



**Government Finance Officers Association**

## **Best Practices and Effective Budget Presentation**

**October 5-6, 2015**

**Phoenix, Arizona**

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### **Best Practices & Effective Budget Presentation**

**October 5, 2015**

**Phoenix, Arizona**

#### **PROGRAM AGENDA**

8:00 am - 9:00 am	Continental breakfast
9:00 am - 10:30 am	Best Practices
10:30 am - 10:45 am	Break
10:45 am - 12 noon	Best Practices
12 noon - 1:00 pm	GFOA sponsored lunch
1:00 pm - 2:30 pm	Best Practices
2:30 pm - 2:45 pm	Break
2:45 pm - 4:45 pm	Best Practices
4:45 pm - 5:00 pm	Questions and Answers

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## Biography

John D. Fishbein, Senior Manager, GFOA Technical Services Center

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.



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## Biography

Mike Bailey has worked in local government finance since 1980 and is currently the Finance Director with the City of Redmond. He has served as president of the Washington Finance Officers Association and the state representative for the Government Finance Officers Association (GFOA).

Mike was on the GFOA's Executive Board. He has served as Chairman of the GFOA Technology Resource Group. He has served as a member and Vice Chair of the GFOA Budget and Management Committee.

He is a CPA and has been a GFOA budget reviewer for almost two decades.



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## History and Purpose

- Initiative begun in 1993
- Purpose = identification of “best practices”
- Goal = comprehensive framework for each functional area of public finance
- 38 best practices from GFOA’s Budgeting and Fiscal Policy Committee



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## Major Categories

- Fiscal Policy
- Linking the Budget to Organizational Goals and Performance
- The Budget Process and Techniques
- Elements of the Operating Budget Document



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## Fiscal Policy

- Adopting Financial Policies
- Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund
- Replenishing General Fund Balance
- Determining the Appropriate Levels of Working Capital in Enterprise Funds
- Establishing Government Charges and Fees
- Establishing an Effective Grants Policy
- Creating a Comprehensive Risk Management Program
- Achieving a Structurally Balanced Budget
- Business Preparedness and Continuity Guidelines
- The Public Finance Officer's Role in Fiscal Sustainability
- The Public Finance Officer's Role in Collective Bargaining
- Key Issues in Succession Planning
- Ensuring Other Post Employment Benefits (OPEB) Sustainability
- Considerations for Prefunding OPEB Obligations



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## Adopting Financial Policies (2001)

- Useful as framework for addressing policy issues
- Recommendation
  - Staff develop
  - Governing board formally adopts
  - Summarized in budget document
  - Reviewed for continued relevance/gaps



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## Adopting Financial Policies (cont.) (2011)

- Three basic types of policies
  - Financial planning
    - Balanced budget
    - Long-range planning
    - Asset inventory
  - Revenue policies
    - Revenue diversification
    - Fees and charges
    - One-time and unpredictable revenues
  - Expenditure policies
    - Debt policy
    - Reserve or stabilization funds
    - Accountability (monitoring)



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City of Doral,  
Florida

### *Interim Financial Reporting*

The City Council will be provided with interim budget reports comparing actual versus budgeted revenue and expense activity. The City shall establish and maintain a standard of accounting practices.

### *Balanced Budget*

The City will pay for all current expenditures with current revenues. The City will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures or accruing future year's revenues.

### *Planning*

The City will annually prepare a Five-Year Forecast. The forecast will include estimated operating costs and revenues of future capital improvements, such as new parks and public works facilities, included in the capital budget.

### *Capital Improvement Policies*

The City will develop a multi-year plan for capital improvements and update it annually. The initial plan will be developed as part of the City's first Comprehensive Plan. The City will enact an annual capital budget based on the multi-year Capital Improvement Plan. The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts. The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and City's priorities, and whose operating and maintenance costs have been included in operating budget forecasts. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the City Council for approval.



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### *Debt Management Policies*

When applicable, the City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue a Present Value savings of three percent over the life of the respective issue, at a minimum, must be attainable. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the estimated useful life of the project. Capital improvements, equipment and facility projects shall be classified into "pay-as-you-go" and "debt financing" classifications. The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure on every financial report and borrowing prospectus.

### *Revenue Policies*

The City will try to maintain a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations in any one-revenue source. The City will estimate its annual revenues by an objective, analytical process, wherever practical. The City will project revenues for the next year and will update this projection annually. Each existing and potential revenue source will be reexamined annually. Each year, the City will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases. The City will automatically revise user fees, subject to review by the City Council, to adjust for the effects of inflation.



### *Investment Policies*

These Investment Policies apply to the investment of short-term operating funds of the City of Doral in excess of those funds required to meet current City's expenditures. Topics included in the investment policy section are quite detailed and include information on: *Pooling of Funds, Safety Liquidity Yield, Prudence, Ethical Standards, Authorized Investments, Risk, Diversification, and Reporting.*

### *Financial Reserve Policies*

On an annual basis, after the year-end audit has been completed, the staff shall produce a schedule of all fund surpluses and deficits, with projections of reserve requirements and a plan for the use of an excess surplus for the current year. This document will be used not only to ensure compliance with stated policies, but also to analyze the total reserve and surplus picture to ensure that the policies as provided do not inadvertently create adverse effects. The Finance Director may make changes to any policies in the Use of Financial Reserve Policies and Use of Surplus Policies based on needs identified in this analysis. The General Fund unappropriated fund balance will be maintained in an amount greater than or equal to seventeen (17%) of the annual General Fund Budget. This amount approximates 50 days of working capital. The City shall include in the General Fund operating budget annually, a contingency account equal to 0.5% of the General Fund total expenditures, less charge backs, debt service, interfund transfers and capital expenditures. This contingency will expire at the end of each fiscal year and balances will not be brought forward. The City shall strive to establish and then maintain a reserve of \$1,000,000 for working capital in the event of a natural disaster or operating emergency.



### Policy Benchmark

#### Financial Policy

- Emphasis on areas of long-term importance such as efficiency, effectiveness, employee relations, automation, and technology improvements
- Maintain a budgetary control system to ensure adherence to the budget
- Integrate performance measurement and productivity indicators in the budget
- To avoid practices that balance current expenditures at the expense of future years' revenues
- To provide adequate maintenance and orderly replacement of capital facilities and equipment
- Maintain adequate level of funding for all retirement systems
- Seek property tax relief

### Status

- Funding for the continuation of the Information Technology Plan, the replacement of personal computers, a new web-based email system, high speed fiber optic lines to remote City buildings, and a telephone system software upgrade
- Only City in the nation to receive the GFOA's "Outstanding" budget award in all four categories last year; GFOA's "Distinguished" budget award for the past 19 years
- Earned GFOA's "Special Recognition" in three of the past five years for use of performance measures
- Benchmarking included in the City calendar which earned the Popular Annual Financial Report (PAFR) for the past nine years
- Participation in ICMA's Center for Performance Measurement – one of only 10 cities nationally to receive an Award of Distinction
- Department objectives now linked to City goals
- No short-term borrowing for operations
- Continued very low City debt ratios
- Implementing Proposal N without additional debt
- Municipal Facilities expenditures \$4.0 million
- Vehicle expenditures \$923,000
- Equipment expenditures \$2.0 million
- Technology Improvements \$254,000
- Plan for future Fire Station upgrades and new Police Station
- General Employees System 120.7% funded
- Police & Fire Pension System 122.5% funded
- Pre-funding retiree medical past 11 years
- Recent update to Retiree Medical Actuarial Report and increased funding past three years
- Offer Defined Contribution Plan to new employees
- Millage rate has decreased by 2.66 mills or 19.8% since 1988, saving average homeowner \$2,421
- Largest tax rate decrease among all County taxing entities – past 10 years
- Lowest tax rate of 45 nearby communities

City of Sterling Heights, Michigan



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### Definition of a Balanced Budget

The District considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced in situations where total expenditures are less than total revenues, which is technically a surplus. There are also instances when the district might plan to spend fund balances from previous years on one-time or non-routine expenditures. The District considers the budget to be balanced in this case also, provided the funding from previous years is available, and a plan is in place to not build ongoing expenditures into this type of funding. This type of balanced budget is especially prevalent when capital projects are budgeted using proceeds from the issuance of bonds. The State of Utah requires that District expenditures do not exceed the adopted budget by individual fund each year.

*The District's budget is balanced for FY 2008-09.*

- Scenario One: Revenues = Expenditures
- Scenario Two: Revenues > Expenditures
- Scenario Three: Revenues + Appropriated Fund Balances = Expenditures

For FY 2008-09, the District's budget is balanced under Scenario Three. The completion of bond projects, which resulted in revenue the first year and expenditures in subsequent years, is the major reason for this.

Provo City School District, Utah



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## Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund Balance (2002, 2009)

- Focus on *unrestricted fund balance*
  - Committed fund balance
  - Assigned fund balance
  - Unassigned fund balance
- Minimum level of *unrestricted fund balance*
  - Two months of regular revenues *or* regular expenditures
- Environmental factors to be considered
  - Predictability of revenues
  - Volatility of expenditures
  - Availability of other resources
  - Commitments



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- POLICY - The General Fund shall maintain an unreserved fund balance equivalent to a minimum of five (5) months or 42% of the prior fiscal year expenditures.
- MONITORING AND REPORTING - The City Manager and Finance Director shall annually prepare a report documenting the status of the fund balance and present it to the Council in conjunction with the development of the annual budget. Should the report disclose there are unreserved, undesignated funds available; a recommendation for use of said funds shall be presented to the Council in the report.
- REPLENISHMENT OF SHORTFALL - Should the Unreserved Fund Balance amount fall below the targeted level, the City Council must adopt a plan to restore this balance to the target level within 24 months. If restoration of the reserve can not be accomplished within such period without severe hardship to the City, then the Council will establish a different time period.

City of  
Hopkins,  
Minnesota



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## Replenishing General Fund Balance (2011)

- Policy considerations
  - Define the time period within which and contingencies for which fund balances will be used.
  - Describe how the government's expenditure levels will be adjusted to match any new economic realities.
  - Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.



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## Replenishing General Fund Balance (cont.) (2011)

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



## **VII. MINIMUM FUND BALANCE RESERVES**

City of  
Sidney, Ohio

The City will budget target minimum cash fund balances for various operating funds to provide reserves for unforeseen emergencies or revenue shortfalls and to eliminate the need for short-term borrowing for cash flow needs.

It is the policy of the City of Sidney to meet or exceed these targets in each budget and Five Year Financial Plan. The following target cash fund balance for the General Fund is 20% of annual expenditures.

We recognize that unforeseen events may cause short-term breaches of these fund balance reserves. However, if such a breach occurs, or is expected to occur within the five-year planning cycle, the budget balancing strategies will be invoked to determine corrective actions. When necessary, the following budget-balancing strategies will be used in order of priority.

- 1) reduce expenditures through improved productivity;
- 2) shift expense to other parties;
- 3) create new service fees or increase existing fees;
- 4) seek tax rate increases;
- 5) reduce or eliminate services.



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## **Determining the Appropriate Levels of Working Capital in Enterprise Funds (2011)**

- Governments should use working capital as the measure of available margin or buffer in enterprise funds. Working capital is defined as current assets minus current liabilities.
  - An appropriate allowance for uncollectibles should be established.
  - The amount of inventories and prepaids included in current assets should be a realistic estimate of the amount that will be consumed in one year.
  - Target for working capital should be no be less than forty-five (45) days worth of annual operating expenses.



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## Determining the Appropriate Levels of Working Capital in Enterprise Funds (cont.) (2011)

- Considerations or factors in setting a working capital target
  - Support from general government.
  - Transfers out.
  - Cash cycles.
  - Customer concentration.
  - Demand for services.
  - Control over rates and revenues.
  - Asset age and condition.
  - Volatility of expenses.
  - Control over expenses.
  - Management plans for working capital.
  - Separate targets for operating and capital needs.
  - Debt position.



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Village of  
Barrington, Illinois

The minimum Unrestricted Net Assets for the Enterprise Funds is established at three months of operating expenditures plus one quarter (25%) of the accumulated depreciation of the Capital Assets of the Fund. Enterprise fund revenues are traditionally stable and predictable; establishing a minimum fund balance of three months operating expenditures should provide sufficient security for operating activities in these Funds. The addition of one quarter (25%) of accumulated depreciation of the Capital Assets of the enterprise funds is necessary to ensure adequate resources are available to reconstruct or rehabilitate capital assets as they reach the end of their useful lives. The expense of reconstructing or rehabilitating capital assets in enterprise funds can be prohibitive unless an adequate reserve has been accumulated in the fund for the purpose of reconstruction or rehabilitation.



