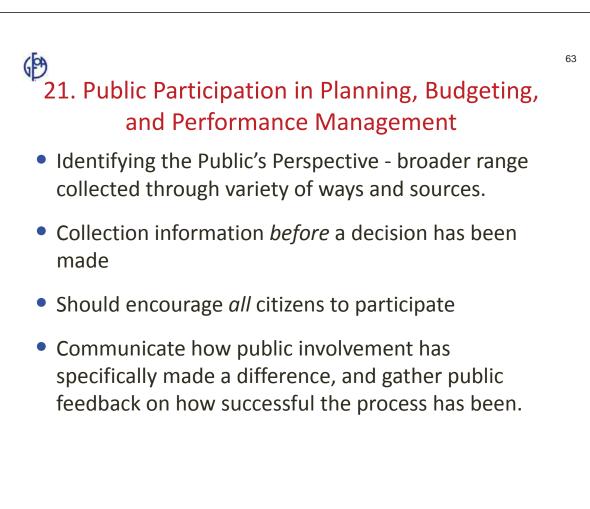
# 20. Best Practices in Community College Budgeting

GFOA has developed a series of Best Practices in Community College Budgeting, which outline steps to developing a budget that *aligns resources with student achievement goals*. The budgeting process advocated is focused on optimizing student achievement within available resources. It encompasses a complete cycle for long-term financial planning and budgeting, including planning the budget process, developing a budget, evaluating how the budget process worked and adjusting accordingly. Throughout this cycle, the community college's *institutional goals serve as the guide for decision-making and resource allocation*. GFOA recommends that all community colleges go through the defined steps as part of their planning and budgeting process.

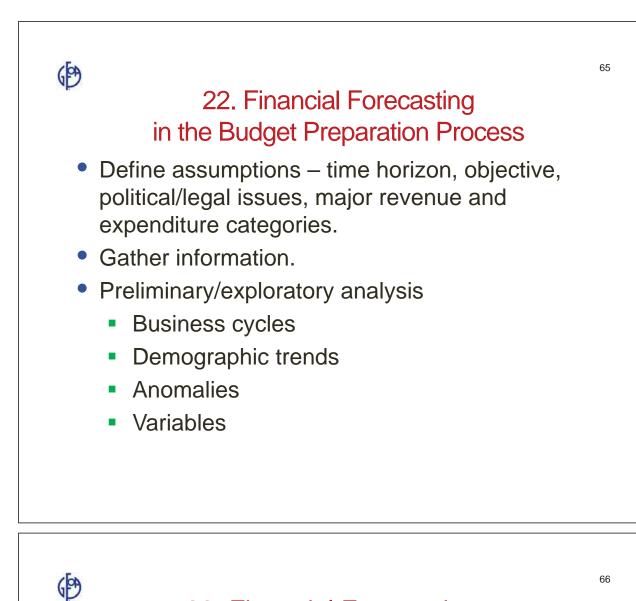
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## 21. Public Participation in Planning, Budgeting, and Performance Management

- Can improve accountability and responsiveness
- Not only traditional, public participation, e.g. voting, running for office, attending public hearings, and reading the local newspaper
- New forms of public involvement surveys, focus groups, neighborhood councils, and Citizen Relationship Management systems -- as inputs to decisions about service levels, preferences, priorities, and organizational performance



3	Financial Planning ProcessCity of Coquitlam, BC.The City of Coquitlam's Financial Plan developmentprocess begins with strategic planning and includes publicconsultation, extensive background briefings for Counciland comprehensive discussion sessions that culminate in aproposed Five-Year Financial Plan for Council approval. Theprocess also includes a number of key budget assumptions.Using this as a basis, work plans are developed for eachdepartment with resource needs identified. Major capitalexpenditures are identified on a five-year cycle, with annualreviews and updates. The Five-Year Capital Plan reflectsprojects consistent with corporate objectives and long-rangeplans. Together with the Strategic Plan and Business Plan,	64
	<ul> <li>this approach to financial planning provides for a thorough, strategic focus in the budget deliberations.</li> <li>Key Steps <ol> <li>Identify Community Priorities <ol> <li>Statistically valid telephone survey of residents provides opportunity to gain feedback on priorities, issues and progress towards goals (results are accurate to a ±4.4 percentage point, 19 times out of 20).</li> <li>Online Budget Survey for community members to provide input and recommendations on programs and services</li> </ol> </li> </ol></li></ul>	



# 22. 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.



#### Summary of Major Revenue Sources Assumption Analysis for Budget Year 2017

#### PROPERTY TAXES

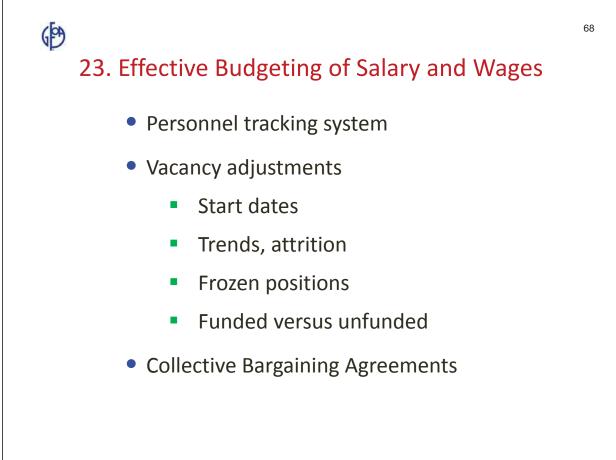
Average annual growth rate (2013-2016): 5.5% 2017 Budget Assumption: 6.0%