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## Establishing Government Charges and Fees (1996)

- 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



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### Park & Recreation Fees

City of  
Ankeny, Iowa

- a) The City will attempt to cover at least 45 percent of the total cost of recreation programming by charging fees for recreation activities and use of city facilities and equipment.
- b) The City will establish and maintain the following fee categories and related cost recovery goals:
  - (1) Maximum Fee Support: Program fees should fund 80% or more of the cost for the following programs: special instruction classes, competitive swimming, recreation trips and outings, adult sport leagues, major special events, latchkey services, and golf.
  - (2) Partial Fee Support: Program fees should fund 33% to 80% of the cost for the following programs: preschool activities, introduction to sports (primary grades), outdoor recreation, special craft workshops, and aquatics.



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- Water rate increases are “smoothed” over a period of years to avoid rate spikes. WaterOne’s objective is to structure composite debt service to be approximately level on a year-to-year basis, which avoids significant roller-coaster types of increases and decreases in debt service and enables water rates to remain relatively stable (smoothed) over time.
- Included in the water rates is an allowance for “Current Year Revenue Contingency Available for Reserves” funds to cover revenue shortfalls or unforeseen operating expenses.
- Should revenues not materialize in a given year and after exhausting the “uncommitted” funds identified above, expenditure budgets are adjusted to meet the shortfall.



**FY07 BUDGET  
SUMMARY OF FEE CHANGES**

Department / Description	Current Rate	Proposed Rate	Estimated FY07 \$ Impact
<b><u>OTHER FUNDS</u></b>			
<b>Airport</b>			
<b>Aviation</b>			
Proposed increases for cost recovery:			
1) Fuel Flowage Fees - General Aviation	\$0.055 per gallon	\$0.065 per gallon	\$33,400
2) Passenger Facility Charge	\$3.50	\$4.50	\$289,500
<b>AIRCO Golf Course</b>			
1) Proposed increase in Green Fees for cost recovery.	Various	increase \$1.00 for weekday and \$2.00 for weekend	\$33,200
2) Proposed new fee to provide a walking rate for Junior Golfers (17 years old or less).	New Fee	\$10.00 - \$12.00	Negligible
3) Elimination of obsolete fees for Range Balls due to elimination of driving range. Estimated loss in fees in gross dollars.	Various	none	(\$35,000)
<b>Health Department</b>			
Proposed new fee for cost recovery related to Onsite Sewage Treatment and Disposal System (OSTDS) Verification and Enforcement Notification.	New Fee	\$50	\$12,300
<b>Utilities</b>			
Proposed rate increases for cost recovery as part of approved five-year plan:			
1) Water - Retail (per 1,000 gallons)	\$3.60	\$4.04	\$6,504,300
2) Water - Wholesale (per 1,000 gallons)	\$2.5266	\$2.7792	\$1,779,440



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## Establishing an Effective Grants Policy (2013)

- Grants are an attractive form of funding for governments and frequently come with special requirements that the recipient must follow. An effective grants policy provides guidance to staff as it relates to associated processes and procedures in order to maximize the benefits and minimize the risks.
- Governments need to develop a formal grants policy that address steps to take prior to applying for or accepting grants, and that the policy at minimum contain the following components:
  - *Grants identification and application.*
  - *Strategic alignment.*
  - Funding analysis.
  - *Evaluation prior to renewal or grant continuation.*
  - *Administrative and operational support.*



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Charles County, Maryland

### County Grant Policy

It is the purpose of this policy to support creativity and innovation in identifying and addressing problems that cannot be resolved with existing resources, but might be suitable areas for seeking grant funds. It is important to emphasize the need for adequate planning and quality control in all activities related to the administration of grants that involve resources and personnel of Charles County Government (County) Projects funded in whole or in part with grant money are not independent of County operations and should not be created simply in reaction to a notice of availability of funds, whatever the source. It is the practice of the County to be proactive in its pursuit of supplemental funding sources. County personnel should identify problems that cannot be solved with current resources, engage in broad-based planning to address those problems, and carefully consider whether grants are an appropriate resource to pursue, given their temporary nature.

For the purpose of the policy, a grant is an award of financial assistance for which the County, or a department thereof, has made application to a public or private entity and is subject to requirements imposed by the awarding agency. These requirements include, but may not be limited to, implementing an agreed upon program, being accountable for the use of those funds awarded to the County to accomplish said program, and providing cash or in-kind matching funds or other contribution of County resources.



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The Fiscal and Administrative Services Department will be the fiscal agent through which all accounts must be established and all transactions processed for all grants where a County Department is the applicant and County personnel are the primary participants in the planned project. The only exception to this may be projects in which the County is one of several partners or, where the County, because of its status as a government entity, is not the most appropriate applicant for a particular funding source. Such exceptions will be considered on a case-by-case basis, however, exceptions will be granted only in the instance where County personnel and resources are not the primary implementer of a project and no County funding is involved with the project. The existence of grant funds does not exempt County personnel or project staff from conducting project activities in accordance with County policies and procedures which govern fiscal processes, hiring of personnel, employee travel, etc. Regulations and reporting requirements of the funding agency are in addition to, not replacement for, County policies and procedures. The County recognizes the additional effort that must go into grant projects at all stages of the process to ensure their proper implementation and ultimate success. This policy and the procedures that follow are intended to clarify and streamline that process where possible.



## Creating a Comprehensive Risk Management Program (2009)

- Identify potential events that may affect the government adversely
- Protect and minimize risks to the government's property, services and employees
- Grown in importance due to:
  - Legal, political, medical liabilities
  - Increased use of technology
  - Higher litigation costs
- Following steps should be included in an effective risk management program:
  - Risk identification
  - Risk evaluation
  - Risk treatment
  - Risk management implementation
  - Risk program review





## Creating a Comprehensive Risk Management Program (cont.) (2009)

- Risk identification
  - Physical environment (natural or man-made disasters and infrastructure)
  - Legal environment (laws and legal precedents)
  - Operational environment (day-to-day activities and actions within the local government, including services provided and workforce demographics)
  - Political environment (legislative activity, elections)
  - Social environment (socio-economic composition of the community)
  - Economic environment (market trends, interest rates)
  - Internal environment (the attitude of individuals towards risk)
- Risk evaluation
  - Frequency and severity
- Risk treatment
  - Loss prevention and control (training, workshops, etc)
  - Risk transfer (financial, contractual, etc)
  - Risk retention (self insures)
  - Risk avoidance
- Risk management implementation
- Risk management review



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### VII. Risk Management Policy -

- A. The City will maintain a separate Self-Insurance Fund within its fund and account groups.
- B. The City will calculate annually an updated estimated working capital requirement for the Self-Insurance Fund. Such working capital should be an estimate of claims to be covered in the next few years plus an amount for unexpected claims. If funding is found to be too low, Council will endeavor to transfer funds from the General Fund, or from any other funds, which might be available, to the Self-Insurance Fund to complete the indicated necessary level of funding. Transfers from the Self-Insurance Fund will only be made after at least three years of funding/loss experience, or a consultants report, indicates an over-funding.
- C. The City will utilize the services of a professional Risk Manager, either on-staff or by contract, to administer the City's risk avoidance program.
- D. The City will periodically conduct educational safety and risk avoidance programs within the various departments.
- E. Staff will report to the City Manager and the City Council, at least annually, on the results and costs of the City's risk management program for the preceding year.
- F. The City will, on an ongoing basis, analyze the feasibility of purchasing outside insurance coverage to replace or supplement the self-insurance program, in order to provide the best and most economical loss coverage available.
- G. The City will periodically (approximately every five (5) years) conduct, using independent outside consultants, a comprehensive risk management study, including adequacy of reserves, and will implement those recommendations for the improvement of risk management which are found to be feasible and cost-effective.
- H. The City will maintain the deductible amount considered prudent in light of the relationship between the cost of insurance and the City's ability to sustain the loss.

City of  
Bloomington,  
Minnesota



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### *Risk Management Policies*

City of  
Cleveland,  
Tennessee

The City will minimize potential losses through employee safety training, inspections of the workplace, risk analysis, and Tennessee OSHA compliance. The City's Safety Committee will assist the part-time Safety Director in this.

A drug testing program shall continue for all potential employees, as well as random testing of all federally-required employees.

The City will continue to participate in the Tennessee Municipal League's (TML) Risk Management Pool for virtually all necessary coverages, including General Liability, Automobile Liability, Errors and Omissions, Property, Boiler and Machinery, Inland Marine, Special Events and Worker's Compensation. The Cleveland Municipal Airport Authority also carries a policy on the airport through the City. The City will continue to be a reimbursing employer for unemployment claims.

Annual inspections of premises and work practices shall be performed by the risk management staff of the TML Pool, and the City will correct any deficiencies noted.



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### **Achieving a Structurally Balanced Budget Policy**

- Most state and local governments are subject to a requirement to pass a balanced budget. However, a budget that may fit the statutory definition of a "balanced budget" may not, in fact, be financially sustainable. A government needs to make sure that it is aware of the distinction between satisfying the statutory definition and achieving a true structurally balanced budget.
- The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to recurring expenditures in the adopted budget.
- The government should identify key items related to structural balance. These include: *recurring and non-recurring revenues, recurring and non-recurring expenditures, and reserves.*
- With the forgoing terms defined, a government should adopt a formal policy calling for structural balance of the budget. The policy should call for the budget to be structurally balanced, where recurring revenues equal or exceed recurring expenditures. The policy should also call for the budget presentation to identify how recurring revenues are aligned with or not aligned with recurring expenditures.



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FY 2012 Adopted Budget

Budget Summary Schedules

Maricopa County, Arizona

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	INTERNAL SERVICE	SUBTOTAL	ELIMINATIONS	TOTAL
BEGINNING FUND BALANCE	\$ 384,405,703	\$ 153,302,831	\$ 6,818,550	\$ 753,526,710	\$ 71,883,800	\$ 1,369,947,594	\$ -	\$ 1,369,947,594
<b>SOURCES OF FUNDS</b>								
<b>OPERATING</b>								
PROPERTY TAXES	\$ 472,831,017	\$ -	\$ -	\$ -	\$ -	\$ 472,831,017	\$ -	\$ 472,831,017
TAX PENALTIES & INTEREST	23,300,000	-	-	-	-	23,300,000	-	23,300,000
SALES TAXES	-	109,584,249	-	-	-	109,584,249	-	109,584,249
LICENSES AND PERMITS	2,203,000	36,299,526	-	-	-	38,502,526	-	38,502,526
GRANTS	-	144,223,182	-	-	-	144,223,182	-	144,223,182
OTHER INTERGOVERNMENTAL	4,773,201	14,322,485	-	-	-	19,095,686	-	19,095,686
PAYMENTS IN LIEU OF TAXES	11,775,550	-	-	-	-	11,775,550	-	11,775,550
STATE SHARED SALES TAX	369,740,752	-	-	-	-	369,740,752	-	369,740,752
STATE SHARED HIGHWAY USER REV	-	77,990,758	-	-	-	77,990,758	-	77,990,758
STATE SHARED VEHICLE LICENSE	111,119,076	8,412,638	-	-	-	119,531,712	-	119,531,712
INTERGOV CHARGES FOR SERVICES	11,717,822	73,454,129	1,238,574	806,408	5,011,972	92,228,905	-	92,228,905
OTHER CHARGES FOR SERVICES	28,283,339	73,363,866	-	-	32,876,599	134,523,804	-	134,523,804
INTERNAL SERVICE CHARGES	-	-	-	-	145,892,791	145,892,791	(145,892,791)	-
PATIENT SERVICES REVENUE	6,876	1,561,500	-	-	-	1,568,376	-	1,568,376
FINES & FORFEITS	14,036,087	18,409,979	-	-	-	32,446,066	-	32,446,066
INTEREST EARNINGS	5,000,000	3,647,792	-	-	929,805	9,577,597	-	9,577,597
MISCELLANEOUS REVENUE	3,680,426	14,860,220	-	-	14,500	18,555,146	-	18,555,146
GAIN ON FIXED ASSETS	-	200,000	-	-	-	200,000	-	200,000
TRANSFERS IN	-	167,856,177	1,149,559	27,949,797	-	196,946,533	(196,946,533)	-
<b>TOTAL OPERATING SOURCES</b>	<b>\$1,058,467,146</b>	<b>\$ 744,188,479</b>	<b>\$ 2,379,133</b>	<b>\$ 28,756,205</b>	<b>\$104,725,667</b>	<b>\$ 2,016,514,630</b>	<b>\$ (342,839,324)</b>	<b>\$1,673,675,306</b>
<b>NON-RECURRING</b>								
GRANTS	\$ -	\$ 893,023	\$ -	\$ 40,379,487	\$ -	\$ 41,272,510	\$ -	\$ 41,272,510
INTERGOV CHARGES FOR SERVICES	-	-	-	14,705,998	-	14,705,998	-	14,705,998
OTHER CHARGES FOR SERVICES	-	454,940	-	-	-	454,940	-	454,940
INTEREST EARNINGS	-	7,010	9,608	-	-	16,618	-	16,618
TRANSFERS IN	-	26,352,945	22,438,376	108,015,997	13,000,000	169,807,318	(169,807,318)	-
<b>TOTAL NON-RECURRING SOURCES</b>	<b>\$ -</b>	<b>\$ 27,707,918</b>	<b>\$ 22,447,984</b>	<b>\$ 163,101,482</b>	<b>\$ 13,000,000</b>	<b>\$ 226,257,384</b>	<b>\$ (169,807,318)</b>	<b>\$ 56,450,066</b>
<b>TOTAL SOURCES</b>	<b>\$1,058,467,146</b>	<b>\$ 771,896,397</b>	<b>\$ 24,827,117</b>	<b>\$ 191,857,687</b>	<b>\$107,725,667</b>	<b>\$ 2,244,772,014</b>	<b>\$ (512,646,642)</b>	<b>\$1,732,125,372</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

FY 2012 Adopted Budget

Budget Summary Schedules

Maricopa County, Arizona.

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	INTERNAL SERVICE	SUBTOTAL	ELIMINATIONS	TOTAL
<b>USES OF FUNDS</b>								
<b>OPERATING</b>								
PERSONAL SERVICES	\$ 441,651,931	\$ 435,072,505	\$ -	\$ -	\$ 12,504,323	\$ 889,028,759	\$ -	\$ 889,028,759
SUPPLIES	13,215,624	43,924,261	-	-	9,150,957	66,290,842	(4,345,356)	61,945,486
SERVICES	404,281,637	234,447,966	-	-	191,036,274	819,765,877	(141,547,435)	678,218,442
CAPITAL	3,547,030	10,269,908	19,408,417	-	218,080	33,443,435	-	33,443,435
OTHER FINANCING USES	195,770,924	1,175,669	-	-	-	196,946,533	(196,946,533)	-
<b>TOTAL OPERATING USES</b>	<b>\$1,058,467,146</b>	<b>\$ 714,890,249</b>	<b>\$ 19,408,417</b>	<b>\$ -</b>	<b>\$212,718,634</b>	<b>\$ 2,005,484,446</b>	<b>\$ (342,839,324)</b>	<b>\$1,662,645,122</b>
<b>NON-RECURRING</b>								
PERSONAL SERVICES	\$ 2,546,433	\$ 2,558,583	\$ -	\$ 4,135,160	\$ 98,269	\$ 9,338,445	\$ -	\$ 9,338,445
SUPPLIES	2,912,674	2,680,612	-	1,091,375	349,017	6,933,678	-	6,933,678
SERVICES	123,331,988	80,377,121	-	80,991,920	17,206,309	281,909,338	-	281,909,338
CAPITAL	5,274,087	7,342,413	-	357,767,039	1,408,000	371,789,539	-	371,789,539
OTHER FINANCING USES	91,340,521	47,886,369	-	30,580,428	-	169,807,318	(169,807,318)	-
<b>TOTAL NON-RECURRING USES</b>	<b>\$ 225,405,703</b>	<b>\$ 140,845,098</b>	<b>\$ -</b>	<b>\$ 454,565,922</b>	<b>\$ 18,961,595</b>	<b>\$ 839,778,318</b>	<b>\$ (169,807,318)</b>	<b>\$ 669,971,000</b>
<b>TOTAL USES</b>	<b>\$1,283,872,849</b>	<b>\$ 855,735,347</b>	<b>\$ 19,408,417</b>	<b>\$ 454,565,922</b>	<b>\$231,680,229</b>	<b>\$ 2,845,262,764</b>	<b>\$ (512,646,642)</b>	<b>\$2,332,616,122</b>
STRUCTURAL BALANCE	\$ -	\$ 29,296,230	\$ (17,029,284)	\$ 28,756,205	\$ (27,992,987)	\$ 13,030,184	\$ -	\$ 13,030,184
<b>ENDING FUND BALANCE:</b>								
RESTRICTED	\$ -	\$ 74,886,451	\$ 11,614,978	\$ 198,171,303	\$ 62,219,054	\$ 346,891,784	\$ -	\$ 346,891,784
COMMITTED	\$ 159,000,000	\$ 6,699,829	\$ 622,274	\$ 292,647,172	\$ 2,359,336	\$ 159,622,274	\$ -	\$ 159,622,274
UNASSIGNED	\$ -	\$ (11,894,399)	\$ -	\$ -	\$ (13,630,152)	\$ (25,533,551)	\$ -	\$ (25,533,551)



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Business Preparedness and Continuity Guidelines (2005)

- Develop, test, and maintain a plan to continue basic business operations
- Assess own unique risks
- Strategy to mitigate risks and control costs
  - External planning resources
    - Disaster and emergency recovery plan assessment
    - Disaster and emergency recovery plan testing
    - FEMA guidelines
  - Other planning considerations
    - Emergency response plan compliance (OSHA, EPA)
    - Risk management (insurance coverage)
    - Administrative support functions (contact information for all members of the finance team)
    - Outsourced/recovery services (ability to overcome disruption themselves)



GOVERNMENT FINANCE OFFICERS ASSOCIATION

### **Business Continuity**

Over the past year, the System's business continuity capabilities have been strengthened with the implementation of state-of-the-art backup and recovery systems for mainframe and network applications. Recovery exercises for major computer applications have successfully been performed at the System's off-site recovery location and will continue periodically, providing the basis for a smooth recovery should the need arise.

### **Security**

The security of member and operational data is vital. As such, efforts to ensure the integrity of this data and the operating environment are continually reinforced. Over the coming year, role-based network permissions will be implemented. This methodology allocates rights based on the function performed, expediting secure access to data and applications to the individuals performing that function. Auditing and reporting software will be acquired to enhance management oversight.

Encryption of materials sent off-site will be expanded, and a two-part seminar aimed at the prevention of identity theft will be provided to staff to further protect member data. Network audits performed internally and with the assistance of technical consultants will continue. Recommendations received as a result will serve as the basis for additional improvements.

### **Infrastructure**

Providing the technological infrastructure necessary to support daily production requirements is one of the fundamental goals of this operating budget. Several large projects currently underway and others planned for the next few years will ensure we remain current with major systems and equipment.

The first major upgrade to our enterprise-wide software is underway. The financials upgrade will be completed this summer with the human resources and pension administration modules to follow in 2006-07. Following this upgrade, DB2 will be replaced by an Oracle relational database to ensure a high quality of continuing member service. This project is expected to take 12 - 15 months and should be completed in the summer of 2008.

Conversion of the System's Web site to *VisualBasic .Net* will be completed in the fall of 2006. New features such as the ability to schedule appointments on-line, search the site by keyword and view video clips will be available by year-end.

New York  
State  
Teacher's  
Retirement  
System



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Following Hurricane Katrina, I asked all of our departments to carefully consider additional disaster preparedness measures in their budgets; especially in light of the potential for Bird Flu to enter the United States in the future. A number of initiatives were identified as a result and are included in the budget. They include: funding for additional emergency preparedness training; disaster recovery system reviews; security at remote utility sites; emergency response equipment; and damage assessment team capacity. We have applied for funding and been accepted into the National Fire Academy to receive specialized disaster training (to include the City's executive team and the Mayor and Vice Mayor).

City of  
Peoria,  
Arizona

The Capital Improvement Program (CIP) is the City's budget for financing large capital projects. This is an essential part of the City's plan to extend services and facilities to a growing community. This ten-year funded program is closely aligned with the City's General Plan, and integrates various facility and infrastructure master plans. A major theme of this budget is the CIP, and how the maintenance and operating costs of large capital facilities affects our operating budget; maintenance and operating costs which compete with existing services and programs for resources. The Ten-Year CIP totals \$825 million; the Capital Budget for FY 2007 totals \$353 million.

The proposed capital budget proposes a new citywide radio system for public safety. It is proposed to utilize the Half-Cent Sales Tax Fund to support the ongoing licensing and maintenance costs of this system (approximately \$1 million per year at build-out). This policy recommendation is consistent with the Council's adopted Half-Cent Sales Tax Policy, and offers substantial relief to the General Fund so that it can fund other staffing needs in public safety.

The recommended budget maintains existing service levels in most cases, and improves them in areas where deficiencies have been identified. We are bringing new facilities on-line to meet the needs of a growing city, and a citizenry with increasing expectations. The proposed budget is balanced, maintains strong reserves, and maintains the City's excellent financial condition and enhanced bond ratings. Peorians get good value for their tax dollars, and the proposed budget incorporates the Council's financial philosophy and principles of financial management which make that possible.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## The Public Finance Officers Role in Sustainability (2002, 2012)

- Balance needed ("triple bottom line")
  - Economic
  - Environment
  - Social Equity
- Sustainability means "meeting the needs of the present without compromising the ability of future generations to meet their own needs."
- Finance officers need to take an active role in their governments' efforts to think and act sustainably. The finance officer needs to balance the aims of environmental, social, and economic sustainability with the need to use resources efficiently. The finance officer should develop reporting methods and measures that encompass environmental, social, and economic factors.



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## CITY OF GRAND RAPIDS' SUSTAINABILITY PLAN

City of Grand  
Rapids,  
Michigan

Creating a sustainable City requires envisioning an ideal community in which the economic, environmental, and social systems throughout the City are ideal and in balance to create and sustain a positive quality of life for future generations. Being a sustainable City compels action that will be conducted with regard to the achievement of the "triple bottom line" goals of economic prosperity, environmental integrity, and social equity.

City of Grand Rapids Sustainability Plan provides the policy direction in which residents, visitors, and employees within the City will receive municipal services and includes the vision of a sustainable City and community. The Sustainability Plan has evolved from a strategic directive for the provision of quality municipal services to a dynamic document that incorporates outcomes leading to the building a sustainable City.

During FY2006, the City had entered into a multi-organizational agreement with the Grand Rapids Public Schools, Grand Rapids Community College, Grand Valley State University, and Aquinas College to combine efforts to advance the goals of Sustainability. The agreement resulted in the creation of the Community Sustainability Partnership (CSP) that guides the organizations in improving modes of service delivery with regard to the triple bottom line. The CSP developed a framework for planning, establishing baseline data, and evaluating service delivery. The City's Sustainability Plan integrates elements of the CSP framework.

The Sustainability Plan also aligns with the mandates of the City as set forth in the Michigan State Constitution and legislation, City Charter, City Ordinances, City Commission Policies, and Administrative Policies. Similarly the Sustainability Plan and the related outcomes will be carried out in alignment with the City's Mission, Vision, and Values.

Each City Department will provide their services with regard to the "triple bottom line" principles of sustainability consistent with the framework of the Community Sustainability Partnership. The progress that the City and each department achieve toward these outcomes will be detailed in an annual Sustainability Plan Progress Report and in the Departmental Performance Management Plan Progress Reports.

Finally, In support of achieving the outcomes of the Sustainability Plan, the City will establish a Sustainability Council comprised of members of City Commission, City staff, and key community stakeholders that will regularly monitor and report on the City's progress towards sustainability.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

1. **The concept of sustainability guides City policy.** The City is committed to meeting its existing needs without compromising the ability of future generations to meet their own needs. The long-term impacts of policy choices must be considered to ensure a sustainable legacy.

2. **Protection, preservation, and restoration of the natural environment are high priorities of the City.** Elmhurst is committed to protecting, preserving and restoring the natural environment. City decision-making will be guided by a mandate to maximize environmental benefits and reduce or eliminate negative environmental impacts within the context of the City's essential functions, planned development, and overall goals and responsibilities. The City will lead by example and encourage other community stakeholders to make a similar commitment to the natural environment.