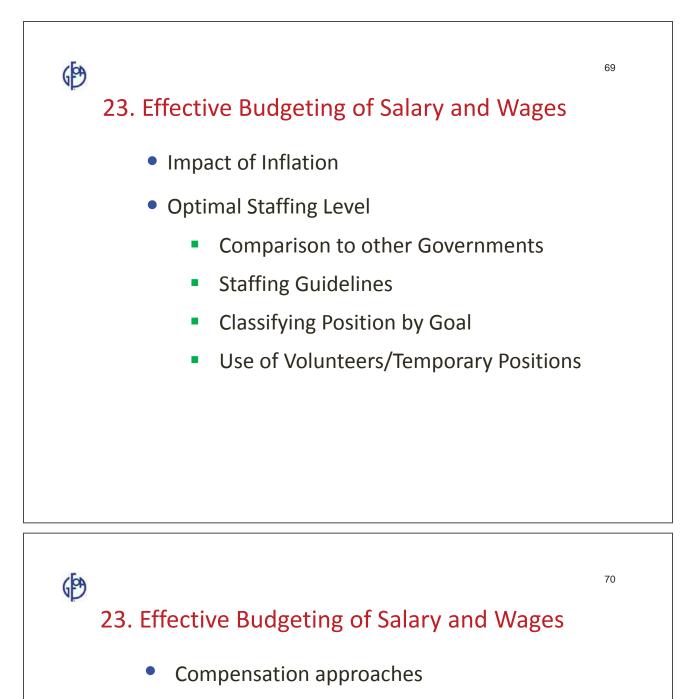
The annual increase in valuation from new improvements has continued to increase over the past several years due to the increase in commercial real estate and the new subdivision growth that has regained momentum over the past year. Unfortunately service demands, especially from the Riley County Police Department, have absorbed nearly all of those new property taxes. The growth of the City through new annexations has placed additional stress on other City operations including a growing debt burden necessary to pay for infrastructure costs associated with this community-wide growth. Each year, it is the goal of the City Commission and City Administration to levy property taxes at a rate that is fairly consistent with the change in total valuation as to not have a dramatic impact on individual taxpayers. In 2017, the City will levy an additional \$1,400,895 in property taxes or 1.072 mills for all city services, as well as services provided by the Riley County Police Department and the Manhattan Public Library.

#### UTILITY FEES

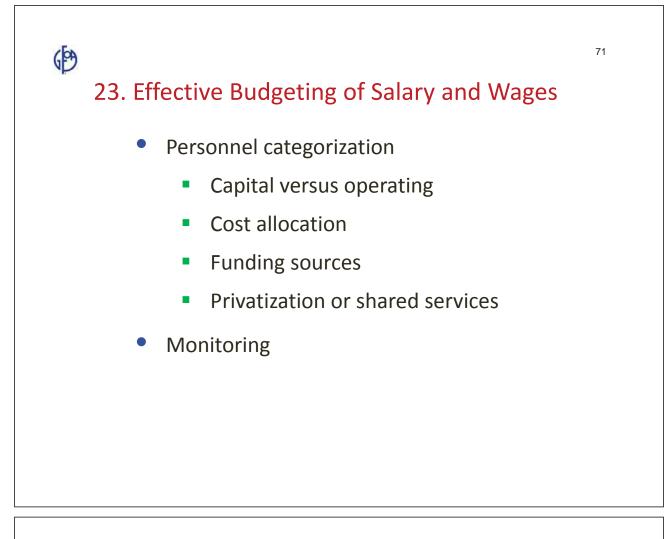
Average annual growth rate (2013-2016): 3.5% 2017 Budget Assumption: 3.7%

City Administration is recommending an increase in general water fees in order to collect additional revenues for the debt payments resulting of the Water Treatment Plant expansion. In total the proposed increase to monthly water rates is estimated to be about 3%. There is also a small wastewater utility rate increase of 3% proposed for 2017 as the result of various improvements mandated by the state and federal government for the Wastewater Treatment Plant. Increases to the City's stormwater fee rates were first implemented in April 2007. In January, 2017, the stormwater monthly fee will increase by 3%, or about \$0.14 per month for the average utility user.