3. **Environmental quality, economic health and social equity are mutually dependent.** A healthy environment is integral to the city's long-term economic and societal interests. In achieving a healthy environment, the City must ensure that inequitable burdens are not placed on any one geographic or socioeconomic sector of the cities population, and that the benefits of a sustainable community are accessible to all members of the community.

4. **All decisions have implications for the long-term sustainability of Elmhurst.** The policy and decision-making processes of the City will reflect its sustainability objectives. The City will lead by example and encourage other community stakeholders to use sustainability principles to guide their decisions and actions.

5. **Community awareness, responsibility, participation, and education are key elements of a sustainable community.** All community members, including individual citizens, community-based groups, businesses, schools and other institutions must; 1) be aware of their impact on the environmental, economic, and social health of Elmhurst; 2) must take responsibility for reducing, eliminating and balancing those impacts and; 3) must take an active part in community efforts to address sustainability concerns. The City will therefore assist in opportunities to support community awareness, responsibility and participation in cooperation with all other organizations within the City such as Park Districts, School Districts, and Elmhurst College.

6. **Elmhurst recognizes its linkage with the regional, national, and global community.** The relationship between local issues and regional, national and global issues will be recognized and acted upon in the City's programs and policies. This may involve balancing local issues with broader concerns. In addition, the City's programs and policies should be developed as models that can be emulated by other communities. The City will also act as a strong advocate for the development and implementation of model programs and

City of  
Elmhurst,  
Illinois



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## V. A Healthier, More Attractive Environment

New  
Castle  
County,  
Delaware

New Castle County will promote good environmental stewardship through progressive land use planning and programming. The County will responsibly manage its operations in order to protect our environment.

1. Improve the County's environmental stewardship through energy management, recycling and maintenance of County lands.
2. Launch an initiative to extend and connect greenways across New Castle County.
3. Preserve farmland and open space.
4. Manage a sewer system that is safe, reliable and sufficient to accommodate future growth, including responsibly planning a new sewer system for southern New Castle County.
5. Address flooding problems by strengthening maintenance corporations to support upkeep of stormwater management facilities.
6. Enhance waterflows in County's streams to reduce flooding risk.
7. Review and evaluate existing environmental standards and promote practices that safeguard our community.
8. Guarantee compliance with all state and federal environmental laws and full cooperation with other governmental agencies in programs such as EPA's NPDES Permit Program, the Industrial Pretreatment Program and Delaware Sediment and Stormwater Regulations.
9. Promote "Green Building Program" throughout the County.



*Farmland Preservation.*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## The Public Finance Officers Role in Collective Bargaining (2015)

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION



On June 20, 2014, the Commonwealth of Massachusetts signed a labor agreement with the National Association of Government Employees, representing employees in bargaining units 1, 3 and 6, for the period of July 1, 2014 to June 30, 2017. On July 11, 2014 an appropriation of funds (1599-4444) was made to cover the incremental cost items for Fiscal Year 2015 as contained in the Agreement (Chapter 165 of the Acts of 2014). The contract was ratified by the Legislature and on October 31, 2014 the Governor approved supplemental funding (Chapter 359 of the Acts of 2014) which authorizes the implementation of the provisions of the new agreement effective July 1, 2014, unless otherwise indicated.



This memorandum implements the provisions of the new agreement effective July 1, 2014. Information and implementation instructions from the Human Resources Division (HRD), the Office of the Comptroller (CTR) and the Administration and Finance (ANF) are provided herein.

*The following changes apply to employees in bargaining units 1, 3 and 6.*

- UNION BUSINESS
- ANTI-DISCRIMINATION/AFFIRMATIVE ACTION
- MUTUAL RESPECT
- WORK WEEK AND WORK SCHEDULE
- LEAVE
- VACATIONS
- HOLIDAYS
- EMPLOYEE EXPENSES
- SALARY RATES
- PROMOTIONS
- LAY-OFF/RECALL PROCESS
- REASSIGNMENTS
- ARBITRATION OF DISCIPLINARY ACTION
- GRIEVANCE PROCEDURE
- CLASSIFICATION AND RE-CLASSIFICATION



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## Key Issues in Succession Planning (2011)

- Develop an integrated approach to succession management.
- Continually assess potential employee turnover.
- Provide a formal, written succession plan as a framework for succession initiatives.
- Develop written policies and procedures to facilitate knowledge transfer.
- Development of leadership skills should be a key component of any succession planning initiative.
- Encouragement of personal professional development activities should be a key part of the succession planning effort.
- Design of better recruitment and retention practices may aid in the succession process.
- Consideration must be given to collective bargaining agreements and how those agreements fit in with the overall succession plan.
- Consider non-traditional hiring strategies.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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City of  
Abilene,  
Texas

**The organization will be faced with numerous retirements in key positions in the coming years.** Proper succession planning requires us to begin now to prepare our staff to assume leadership positions in the future. The budget includes partial funding for a certified public managers program, which will be one step in a comprehensive staff development effort.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Ensuring Other Postemployment Benefits Sustainability (2007)

### Background

- » Employee compensation packages for active workers often include healthcare and similar benefits following the completion of active service.
- » Such benefits are described as *other* postemployment benefits (OPEB) to distinguish them from pensions.
- » For many years, employers have been required to recognize expenses for the cost of pension benefits as those benefits are earned by employees during their active service life. The Governmental Accounting Standards Board (GASB) has extended this same requirement to OPEB.
- » The real issue is meeting the *budgetary and funding* challenge that those accounting standards highlight.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Ensuring Other Postemployment Benefits Sustainability (cont.) (2007)

### Recommendation

- » Governments should develop a deliberative process to ensure the sustainability (i.e., benefits *are, and reasonably may be expected to remain*, affordable to the government, competitive and sufficient to meet employee needs) of any OPEB they offer to their employees.
- » Develop principles and priorities to guide decision-making for OPEB that considers benefit design, funding approaches, and the needs of all stakeholders.
- » Evaluate and design benefits to ensure they are sustainable.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Ensuring Other Postemployment Benefits Sustainability (cont.) (2007)

- » Implementing healthcare cost containment measures.
- » Improve coordination with Medicare benefits.
- » Establishing vesting rules that provide levels of benefits that are commensurate with years of service.
- » Establish eligibility rules that avoid including retirees, dependents, and spouses who are otherwise insured.
- » Create a tiered system of benefits based on hiring dates
- » Replace defined benefits with defined contribution or a mixture of the two.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Ensuring Other Postemployment Benefits Sustainability (cont.) (2007)

Select an appropriate funding approach.

- Refrain from offering incentive packages for early separation without first considering their impact on the cost of OPEB.
- Decide whether it will fund benefits as they are being earned over an employee's active service life (i.e., *advance funding*) or only as benefit payments come due (i.e., *pay-as-you-go* or *pay-go* funding)
- If the government elects to advance fund benefits it should decide:
  - » which actuarial cost allocation method is most appropriate to its objectives and circumstances,
  - » whether to do so for all OPEB, or to exclude the implicit rate subsidy for healthcare,
  - » whether to fully pre-fund benefits or only partially pre-fund benefits.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Ensuring Other Postemployment Benefits Sustainability (cont.) (2007)

- Governments should exercise considerable caution before issuing debt to fund their unfunded actuarial accrued liability.
- Governments should consider how to most effectively communicate with and educate affected stakeholders on the impact of the decisions made regarding OPEB.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Considerations for Prefunding OPEB Obligations (2008)

### Background

- » An actuarial accrued liability for OPEB can result from an employer's obligation to provide *explicit* benefit payments (e.g., the employer will pay a percentage of retiree healthcare premiums or the employer will pay a fixed dollar amount toward retiree healthcare premiums) or from an *implicit* rate subsidy (i.e., retirees are allowed to pay the same rates as active employees, even though their age-adjusted premium would have been higher). For financial reporting purposes, both situations are treated identically. That is, the cost of the benefit is actuarially allocated to each period in the form of an annual required contribution (ARC). An employer's failure to fully fund the ARC results in an accounting liability (i.e., *net OPEB obligation*) in financial statements prepared using the accrual basis of accounting.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Considerations for Prefunding OPEB Obligations (cont.) (2008)

- » OPEB involving explicit benefit payments share the essential characteristics of pension benefits. Both are highly resistant to changes that would reduce current benefit levels. In the case of OPEB arising in connection with an implicit rate subsidy, the level of benefits for retirees will mirror changes in active employee benefits. This fact is important because employers have been known to change healthcare benefits for active employees in response to the budgetary challenge of increased healthcare costs (e.g., increases in deductibles, increases in employee contributions, changes in covered services). Accounting standards, however, require actuaries to assume that current healthcare benefit levels will remain unchanged for purposes of calculating the actuarial accrued liability for OPEB, including those benefits resulting from an implicit rate subsidy.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Considerations for Prefunding OPEB Obligations (cont.) (2008)

### Recommendation

- » The financing of postemployment benefits as they are earned (i.e., prefunding v. pay-as-you-go funding) offers significant advantages from the vantage point of equity and sustainability. The earnings on the resources thus accumulated will lower the amount that ultimately must be budgeted by the employer.
- » GFOA recommends that OPEB involving explicit benefit payments be prefunded on an actuarial basis.
- » The prefunding of OPEB resulting from an implicit rate subsidy also is desirable. Prefunding provides equity among generations of taxpayers, levels annual retiree healthcare costs and helps ensure sustainability of the benefit.
- » If a government does decide to prefund less than the ARC each year, the level of funding selected should be explained and documented following appropriate consultation with legal counsel and actuaries.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**GASB 45 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)**

New York  
State Teachers  
Retirement  
System

The most significant increase in operating expenses is associated with implementing GASB 45 which requires employers to measure and report the long-term costs of OPEB plans and the extent to which the employer has contributed to meet those costs. The health insurance the System provides for its retired employees is an OPEB plan.

As a phase 1 employer, the System is required to implement GASB 45 beginning with the 2007-08 fiscal year. Our actuary, in conjunction with an actuarial consulting firm, has determined the annual required contribution (ARC) under GASB 45 to be \$4,375,000 for 2007-08. This assumes the ARC will be funded and will earn interest at 8% over the 30-year amortization period.

<u>Impact of GASB 45: Assuming Earnings at 8%</u>	
Normal Cost – Benefits earned by active employees during the fiscal year	\$ 725,000
Amortized Cost – Benefits earned by active and now-retired employees prior to the fiscal year, amortized over 30 years	<u>\$3,650,000</u> <u>\$4,375,000</u>
Estimated premiums paid on behalf of now-retired employees	<u>(\$1,814,000)</u>
<b>Budgetary increase due to GASB 45</b>	<b><u>\$2,561,000</u></b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Although GASB Statement No. 45 does not compel pre-funding, we believe that the absence of pre-funding would ultimately affect the City's bond ratings, which, in turn, will increase the cost of borrowing.

City of  
Grand  
Rapids,  
Michigan

The City of Grand Rapids currently provides post-employment healthcare benefits until age 65 for its employees who retire prior to age 65 and meet other negotiated criteria. Similar to other governmental units, the City of Grand Rapids has funded its OPEB program on a pay-as-you-go basis, but will be required to begin accounting for OPEB obligations on an actuarial basis in its fiscal year beginning July 1, 2006. According to actuarial studies prepared as of June 30, 2005 and December 31, 2005, the City had OPEB unfunded actuarial accrued liability of \$137 million.

The actuarial study also indicated that the annual pre-funding contribution for FY2007 is 10.44% of labor and management payroll, and 21.78% of police and fire payroll. The amount that is included in the FY2007 Fiscal Plan is the pay-as-you-go for pre-65 retirees plus 20% of the actuarially determined pre-funding amounts. This equates to 13.29% of current payroll for Police and Fire and 9.67% of current payroll for all others.

The difference in the amount required for pre-funding health care benefits between the General Pension and Police and Fire Pension Systems is due in large part to the age at which employees are permitted to retire. The retirement age for most City employees is 62, while it is 55 for firefighters and 50 for police officers. We believe the rating agencies will react favorably to our decision to begin a partial pre-funding, as I am recommending.

I intend to present you with a request to contract for a benefits consultant in the near future. It is clear to me that we will have to develop multiple strategies for how to manage this staggering liability and otherwise assist us as we develop future employee compensation packages.