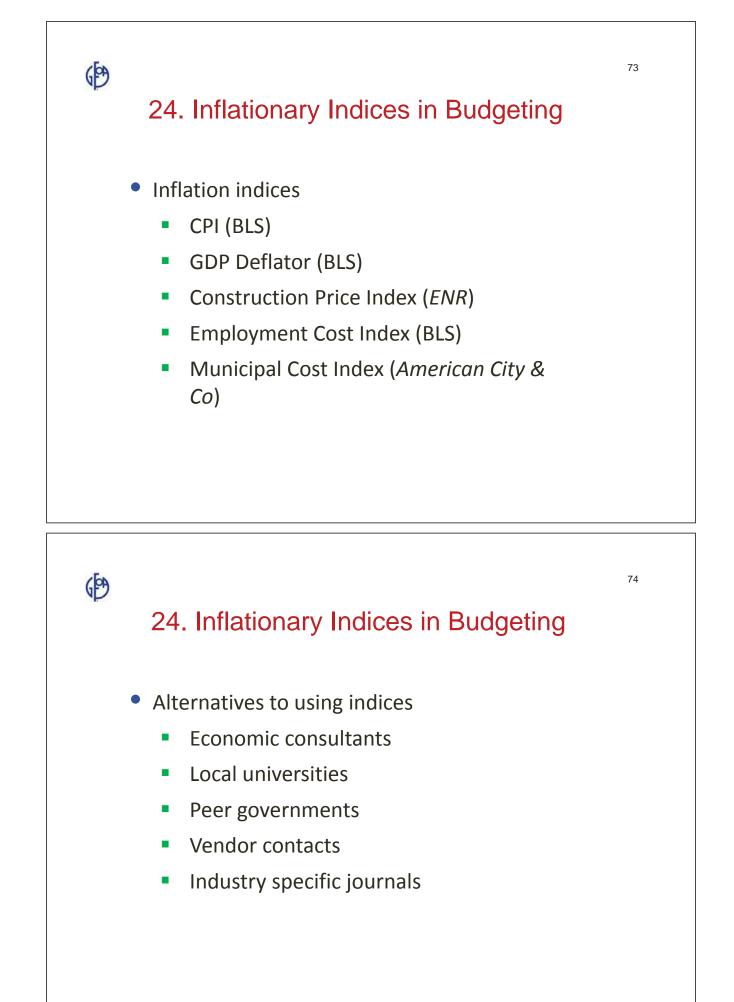


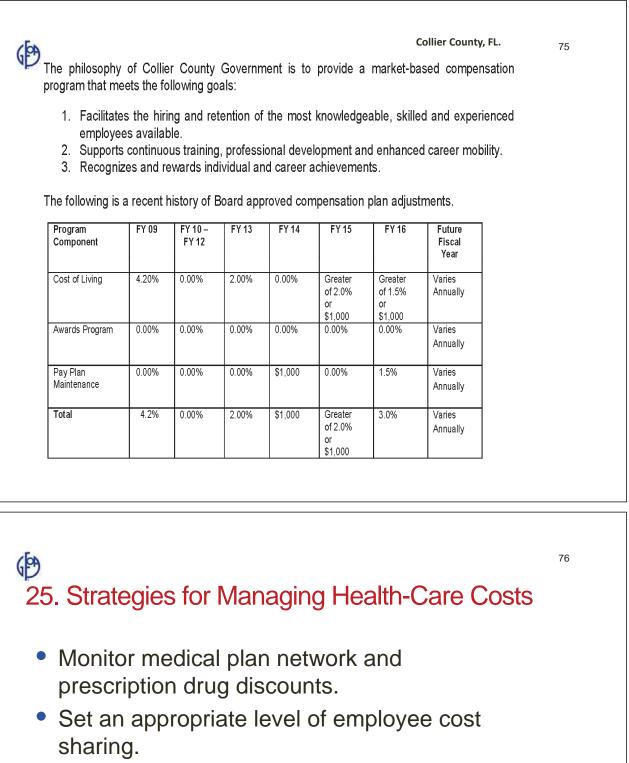


- Step and grade systems
- Pay for performance
- Surveys



Ð				City of Rye, NY.	72
SUMM	ARY OF AUTHORI	IZED FULL TI	ME STAFF BY F	UNCTION	
	2013	2013	2014	2014	2015
	Authorized	Filled	Authorized	Filled	<u>Budget</u>
City Manager's Office	2.75	2.75	1.75	2.00	2.00
Finance	4.00	4.00	4.00	5.00	5.00
Assessment Office	2.00	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	2.00	3.00	2.00	3.00
Personnel	1.25	1.25	1.25	1.00	1.00
nformation Services	1.00	1.00	1.00	1.00	1.00
Community Television	2.00	2.00	2.00	2.00	2.00
Police Patrol/Investigation	35.00	35.00	36.00	36.00	37.00
Police Admin/Clerical	3.00	3.00	3.00	3.00	3.00
Parking Enforcement	2.00	2.00	2.00	2.00	2.00
Fire Services	17.00	17.00	17.00	17.00	18.00





- 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

# 25. Strategies for Managing Health-Care Costs

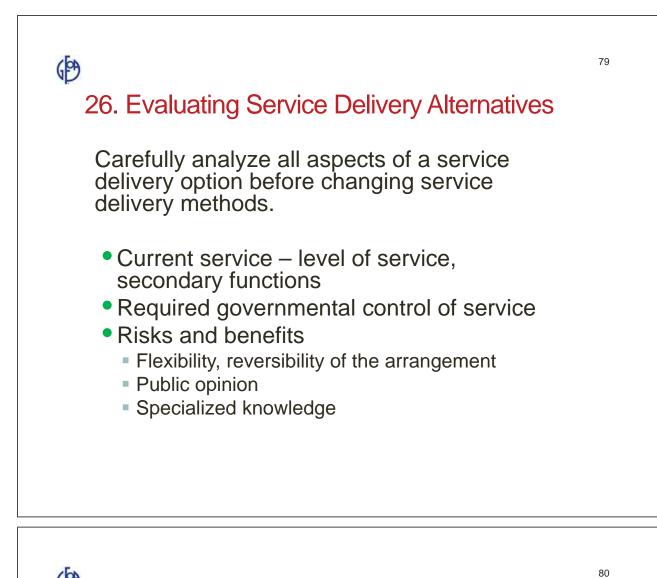
- Measurements to assess plan performance
  - Medical loss ratio
  - Medical claim trends
  - Network discounts
  - Administrative fees
  - Prescription drug cost trend/generic drug substitution rate