GOVERNMENT FINANCE OFFICERS ASSOCIATION



We have demonstrated several methods of reducing these costs over the past year, including through the CDSA's new contract and through implementing the findings of our prescription drugs working group. The problem remains: how do we address the shortfall we are expected to face down the road? The task force recommended large increases to property taxes and utility rates for the next four years. Clearly, those options are not comfortable ones for you to endorse.

We will go back to St. Paul next year for legislative approval to place money dedicated to reducing our retiree health care liability into a trust fund using state investments. The legislature's failure to pass this bill in the 2006 session was not helpful, but we intend to rectify that in 2007. Because all cities will need this legislation, we expect nearly unanimous support.

The passage of this bill will allow us to implement the following plan:

In 2007, I propose that the City of Duluth move \$10,000,000 from the Community Investment Trust into a special OPEB trust, also backed by the following sources of revenue:

This proposal depends on continuing the pay as you go philosophy already adopted to help pay for the city's health care obligations. We must do anything we can do to reduce the burden of the retiree health care liability for our taxpayers. Reducing the liability by such potentially large amounts over thirty years without a tax increase would be a significant start, and I urge your support for this plan. I thank you for your attention and look forward to working with you on a budget which will serve our citizens and address some of the financial issues we face as a city.



	FY'11 Actual	FY'12 Actual	FY'13 Budget	FY'14 Adopted	FY'15 Projected
PERS/OPSRP-Employee 6%*		779,676	834,498	855,996	875,121
PERS/OPSRP-Employer	2,718,621	2,197,445	2,524,667	2,807,638	2,911,550

*\*The City began recording the Employee 6% separately effective FY'12.*

**PERS:** Like almost all public agencies in Oregon, the City's participation in the Oregon PERS is mandatory. Public Employees that participated in the PERS system prior to system changes made in 2003 receive slightly different benefits than those that started after 2003. PERS charges the City different rates for the different classes of employees and different rates for sworn personnel versus general service personnel. The City uses its insurance/benefits fund to charge slightly different rates to departments as compared to the rates paid into the PERS system to limit the drastic budgetary impact of the State's PERS rates changing every two years. There is currently a PERS reserve in the insurance fund that will be used in the future to offset the impact of rates that are set to increase every two years until the State system is fully funded again. Costs by major operating departments are presented on the following page.



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## Linking the Budget to Organizational Goals and Performance

- Establishment of Strategic Plans
- Long-Term Financial Planning
- Budgeting for Results and Outcomes
- A Systematic Approach to Managing Performance
- Performance Management for Decision Making
- Alternative Service Delivery: Shared Services
- Examining the Benefits of Managed Competition
- Public Participation in Planning, Budgeting, and Performance Management
- Best Practices in School District Budgeting
- Best Practices in Community College Budgeting



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Establishment of Strategic Plans (2005)

- Every government should use some form of strategic planning
- Essential steps of a sound process
  - Initiate the process
  - Prepare a mission statement
  - Assess environmental factors
  - Identify critical issues
  - Agree on a small number of broad goals



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Establishment of Strategic Plans (cont.) (2005)

- 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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

### **Background: What is a Strategic Plan?**

Communities are future seeking. But first, they must be able to imagine and decide what they want the future to be. Secondly, they must decide how they are going to make this desired future become a reality. Strategic thinking is a process that brings people from all walks of life together to think about the future, create a vision and invent ways to make this future happen through essential community teamwork and disciplined actions. It is an act of leadership – making things happen that would not otherwise happen and preventing things from happening that might ordinarily occur. It is getting people to work together to achieve common goals and aspirations – to transform visions into reality. A Strategic Plan is a document recording what people think – a broad blueprint for positive change that defines a vision and key outcomes that must occur to attain this vision. Other implementation efforts and plans such as the Comprehensive Plan, financial plans and development and redevelopment plans will assist the community, the City Council and City Administration in achieving the vision.

The Strategic Plan will challenge and stretch the community's imagination in defining what is possible and test its will to commit to a great and exciting, rather than "good enough" future. It will forge and sustain the critical partnerships and relationships that will make the Strategic Plan a reality.

This Strategic Plan is a compass – a dynamic and continuous process about how a community sees, thinks about and creates, through decisive leadership and management commitment and actions, the future it desires.

### **Mission Statement**

The mission of the City of North Las Vegas is to create and sustain "Your Community of Choice" for its residents, visitors and businesses. The City is committed to being a balanced and well-planned community that provides quality municipal services, education, housing, recreation and leisure opportunities, economic vitality, security, public safety, strong community partnerships, civic pride for a culturally rich, active and diverse population.

*North Las Vegas – Your Community of Choice.*

### **Visioning 2025...**

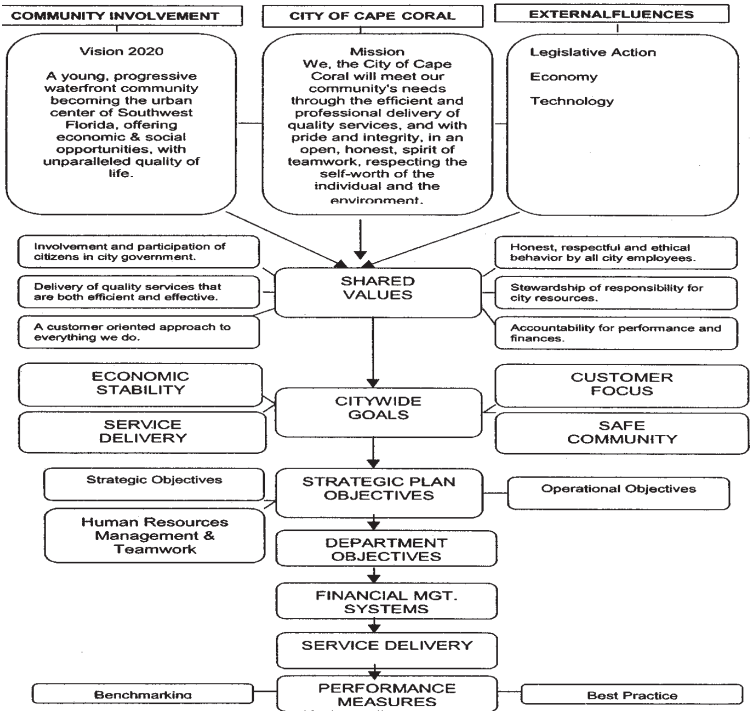
#### **What The Community Seeks to Become**

North Las Vegas is a City that has mastered the challenges and opportunities that accompany unprecedented growth and development through imagination, civic spirit, undaunting resolve and community pride. The City has created a world-renowned success – a well-planned and safe community that is amenity driven, people oriented and attracts residents and visitors.

City of  
North Las  
Vegas,  
Nevada



GOVERNMENT FINANCE OFFICERS ASSOCIATION



Strengths are attributes of the Authority that are helpful to achieving its objectives. These positive attributes are tangible and intangible, internal to the organization and within the organization's control.

## STRENGTHS

- Current financial position.
- Strong financial systems with solid analysis in place in order to have the foresight to recognize financial perils on the horizon.
- A highly knowledgeable workforce.
- An interested and responsible Board.
- Strategic planning process.
- Performance measurement systems to monitor service delivery.
- Employees are encouraged to demonstrate ownership in the organization.
- Incentive compensation program.
- Good organizational image in the community.
- Efficient organization.
- Data driven decision making.
- Customer focused.

Rochester Genesee Regional Transportation Authority, New York

Weaknesses are attributes of the Authority that are harmful to achieving objectives. These are factors that are within the organization's control, that detract from its ability to attain a desired goal, and are areas where it might have the ability to improve.

## WEAKNESSES

- Too many initiatives and not enough employees to address them.
- Customer service is not owned by all individual departments to resolution.
- Insufficient written policies and procedures.
- Communications within the organization.
- All Managers/Supervisors do not embrace the responsibility to supervise.
- Lack of clarity on Role of the Team of Deputies.
- The ATU leadership is not concerned with the success of the organization.
- Departments act independently/territorially.
- Facilities are either inadequate or in need of repair.
- Bus schedules are hard to interpret.
- Business Development efforts are lacking.



## OPPORTUNITIES

- Rising fuel prices have individuals and organizations looking to public transportation as an affordable alternative.
- Enhanced market research to more closely learn what potential customer's needs are.
- Partnerships with businesses to support expansion of service.
- Renaissance Square.
- Improved outreach to potential new customers on the ease and affordability of public transportation.
- New slate of ATAC officers provides for a potential reasonable approach to interactions with disability community.
- Growing interest in redevelopment of downtown – both commercially and residentially.

Opportunities are external conditions that are helpful to achieving objectives.

## THREATS

Threats are external conditions that are harmful to achieving objectives.

- Difficulty in recruiting quality drivers.
- An attitude amongst line supervision to ignore and turn a blind eye to inappropriate behavior or lack of effort of employees.
- The ATU leadership has an agenda that does not advance the organization.
- Migration of the community workforce outside the urban core.
- Overzealous regulatory oversight.
- New York State financial difficulties.
- Multi-year financial challenges.
- Fuel cost risks.
- Uncertainty of federal and state aid.
- Declining City of Rochester population.
- Public perception of public transportation.
- Unfunded mandates.



## Long-Term Financial Planning (2008)

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





## Long-Term Financial Planning (cont.) (2008)

### Mobilization Phase

- » Alignment of resources (project team)
- » Preliminary analysis (financial environment scan)
- » Service policies and priorities
- » Validation of financial policies
- » Define purpose and scope

### Analysis Phase

- » Information gathering
- » Trend projection
- » Analysis (different scenarios)

### Decision Phase (participative process)

### Execution Phase

- » Strategies become operational
- » Monitoring



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Since it was upgraded in 1997, the District has received high bond ratings from credit rating agencies. This performance is the result of developing and adhering to financial policies geared toward ensuring the District's continued financial strength. Each bond rating agency has published guidelines and examples of sound financial practices normally associated with strong credit quality. One example of such a list is the Standard and Poor's *Top 10 Management Characteristics*. The table below provides evidence supporting the District's achievement of these standards.

Milwaukee  
Metropolitan  
Sewerage  
District,  
Wisconsin

Top Ten Management Characteristics	District Performance
1. An established rainy day/budget stabilization reserve.	<input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• User Charge Stabilization Fund.</li> <li>• The Equipment Replacement Fund.</li> </ul>
2. Regular economic and revenue reviews to identify shortfalls early.	<input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• Cost center managers review monthly variance reports.</li> <li>• Quarterly variance reviews are coordinated by the Office of Budget &amp; Management.</li> <li>• Quarterly Financial Statements are prepared for the O&amp;M Budget and the Capital Budget.</li> </ul>
3. Prioritized spending plans and established contingency plans for operating budgets.	<input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• Annual budget process priorities needs.</li> <li>• Annual operating contingency is established on the Unallocated Reserve.</li> </ul>
4. A formalized capital improvement plan in order to assess future infrastructure requirements.	<input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• Annual budget includes a 6-year capital improvement program.</li> </ul>
5. Long-term planning for all liabilities of a government, including pension obligations, other post employment benefits and other contingent obligations would be optimal and allow for comprehensive assessment of future budgetary risks.	<input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• The District's financial statements are presented on the accrual basis of accounting. Thus all expenses are recorded when liabilities are incurred. Since 1993, the District has recorded and disclosed its unfunded obligations for retiree health and life insurance.</li> </ul>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Milwaukee  
Metropolitan  
Sewerage  
District,  
Wisconsin

Top Ten Management Characteristics		District Performance	
6.	A debt affordability model in place to evaluate future debt profile.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Debt Policy 1-73.18, please refer to the Budget policy section of the combined summary.</li> </ul>
7.	A pay-as-you-go financing strategy as part of the operating and capital budget.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Capital Budget complies with a 25 percent cash financing objective.</li> <li>The District has never issued debt to fund its O&amp;M expenditures.</li> </ul>
8.	A multi-year financial plan in place that considers the affordability of actions or plans before they are part of the annual budget.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>The Capital Budget includes a Long-Range Financing Plan and approved Total Project Cost for each project.</li> <li>The Budget Office prepares a six-year forecast of expenditures and revenues for internal decision making.</li> </ul>
9.	Effective management and information systems.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>The District uses an integrated core financials management system and other program-specific systems that capture and report critical operating information.</li> </ul>
10.	A well-defined and coordinated economic development strategy.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Requirement for Apprenticeships in Construction Contracts, Policy 1-78.07.</li> <li>S/W/MBE Policies for Construction and Professional Services Contracts, Policy 2-78.01.</li> </ul>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

This summary of the City's General Fund financial outlook was developed by examining several scenarios that demonstrate possible budget outcomes given different sets of revenue and spending assumptions. These scenarios indicate that the City is likely to experience continued gaps between revenue capacity and the future cost of City services. These five-year budget projections suggest that a gap in future years is likely to occur even if annual revenues exceed current budget projections and the City's "unfunded needs" remain unfunded. The City's current list of unfunded General Fund operating budget needs totals \$7.2 million. As a result, it is expected that the ability to maintain and improve City services, extend services to newly-developing areas, and complete future capital projects will depend primarily on the City's ability to implement additional revenue enhancement measures.

City of  
Aurora,  
Colorado

**Scenario #1 – 2008 Adopted Budget plus Unfunded Needs.** This scenario uses the 2008 through 2012 budgeted revenue estimate in conjunction with the 2008 operating budget plus future increases related to compensation, mandated costs, and "unfunded needs." This scenario is detailed in the following pages. Among the increases included in this scenario are \$7.2 million in unfunded needs, including items associated with snow removal funding, Police Department support costs, and the opening of the Division V courtroom. This scenario shows a significant gap that begins in 2008 and increases substantially each year.

**Scenario #2 – Compensation and Mandated Costs Only.** This scenario uses the 2008 through 2012 budgeted revenue estimate along with the 2008 Adopted budget plus future increases related to compensation and "mandated" costs such as electricity, natural gas, fleet fuel, and insurance. The scenario does not include any other increases. In 2009, a gap develops and increases every year, until it hits \$21.1 million in 2012. The gap is lower than the baseline forecast because this scenario excludes unfunded needs.

**Scenario #3 – Optimistic.** This scenario assumes that revenues match the optimistic projection referenced in the revenue section of this budget book and that future expenditure increases are limited primarily to compensation and mandated costs as described in Scenario #2. The only other cost increase reflected in this scenario is an annual increase in the transfer to the CPF due to higher use tax revenues, which must be transferred under City ordinance requirements. This scenario shows a surplus of funds available in 2008, followed by gaps developing in following years. The gap is lower than the mandated cost scenario because this forecast includes additional revenue, partially offset by the higher CPF transfer.



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## Emergency Medical Services Fund (592) - Six Year Financial Forecast, FY04 through FY09

City of  
Eugene,  
Oregon

### Major issues for this fund:

- \* Due to slowing revenues and increasing expenditures, the fund is projected to run an annual deficit for all the years of this forecast.
- \* Fire Management is reviewing and implementing operational and business changes to slow the drawdown of reserves.
- \* In FY03, Phase 1 of the EMS Design Project, moving the medic units to a dynamic staffing schedule, was implemented. Annual cost savings of \$200,000 are built into this forecast.
- \* In FY04, Phase 2 of the EMS Design Project, change in billing and FireMed administration, will be implemented. Annual cost savings of \$225,000 are built into this forecast.

	Actual	Actual	Estimated	Proposed	Forecast				
	FY01	FY02	FY03	Budget FY04	FY05	FY06	FY07	FY08	FY09
<b>Resources</b>									
Beginning Working Capital	2,859,287	2,032,929	1,751,001	1,585,624	1,367,429	1,217,396	1,009,778	742,409	421,198
<b>Revenues</b>									
Transport Revenue	4,183,603	4,913,124	4,815,588	5,019,793	5,219,670	5,427,539	5,643,721	5,868,549	6,102,370
FireMed Memberships	845,887	852,477	872,095	903,825	951,931	961,176	1,010,647	1,040,746	1,050,880
Misc. Revenues & Transfers	129,764	135,603	205,949	(23,670)	(20,055)	(17,996)	(32,475)	(49,932)	(70,115)
<b>Total Revenues</b>	<b>5,159,254</b>	<b>5,901,204</b>	<b>5,893,632</b>	<b>5,899,948</b>	<b>6,151,546</b>	<b>6,370,719</b>	<b>6,621,893</b>	<b>6,869,363</b>	<b>7,083,135</b>
<b>Total Resources</b>	<b>8,018,541</b>	<b>7,834,133</b>	<b>7,644,633</b>	<b>7,485,572</b>	<b>7,518,975</b>	<b>7,588,115</b>	<b>7,631,671</b>	<b>7,601,773</b>	<b>7,504,333</b>
<b>Requirements</b>									
<b>Expenditures</b>									
Operating	4,842,776	5,565,757	5,502,029	5,514,988	5,692,935	5,941,921	6,235,167	6,508,931	6,768,384
Capital	616,250	124,473	-	-	10,500	21,525	22,601	23,731	24,918
Non-Departmental	526,586	492,902	556,980	603,155	598,143	614,891	631,493	647,912	664,758
<b>Total Expenditures</b>	<b>5,985,612</b>	<b>6,183,132</b>	<b>6,059,009</b>	<b>6,118,143</b>	<b>6,301,578</b>	<b>6,578,337</b>	<b>6,889,262</b>	<b>7,180,575</b>	<b>7,458,060</b>
<b>Balance Available (Deficit)</b>	<b>2,032,929</b>	<b>1,751,001</b>	<b>1,585,624</b>	<b>1,367,429</b>	<b>1,217,396</b>	<b>1,009,778</b>	<b>742,409</b>	<b>421,198</b>	<b>46,273</b>



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## Budgeting for Results and Outcomes (2007)

- (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.
- (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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### Requests for Results

Based on the outcomes, six separate County employee teams (Results Teams) were asked to develop Requests for Results (RFR's) for each desired outcome. RFR's identified the outcome, the factors that contribute to an outcome, the strategies that influence the outcome and three "indicators" that determine if the County is making progress toward the desired outcome. The Requests for Results consist of:

- Statement of desired outcome
- Indicators that will show progress towards that outcome
- Cause and Effect Map
- Purchasing Strategies

The completed Requests for Results were submitted to the Operations Team and the Budget Leadership Team for comment. The RFR's were then presented to the Board of County Commissioners for final review. Then the RFR's were distributed to "sellers" (departments or authorized committees) soliciting "offers".

### Offers

An Offer is a proposal by a Seller in response to an RFR indicating what they propose to do to produce the outcome, how much it will cost and how success will be measured. An offer is an activity or set of activities that helps achieve an outcome.

An offer can be for an existing service or program, a new program, a service or activity, or improvements or changes to existing activities and should include the service level that the offer will achieve. An offer can also be a proposal to stop doing something, or to change a policy, regulation or mandate. Departments are not limited to today's budget or today's FTEs nor do departments have to submit offers that account for all of today's programs, budget or FTEs – i.e., if departments think it makes sense to stop doing something, they should not include it in their offer.

Mesa  
County,  
Colorado



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### Performance Measures

Mesa County has used performance measures in some form for many years. However, due to this new budget process, departments were not required to submit performance measure results in 2006. The Budgeting for Outcomes process requires performance measures in all offers. The results of these measures will be reported in the following year and will be used to evaluate subsequent offers. Because this was the first year Mesa County used this budget process, performance measure results will not be reported until the 2008 budget process. Performance measures for each offer are presented in sections (7) Public Safety through (12) Citizen Satisfaction.

### Seller

Those who submit offers are called "sellers". A seller is generally a department or an appointed committee. Sellers can also be a group of departments or a non-profit agency.

### Ranking the Offers – Recommended Budget – Final Budget

Each Results Team was given the dollar allocation for their Outcome. This allocation was used to "purchase" offers. For the 2007 budget, there were two rounds of offers. When the Results Teams received the offers in the first round, they reviewed the offers and when needed discussed the offers with Sellers to answer questions and get clarification. The Results Teams then ranked the offers without regard for mandates or revenues using a forced ranking method. The rankings were sent back to the Operations Team, the Budget Leadership Team and to the Sellers.

Mesa County,  
Colorado



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## Budgeting for Results – The Players

Jeffco  
Public  
Schools,  
Colorado

**Cabinet** – A district leadership group composed of community superintendents, a principal representative from Jefferson County Administrators Association, executive director of Communications Services, chief academic officer, chief financial officer and chief operating officer that meets weekly with and advises the superintendent on current and future issues affecting the work of Jeffco Schools.

**Central Departments** - Staff representatives from all central departments participated in the Service Based Budgeting process. Their detailed work in dissecting and rebuilding budgets helps to align spending with desired results.

**Proposal Teams** – The Proposal Teams include representatives from elementary, middle and senior high schools as well as members from Financial Services, Instruction and Support Services. They review the results and strategies and review the status of proposals that were funded with one-time and ongoing dollars. Refinement of existing proposals as well as the creation of new proposals was part of their work

**Board of Education** – The Board of Education is the policy-making body of the district. State law sets its powers and duties. The Board sets policy for the school district and hires the superintendent to serve as chief administrative officer. The board is composed of five members elected to alternating four-year terms. Board members represent a specific area of the county, but are elected at large. Elections are held every two years. Board members are not paid; they give freely of their time to serve the community.

**Stakeholder Panel** – The Stakeholder Panel is comprised of nearly 100 individuals. They include members from the Strategic Planning Advisory Council, Financial Oversight Committee and the PTA as well as representatives from our employee associations, local government, business and the media. They meet at least twice a year and provide valuable feedback to the Board of Education and the Superintendent on the budget process. They advise the Board of Education on its choices regarding monitoring achievement of funded proposals, revenue enhancement opportunities and new and returning budget proposals.

**Community** – Members of the community provide continued educational excellence for Jeffco. They include parents and business leaders.



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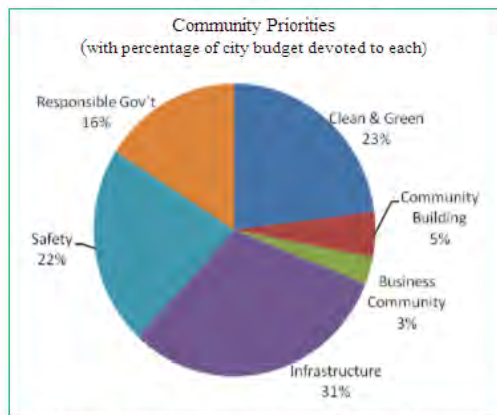
## City of Redmond

### Budgeting by Priorities Accountability

- ▶ Home
- ▶ Business Community
- ▶ Community Building
- ▶ Clean and Green
- ▶ Infrastructure & Growth
- ▶ Safety
- ▶ Responsible Government
- ▶ Price of Government
- ▶ About the Dashboard

## Performance Dashboard

The City of Redmond allocates its resources by community priorities. The chart below illustrates the relative size of each priority as determined by the city's 2009-2010 budget.



Click on the priority area to see the performance dashboard for each.

#### Key to Symbols Used Trends

Improving	
Maintaining	
Worsening	

#### Degree of Influence

High	
Medium	
Low	

About these symbols



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City of Redmond

## Budgeting by Priorities Accountability

- ▷ Home
- ▷ Business Community
- ▷ Community Building
- ▷ Clean and Green
- ▷ Infrastructure & Growth
- ▷ Safety
- ▶ Responsible Government
- ▷ Price of Government
- ▷ About the Dashboard

### Responsible Government Priority

Percentage of community responding positively regarding satisfaction with City services.

Trend Influence   
82%

Citizen Priority -

*I want a city government that is responsible and responsive to its residents and businesses*

Investment portfolio return meets or exceeds its benchmark (average two-year T-Note).

Trend Influence   
100%

Maintain operating reserves at levels proscribed by the City's fiscal policies

Trend Influence   
100%



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## A Systematic Approach to Managing Performance (2011)

- The National Performance Management Commission, representing eleven national public interest organizations of elected and appointed state and local government officials (including the GFOA), issued a report in 2010, *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.
  - 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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**Performance Measures**

- A. A key responsibility of the City government is to develop and manage services, programs, and resources as efficiently and effectively as possible, and to communicate the results of these efforts to the public. Meaningful performance measurements assist in identifying financial and program results, evaluating past resource decisions, and facilitating qualitative improvements in future decisions regarding resource allocation and service delivery options.
- B. OMB, working with departments will develop financial, service, and program performance measures for incorporation into Council discussions of Strategic Planning. Performance measures will:
1. Be based on progress towards a goal or area of focus identified in the Strategic Plan.
  2. Measure program results or accomplishments as well as efficiency and effectiveness.
  3. Provide for comparisons over time to facilitate exploration of continuous improvement.
  4. Be reliable, verifiable, and understandable.
  5. Be reported annually, both internally and externally.
  6. Be monitored and used in decision-making processes.
  7. Be limited to a manageable number of meaningful measures that can be used to track achievements, impacts, and outcomes of key projects or services.
  8. Valid measures will be developed on a service-by-service basis, to gauge the City's relative success in the efficient and effective delivery of services and to facilitate continuous improvement.