# 25. Strategies for Managing Health-Care Costs

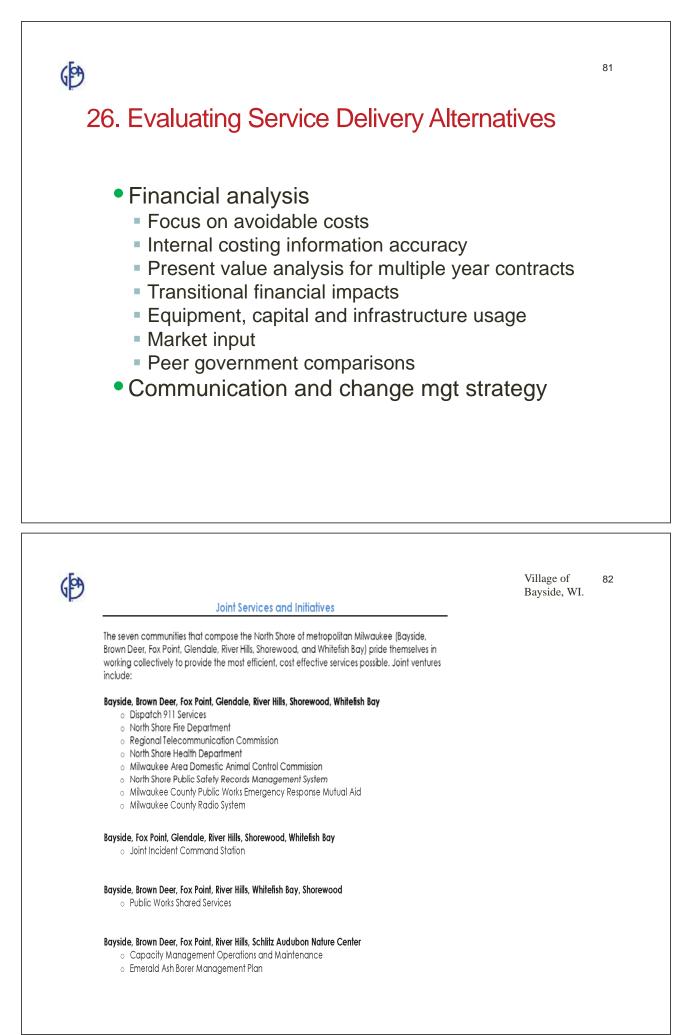
- Additional Strategies
  - Federal Requirements
  - Long-term Plan
  - Build Support
  - Educate Employees
  - Audit Plan Records
  - Rebid Periodically

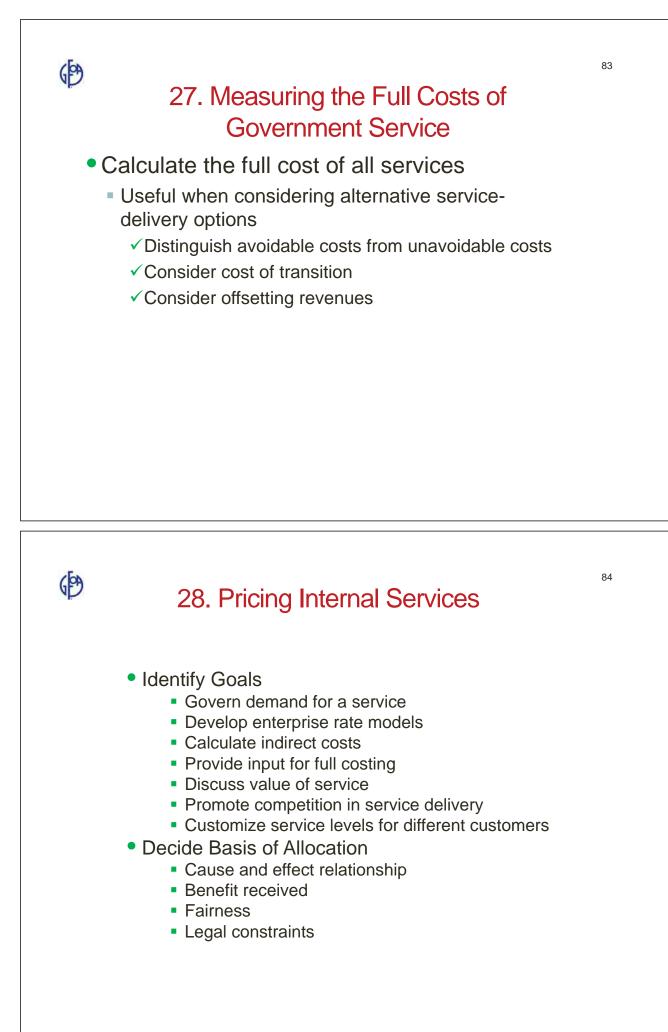
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#### **Examples of Cost Allocation Bases**

<u>Basis</u>
No. of employees, No. of checks
Labor hours, size of budget
No. of employees, experience
Direct labor hours
Square feet of space occupied
No. of POs, dollar volumes, direct labor
Miles driven, hours used
No. of devices, server time, No. of help desk calls, direct labor hours

## 29. 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)

85

## 29. 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

0

0

Security (protect document from unauthorized changes)



• Specific guidelines:

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

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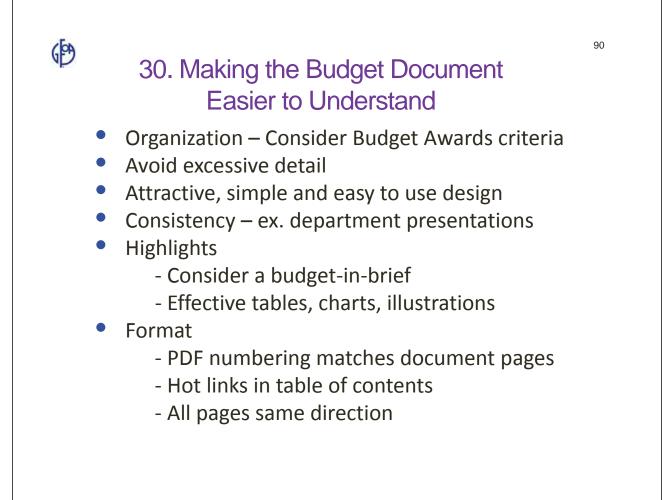
# 2018 Results - Distinguished Budget Presentation Award

GFOA congratulates the 461 governments awarded the Distinguished Budget Presentation Award for the fiscal year beginning 2018 (through September 30, 2018).

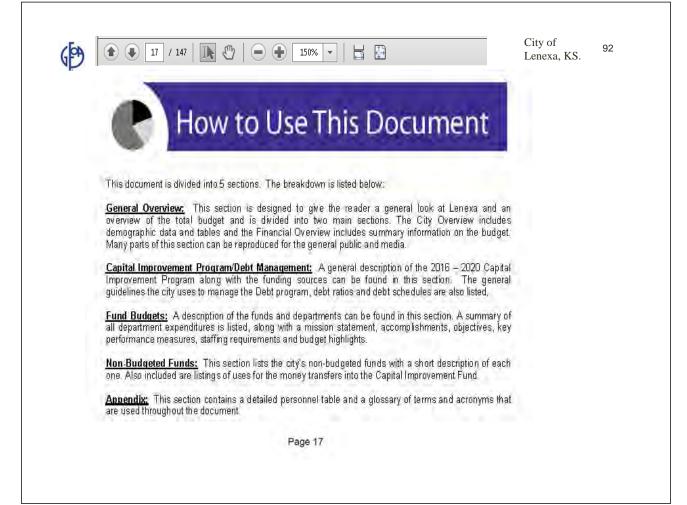
Additional 2018 winners will be posted once a quarter. Results are listed and can be filtered or searched using the tools below. (Note: the display shows 200 award winners at a time. To view the next 200, use the navigation found in the header.)

#### Budget\_2018

Entity Name	State	Province	Entity Type	Budget Period	Special Recognition	Number of Awards	Documen
Aberdeen	WA		Municipality	Annual		2	Budget Document
Adams County	CO		County	Annual		27	Budget Document
Agua Special Utility District	ТХ		Special District	Annual		1	Budget Document
Alameda	CA		Municipality	Biennial		8	Budget Document



ABOUT OCEANSI	DE	ELECTED OFFICIALS		9
Year of incorporation	1888	Mayor Jim Wood	city of	
Area of City	42 square miles	Deputy Mayor Chuck Lowery Council Member Jack Feller		City of
Public streets	1,452	Council Member Jack Peter		Oceanside,
Population	175,948*	Council Member Esther Sanchez		
Police station Fire stations	8	City Clerk Zack Beck		CA.
Library facilities	2	City Treasurer Gary Ernst		
City parks	30			
Community rec center		EXECUTIVE MANAGEMENT	5.	
Municipal swim center		Annual Course Francesco	F.	
Senior center Golf courses	2	Michelle Skaggs Lawrence City Manager		
Public beaches	2 3.5 miles			
Public marina	1.000 slips	John Mullen	and the second sec	
Pier	1,954 feet	City Attorney		
		Déanna Lorson	The second se	
Located 35 miles north		Assistant City Manager		
miles south of Los Ange	nes.	Frank McCoy Jr		
		Police Chief	- to Be to the	
		Rick Robinson		
<b>CITYWIDE STAFFI</b>	NG	Interim Fire Chief		
		Jane McPherson		
Department	FTE% of total	Financial Services Director		
City Attorney	8.66 0.92%			
City Clerk	9.00 0.96%	Rob O'Brien Human Resources Director		
City Council	10.00 1.06%			
City Manager	45.37 4.83%	Rick Brown		
City Treasurer	3.00 0.32%	Development Services Director		
Development Services	59.87 6.37%	Carl Dale		
Finance	32.85 3.49%	Water Utilibies Director		
Fire	126.00 13.40%	Margery Pierce		
Harbor	17.27 1.84%	Neighborhood Services Director		
Human Resources	13.05 1.39%	Shern Cosby		
Library	27.00 2.87%	Library Services Director		
Neighborhood Services	58.00 6.17%		and the second of the second o	
Police	311.00 33.09%	City of Oceanside		
Public Works	71.98 7.66%	300 North Coast Hwy		
Water Utilities	146.95 15.63%	Oceanside, CA 92054		
Total**	940.00 100.00%	(760) 435-4500	BUDGET-IN-BRIEF	
10000000		The complete budget document is available at the	BODOETAITORIEI	
* Department of Finance ** Full and part time equivalent	t positions	City of Oceanside Official Website	FY 2016-2017	
40.000		www.cloceanside.ca.us	THE COLOR DATA	



#### 31. Accurately Displaying Total Expenditures in Budget Presentations

- Identification. Identify items that may be appropriated twice (e.g. interfund transfers, internal service funds). Determine how your organization uses internal service funds. Government-wide services may be provided by the organization versus externally (i.e. fleet, warehouse, and print/mail/graphics). Consider if different uses affect presentation preference for policy and other purposes. Look at the magnitude or size of the double-counted items and determine whether they are relevant or material to the overall budget. Consider any ramifications of the double-counting.
- **Requirements.** Determine whether there are statutory requirements or state and provincial guidance for reporting the total budget, or any other legal rules, forms, and formats regarding presentation of budgets consistent with such statutory reporting.
- **Presentation.** Determine the presentation preference for the organization. Consider how information may be interpreted by different audiences. Investigate how other peer governments report and present double-counting transactions in their budgets.
- **Transparency.** Be transparent and consistent in presentation. Provide a written explanation in non-technical terms with the presentation. This may include presenting the total budget with the identified items and then net those items with an explanation.

#### 32. Department Presentation in the Operating Budget Document

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- Design. Enhances clarity, consistency, graphics
- Brevity. Especially in financial schedules, text
- Services. A description of services or functional responsibilities must be included.
- Issues. Challenges, issues, opportunities
- Revenues. May include any fees or charges that the department generates
- Expenditures. Analysis in a broad manner

#### 32. Department Presentation in the Operating Budget Document

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- Staffing. Two options -- 1) organization chart as a supplement the overall organization chart of the government, or 2) brief schedule summary of headcount over a period of time (including the upcoming budget year
- Prioritization/Goals and Objectives.
- Performance Measures. Sometimes tied to government-wide strategic plan

#### 96 (P) City of Cedar STRUCTURE OF THIS DOCUMENT - DEPARTMENT INFORMATION Rapids, IA. A department is an organizational unit of the City which has a unique function in its delivery of services. Within the funds section of this document, the following information is provided for each department: **Department Sections** – Illustrates the core areas of service provided to internal and/or external customers. Department Description – Explains the core areas of service provided to internal and/or external customers. Summary of Full Time Equivalents (FTES)- Contains updated current fiscal year information and changes for the adopted budget year. Statistics - Each department is given an opportunity to provide statistical information such as the number of calls for service or size of an area serviced. Recent Accomplishments - Each department is given an opportunity to highlight what has occurred in their department recently. Future Challenges & Opportunities - Each department is given an opportunity to provide future challenges and opportunities that might include a section or program needing more resources or issues involved in continuing to provide current services. Goals, Objectives, & Measures - Each department is given an opportunity to identify departmental goals, objectives, and meaningful metrics of results and accomplishments that are linked to an overall City goal. Highlight of Budget Changes – Summary of changes in revenue or expenditures included in the budget. Financial - Included are charts summarizing the budget and financial reports detailing the budget and recent

actual history by general ledger account.