## Performance Management for Decision Making (2002, 2007)

- Important component of long-term strategic planning and decision making
- Linked to the budget
- Based on program goals and objectives tied to program mission or purpose
- Focus on outcomes
- Comparisons over time



## Performance Management for Decision Making (cont.) (2002, 2007)

- Verifiable, understandable, and timely
- Consistent throughout the strategic plan, budget, accounting and reporting systems and to the extent practical, be consistent over time
- Reported internally and externally
- Monitored and used in managerial decision-making processes
- Recommendations for three phases of implementation



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### LOGIC MODEL WORKSHEET

Marathon County, Wisconsin

Inputs	Activities	Outputs	Initial Outcomes	Intermediate Outcomes	Long-term Outcomes
Marathon County Health Department (MCHD) Staff: Public Health Nurses (PHN) Parent Child Health (PCH) Program Manager	PHN initial contact & assessment of families within 10-14 days of birth  PHN Home Visit (when accepted—approx. 50% of families)	# of PHN phone contacts & home visits  # of families who accept a FV referral  # of families who receive FV services	Parents will understand their parenting support options and select options that best meet their needs (PHN Visit, Family Visitor, and FRC Activities)	Children will not be abused or neglected.  Children will not enter out-of-home placements.  Children will be fully immunized.	Children will be safe in their family's home.  Children will be healthy.  Children will be "school-ready" when they begin school.
Children's Service Society of Wisconsin (CSSW) Staff: Family Visitors (FV) Family Resource Center (FRC) Staff	Referral to FV—if indicated by family need and/or desire (approx. 15% of families)  Development of Family Support Plan	# of FV visits  # of FRC programs directed towards Start Right population	Parents will understand and use positive parenting techniques and develop appropriate expectations for their baby's development.	Children will have an identified primary health care provider.  Children will have well child exams on the schedule recommended by the American Academy of Pediatrics.	Children will experience the most fulfilling and nurturing relationship possible with their parents.
Start Right Program Board  Curriculum for Parenting Education  Protocols and Procedures for PHN Care  Evaluation Tools Used by CSSW and MCHD staff	FV in-home visits over child's first three years of life to teach parenting curriculum, assess needs, and refer to community resources.  Annual assessment of child development  Family Resource Center classes, drop-in playtime, consultations, and support groups.	# of people (adults & children) who attend FRC programs	Families understand the need for internal (i.e. family, friends, books, Internet, etc.) & external (i.e. Start Right, health care providers, Job Center, counseling, etc.) support systems and use them.  Families can identify stressors and identify where/when to seek help.	Parents will access early preventive health care for their children  Children will be well nourished.  Developmental delays will be identified and children with delays will be referred to and receive early intervention services.	
Equipment (Scales, Denver Developmental Kits, Brochures, Handouts, etc.)					



GOVERNMENT FINANCE OFFICERS ASSOCIATION



**FIRE DEPARTMENT PERFORMANCE INDICATORS**

City of  
Corvallis,  
Oregon

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Achieve a response time of 5 minutes or under from dispatch to arrival on 80% of Code 3 fire calls within the city limits.	Percentage of fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (1)	63%	70%	65%	65%
	Achieve a response time of 5 minutes or under from dispatch to arrival of ALS equipment on 45% of Code 3 EMS calls within the city limits (ASA contract target).	Percentage of EMS calls requiring ALS with response time of 5 minutes or less from dispatch to arrival within city limits.	55%	45%	59%	59%
	Maintain operating costs per capita at or below that of comparator cities.	Total fire operating expenditures per 1,000 population within city limits. (3)	New Measure	\$125.60	\$125.60	\$139.58
	Maintain false alarm rate at or below the level experienced by ICMA comparators.	False Alarms as a % of non-EMS responses in the city.	9%	13%	13%	13%

**(1) Achieve a response time of five minutes or under from dispatch to arrival on 80% of Code 3 fire calls within the city limits:**

- *Measure definition / discussion:* This is one of the standard measures of a fire department's effectiveness across the industry. Years ago, a common industry goal was to achieve a 4-minute response time on 90% of emergency calls. Increasing costs and population figures have resulted in the need for a majority of departments nationwide to reassess that target. It was found to be unrealistic and very expensive in terms of infrastructure and personnel. Irrespective of the increased difficulty in meeting the target, response time remains the most critical factor in the degree of success achieved in mitigating true fire / EMS emergencies.
- *Evaluation of results:* Over a period of years, population growth, a related increase in the amount of vehicle traffic, and the expansion of neighborhoods into urban growth areas (and farther away from existing fire stations) have increased response times. The new target is a move toward more realistic response times and is in line with the National Fire Protection Association (NFPA) standards as well as ICMA core measures. The inclusion of Stations 5 and 6 in the response system helped to alleviate that situation to a significant degree.



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**GENERAL ADMINISTRATION**

**DIVISION 65**

**FLAGSTAFF MUNICIPAL COURT**

City of  
Flagstaff,  
Arizona

➤ Provide first classes of the Court Leadership Institute of Arizona.

➤ Develop and implement Strategic Plan for FY 07 based on the Justice 2025 Strategic Plan for Coconino County Courts.

**PERFORMANCE MEASURES**

**Council Priority/Goal: PUBLIC SAFETY**

**Goal:** Timely adjudication of all cases filed before the Court.

**Objective:** Exceed ABA standards and state average for limited jurisdiction courts.

Measures:	CY 04 Actual	CY 05 Actual	CY 06 Estimate	CY 07 Proposed
Total number of charges filed	21,004	21,229	21,500	21,700
Cases completed in 0 - 30 days (state average = 53%)	55%	59%	57%	57%
Cases completed in 31 - 60 days (state average = 25%)	27%	25%	26%	26%
Cases completed in 61 - 90 days (state average = 9%)	8%	7%	8%	8%
Cases completed in 91 - 120 days (state average = 7%)	4%	3%	3%	3%
Cases completed 121+ days (state average = 6%)	6%	6%	6%	6%



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## Alternative Service Delivery: Shared Services (2007)

- Getting Started
- Feasibility Study
- Coming to Agreement
- Implementation
- Ongoing Monitoring
- Long-term Review/Agreement Reassessment



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### General Policy Guidelines

City of  
Hillsborough,  
California

1. Contracting with the private sector for the delivery of services provides the City with a significant opportunity for cost containment and productivity enhancements. As such, the City is committed to using private sector resources in delivering municipal services as a key element in our continuing efforts to provide cost-effective programs.
2. Private sector contracting approaches under this policy include construction projects, professional services, outside employment agencies and ongoing operating and maintenance services.
3. In evaluating the costs of private sector contracts compared with in-house performance of the service, indirect, direct and contract, administration costs of the city will be identified and considered.
4. For programs and activities currently provided by City employees, conversions to contract services will generally be made through attrition, reassignment or absorption by the contractor.



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The City shall make maximum use of private resources. Utilization of private resources can be categorized as follows:

City of  
Wilmington,  
Delaware

- Public/Private Partnerships--Private sector funding combined with public sector funding can be utilized to solve many quality of life problems. The "partnership" approach has been effectively utilized in supporting housing and cultural activities. The replacement of lost federal funding with public/private partnerships is a goal.
- Privatization--When services can be provided more effectively and/or at a lesser cost through the private sector, such resources should be deployed.



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## Fiscal Fitness Initiatives

State of  
Rhode Island

The Housekeeping Services at Eleanor Slater Hospital will be privatized. Currently, these services are performed in-house. There are 85.0 positions involved in providing Housekeeping Services to the patients at Eleanor Slater (covering both campuses). The total personnel costs associated with these positions in FY 2008 are projected at \$4,979,474. Additional operating costs for Housekeeping are not included. The total cost therefore for providing in-house dietary service in FY 2008 was projected at \$4,979,474.

*Privatization of  
Housekeeping at  
Eleanor Slater will  
save \$1.7 million*

The square footage reported to the Federal Government for the Eleanor Slater Hospital in their cost allocation plan was 581,000 square feet. Using an estimate of 90% of the total space, a calculation of the cleanable square footage is 522,900 square feet. The cost (\$4,979,474) divided by the cleanable square footage yields a cost of \$9.52 per square foot.

The cost to privatize this function is estimated at \$2,128,203 which is derived by multiplying the industry estimate (\$4.07) per square foot by the total number cleanable square feet (522,900). Subtracting the State's estimated cost to provide in-house service in FY 2008 (\$4,979,474) minus the estimate to privatize (\$2,128,203) yields a total savings of all funds of \$2,851,271. This amount is then adjusted for unemployment benefits, including 90 days health insurance post-employment and 26 weeks of employment benefits by an amount of \$1,128,827. The adjusted amount net cost (2,851,271 - \$1,128,827) is 1,722,444 for the full Fiscal Year. The total funds allocation for general revenue is 47%. Therefore, the general revenue savings is \$809,549.

The Dietary Services at Rhode Island Veteran's Home will be privatized. Currently, these services are performed in-house. There are 31 financed positions involved in providing dietary services to the patients at the Veteran's Home. The total personnel costs associated with these positions in FY 2008 are projected at \$1,967,458. Additional operating costs for supplies (food) are projected at \$740,500. Budgeted costs are thus \$2,707,958.



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## Examining the Benefits of Managed Competition (2006)

- Executive direction
- Environmental consideration
- Stakeholder support
- Legal ramifications
- Service availability
- Cost
- Transition process
- Performance metrics



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It is important to remember that once the County Landfill closes in 10-14 years, the County remains liable for "any" costs associated with maintaining, correcting or addressing "any" deficiency found to exist for a period of 30 years. After the landfill closes there will be NO revenue resource to cover those costs other than established reserves collected over its operational lifespan.

Onslow  
County North  
Carolina

The County Commission has discussed selling its interest, franchising or contracting landfill services to others. That will probably not happen in a timely manner to avoid moving forward with the new cell construction. The County does not collect solid waste "except" from its container sites, which are funded through Landfill Fees. Other options do exist, and should be pursued if favored. The significance of this issue will increase. IF the County Commission intends for the County to remain in the landfill business, a new site must be identified and pursued soon. It can take 10 years or more to acquire, develop and permit a new landfill. Changes in North Carolina environmental rules for new landfills will only add to that time frame as well as increase costs.

Animal Control Services are vital and certainly an important element of maintaining a healthy community. The County provides these services county-wide and has two contracts that supplement the costs associated with these services. One contract is with the Department of Defense and helps offset the costs associated with animals collected on the military bases as strays, as well as those brought into the animal control facility by military families living on the base.



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The use of the private sector complementing and supplementing Village staff is integral to providing high quality affordable services and products. Refuse collection, tree trimming, water reclamation center operation, janitorial services, street light repairs, legal services, engineering reviews, building inspections, major building, street and vehicle repair, snow and ice removal, event planning and landscape maintenance are among the more than thirty areas where this combination work



## **Public Participation in Planning, Budgeting, and Performance Management (2009)**

- Good public participation practices can help governments be more accountable and responsive.
- Traditionally, public participation meant voting, running for office, attending public hearings, and keeping informed on important issues of the day by the local newspaper.
- More recently, governments have used new forms of public involvement – surveys, focus groups, neighborhood councils, and Citizen Relationship Management systems, as inputs to decisions about service levels and preferences, community priorities, and organizational performance.
- Identifying the Public's Perspective - The best way to assure a broad perspective is to collect information in a variety of ways and from a variety of sources.
- Identifying citizen preferences and satisfaction levels should occur before a decision has been made.
- Public involvement approaches should encourage all citizens to participate.
- 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.