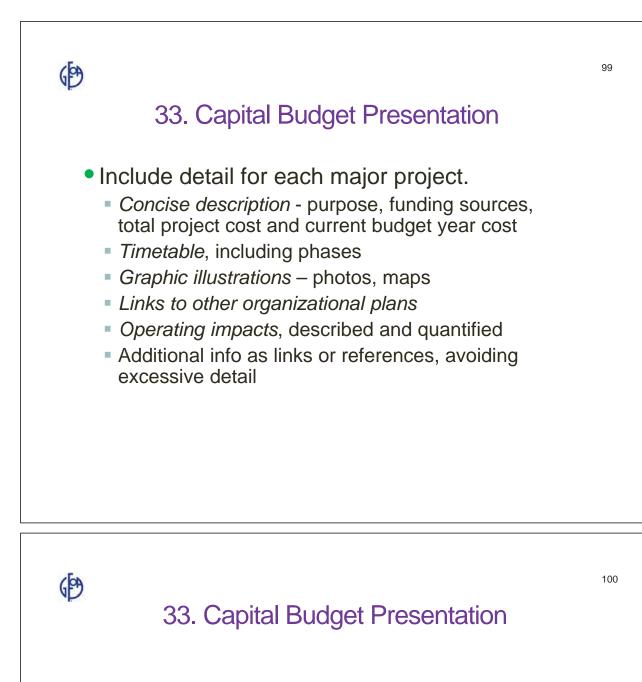


#### 33. Capital Budget Presentation

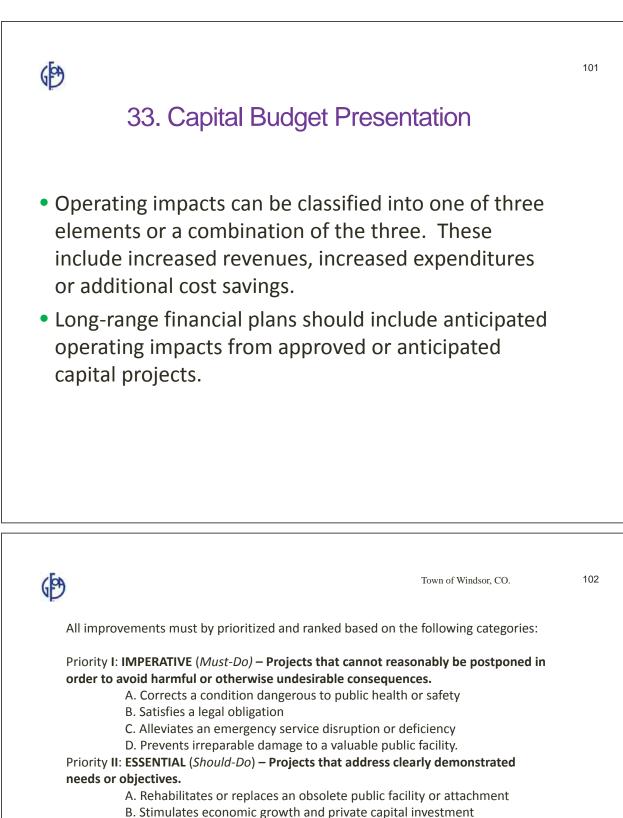
- Directly link to, and flow from, the multi-year capital improvement plan.
- Define capital expenditure.
- Place in a distinct section of the document.
- Focus presentation on financial sources and uses for both upcoming budget year and for multi-year plan.



- Communicate the decision making process.
  - Calendar juxtaposed with operating budget schedule and statutory deadlines
  - Criteria for prioritization
  - Schedule for reporting status and completion dates
- Identify projects as recurring or non-recurring
  - Greater detail for non-routine projects



- A specific policy on operating impacts should be included under the capital section in the financial policies of the government. A rule might be established that the capital improvement program may not be submitted/approved until impacts are noted.
- In order to accurately reflect and describe these impacts, assumptions should be noted. Staff involved with estimating operating impacts should be trained on how to set up the methodology.



- C. Reduces future operating and maintenance costs
- D. Leverages available state or federal funding.

Priority III: IMPORTANT (*Could-Do*) – Projects that benefit the community but may be delayed without detrimental effects to basic services.

A. Provides a new or expanded level of service

- B. Promotes intergovernmental cooperation
- C. Reduces energy consumption
- D. Enhances cultural or natural resources.

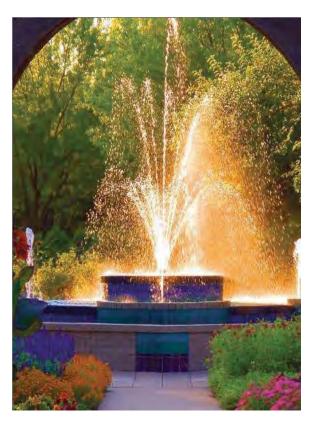
Priority IV: DESIRABLE (*Other Year*) – Desirable projects that are not included within five-year program because of funding limitations.

Significant Non-Routine Capital Expenditures Botanica Expansion City of Wichita, KS. 103

Council District: All Type: New Construction Category: Park Start & Complete Date: 2012-2013 Cost (total): \$2,650,000 Operational Costs (additional): \$50,000 Operational Staff (additional): Minimal

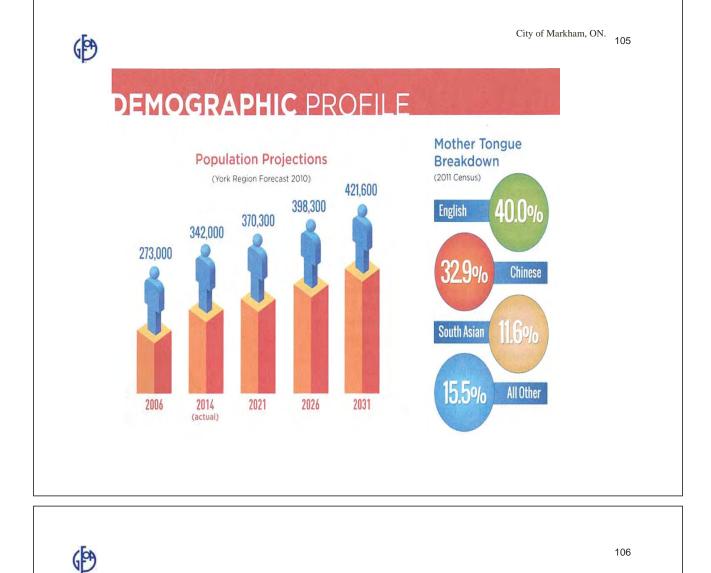
Botanica continues to provide a premium attraction on the river that supports the Core Area and Neighborhood goal. The development of the gardens and infrastructure will strengthen the economic viability of the Botanica organization and support the City of Wichita in providing cultural arts programs for citizens and visitors.

The first phase of the Botanica Expansion Project included the development of a children's garden comprised of approximately one acre located west of the current complex. New infrastructure for utilities and a road linking North Amidon to Sim Park Drive and Museum Boulevard were included. Additional improvements include more meeting and classroom space. Additional operating costs are estimated at \$50,000 for maintenance and utilities.



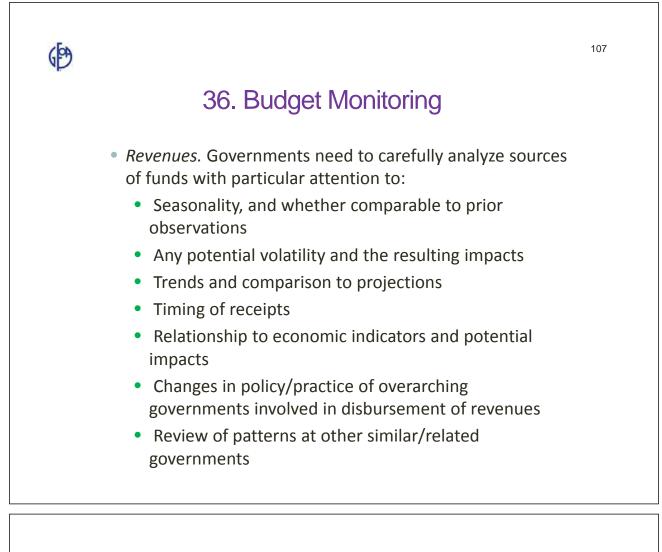
# 34. The Statistical/Supplemental Section of Budget Document

- Ensure relevance of data
  - Relate to rest of document
  - Fit to the specific type of government
  - Avoid excessive detail
- Organize information by major category
  - Form of government
  - Geography
  - Community profile demographics & economics
- Provide explanations



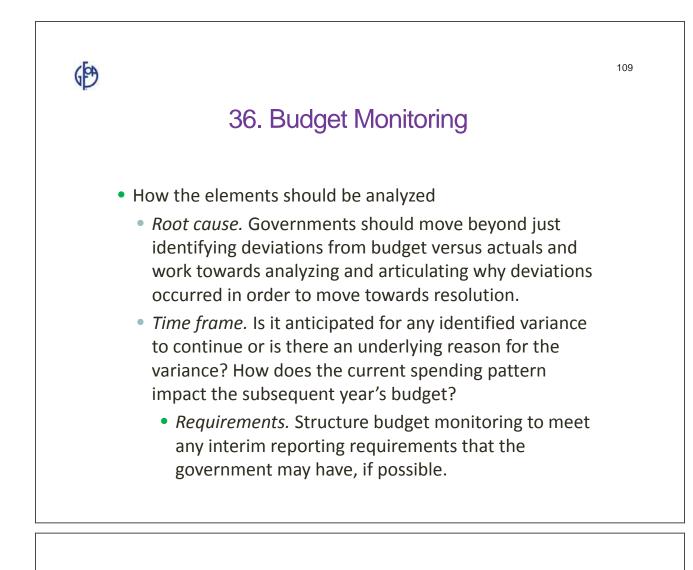
### 35. Basis of Accounting versus the Budgetary Basis

- Clearly define the basis of budgeting.
  - State if the basis of budgeting and the basis of accounting are the same.
  - If not, note major differences and similarities.
- Avoid technical terminology.
- If use of technical terminology is unavoidable, define and explain terms.



#### 36. Budget Monitoring

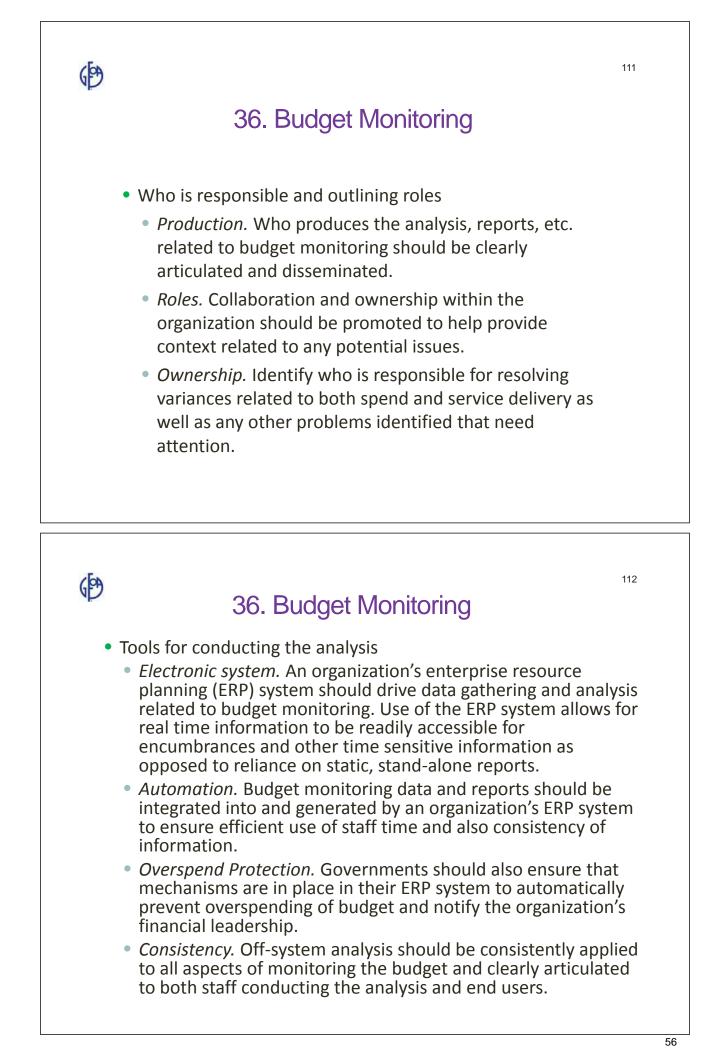
- Expenditures. Governments need to carefully monitor all expenditures as well – including one-time uses and also examining key aspects of the following:
  - Personnel. Examine additional detail beyond just regular payroll expenses, including analysis related to hiring and vacancy information and also, depending on magnitude, analysis of parttime, 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.



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#### 36. Budget Monitoring

- 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





Communications

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- *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.