## H. CITIZEN INVOLVEMENT

City and  
County of  
Honolulu,  
Hawaii

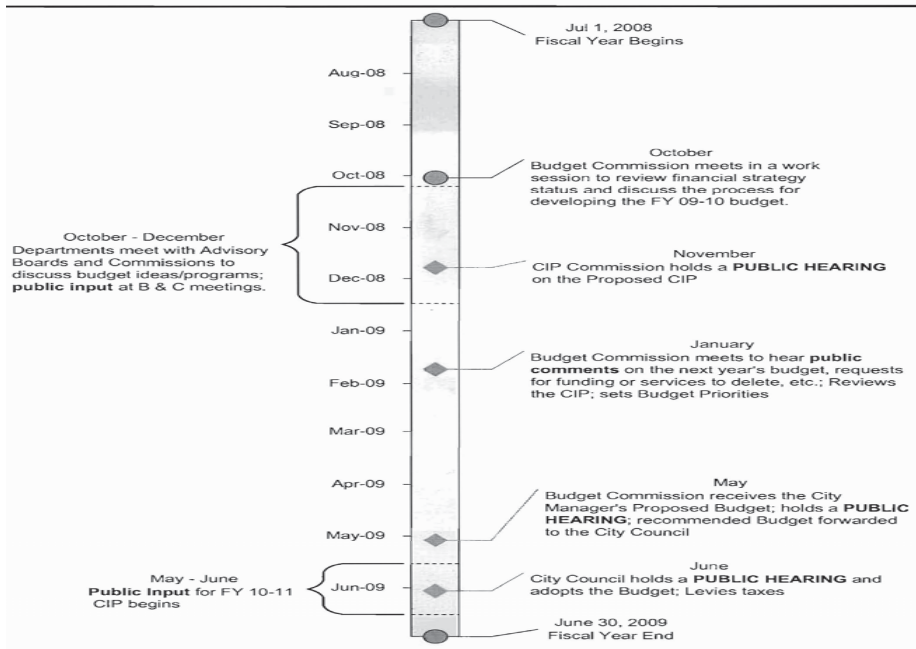
1. Citizen involvement shall be encouraged in the annual budget decision-making process through public hearings and community meetings. Such involvement shall include assistance in establishing program and budget priorities for the City.
2. Involvement shall also be facilitated through City boards, task forces and commissions, which shall serve in advisory capacities to the City Council and the Mayor.



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### FY 09-10 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES

City of  
Corvallis,  
Oregon



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## PUBLIC PARTICIPATION/CITIZEN ASSISTANCE

The preparation of a capital improvements budget involves the determination of specific capital improvement projects needed to upgrade inadequate existing facilities, and the identification of facilities which will be needed to accommodate future growth and development in the community. To accomplish this task, citizen input is solicited throughout the budget cycle. The following is a summary of the citizen input received throughout the year:

**Community Development** - A federally mandated Advisory Board meets monthly. Citizens and nonprofit organizations may request funding of specific proposals. Neighborhood meetings are held throughout the year for obtaining public input.

**Parks and Recreation** - Citizens have access to monthly Parks Advisory Board meetings and can, through this medium, propose specific parks projects for approval.

**Public Works and Development** - Public participation at all Growth Management, Zoning, and Development Review meetings is encouraged. Although these meetings may not result in specific proposals for capital improvements, they do relate to growth and development, which often triggers the requirement for capital improvements. Public attendance at the meetings of the Water Management, Road Construction, and Underground Utilities Advisory Boards is encouraged. For each major project, a community meeting is held in the affected area in order to provide citizens with a forum for expression of concerns. Projects are then reviewed by the appropriate advisory board and then submitted to the Board of County Commissioners for approval.

Additionally, the public is welcome to attend the budget public hearings of the Board and community meetings to provide input into the Capital Improvements Program.



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## Citizen Involvement

The Citizen Budget Committee (CBC) is composed of fifteen members appointed by the Board of County Commissioners and generally meets monthly from March through October to become familiar with County operations and to review budgetary issues. Subcommittees meet with County departments or with staff to review budgetary issues selected by the Committee or assigned by the Board of County Commissioners. The Committee then meets to form recommendations of their own to present to the BOCC. These recommendations are presented during a special study session of the BOCC.

### 2006 Citizen Budget Committee

Tim Yoakum, Chairman  
Jude Sandvall, Vice Chairman

Tom Ashburn	Carol Miller
Jeff Bull	Bert Neely
Matthew Dunn	Mel Rawles
Bob Easton	Leo Rurup
Susan Hall	Liz Wuest
Steve Klausing	
Betty Mirzayi	

After the budget is formally presented to the BOCC, a notice is placed in the Villager Newspaper explaining that the budget has been submitted and is available for inspection and that a public hearing on the budget will be held on a specified date. In 2006, this public hearing was held on November 14<sup>th</sup>. During this public hearing, the public was invited to speak to the BOCC about their concerns regarding the budget.



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REDMOND HOME | CONTACT US | EMPLOYMENT | EVENTS CALENDAR | SEARCH

## REDMOND *Budgeting by Priorities*

- Budget by Priorities**
- Overview
- Timelines
- Involvement
- Process
- Glossary
- Contact Us

### Redmond WA Budgeting by Priorities

The City will again use the budgeting process called **Budgeting by Priorities (BP)** for its 2011/2012 budget. The 2009/2010 process proved to be very successful, allowing the City to continue providing needed services to residents during difficult economic times.

### Budgeting by Priorities Community Meeting

**Monday, May 3**  
7 to 9pm  
Redmond City Hall Council Chambers  
15670 NE 85th Street

Come and tell City staff what services, programs and projects you want to see in the 2011/2012 budget.

[More information on Request for Offers.](#)

The 2009/2010 [adopted budget](#) is available on our website.

#### What's New

[Budgeting by Priorities Community Meeting](#)

**Monday, May 3**  
**7 to 9pm**  
Redmond City Hall  
Council Chambers  
15670 NE 85th Street



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## Best Practices in School District Budgeting (2015)

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 following steps as part of their planning and budgeting process.

- Step 1. Plan and Prepare.**
- Step 2. Set Instructional Priorities.**
- Step 3. Pay for Priorities.**
- Step 4. Implement Plan.**
- Step 5. Ensure Sustainability.**



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## Best Practices in Community College Budgeting (2015)

GFOA has developed a series of Best Practices in Community College Budgeting, which clearly outline steps to developing a budget that best aligns resources with student achievement goals. The budgeting process advocated for by the Best Practices in Community College Budgeting 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 overarching guide for decision-making and resource allocation. GFOA recommends that all community colleges go through the following steps as part of their planning and budgeting process.

**Step 1. Prepare and Develop Inputs to the Budget Process.**

**Step 2. Define Goals and Identify Gaps.**

**Step 3. Develop Strategies to Close the Gaps.**

**Step 4. Prioritize Spending to Enact the Strategies and Allocate Resources.**

**Step 5. Check Performance.**

**Step 6. Other Integrated Budgeting Practices.**



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## The Budget Process and Techniques

- Recommended Budget Practices from the National Advisory Council on State and Local Budgeting
- Financial Forecasting in the Budget Preparation Process
- Effective Budgeting of Salary and Wages
- Inflationary Indices in Budgeting
- Strategies for Managing Health-Care Costs
- Measuring the Full Costs of Government Service
- Pricing Internal Services
- Incorporating a Capital Project Budget in the Budget Process



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## Recommended Budget Practices from the National Advisory Council on State and Local Budgeting (1998)

- 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



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## Recommended Budget Practices from the National Advisory Council on State and Local Budgeting (cont.) (1998)

### Principle I – Establish Broad Goals

- Element 1  
– Assess Community Needs, Priorities, Challenges and Opportunities
- Element 2  
– Identify Opportunities and Challenges for Government Services, Capital Assets, and Management
- Element 3  
– Develop and Disseminate Broad Goals

### Principle II – Develop Approaches

- Element 4  
– Adopt Financial Policies
- Element 5  
– Develop Programmatic, Operating, and Capital Policies and Plans
- Element 6  
– Develop Programs and Services that are Consistent with Policies and Plans
- Element 7  
– Develop Management Strategies



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## Recommended Budget Practices from the National Advisory Council on State and Local Budgeting (cont.) (1998)

### Principle III – Develop Budget

Element 8  
– Develop a Process for Preparing and Adopting a Budget

Element 9  
– Develop and Evaluate Financial Options

Element 10  
– Make Choices Necessary to Adopt a Budget

### Principle IV – Evaluate Performance

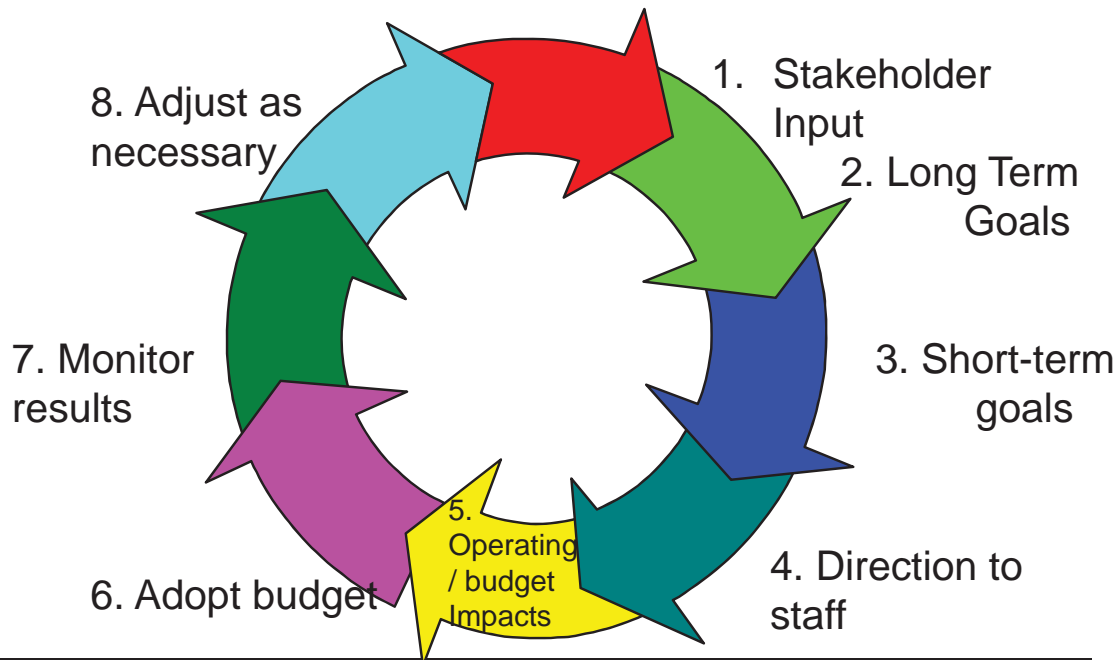
Element 11  
– Monitor, Measure, and Evaluate Performance

Element 12  
– Make Adjustments as Needed



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## Applying the Practices



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## Financial Forecasting in the Budget Preparation Process (2014)

- Define Assumptions
  - Time Horizon
  - Objective
  - Political/Legal Issues
  - Major Revenue and Expenditure Categories
- Gather Information
- Preliminary/Exploratory Analysis
  - Business Cycles
  - Demographic Trends
  - Anomalies
  - Variables



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## Financial Forecasting in the Budget Preparation Process (cont.) (2014)

- Select Methods
  - Extrapolation
  - Regression
  - Knowledge-based
  - Major Revenue and Expenditure Categories
- Implement Methods
  - Make the Forecast
  - Forecast Ranges
- Use the Forecast
  - Credibility of the Forecaster
  - Presentation Approach
  - Linking Forecast to Decision-making.



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## UTILITY TAX - TELEPHONE

City of  
Maryland  
Heights,  
Missouri

**Legal Authorization**

State Statute: 94.270  
City Ordinance: 87-302

**Account Code**

412-30  
412-31

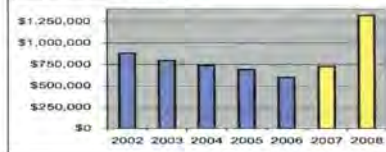
**Description**

The City levies a 5.5% gross receipts tax on utilities doing business in the City. Multiple telephone companies (primarily AT&T) provide local service to Maryland Heights. This tax is passed on to its customers by the utility company and remitted to the City each subsequent month. The City distributes the tax to the General Fund (5%) and the Streetlight Fund (0.5%). Litigation regarding this tax is pending.

**Comments**

Revenues declined substantially due to technology changes and the increased use of cellular phones. Litigation has been successful in applying the tax to cell phones with settlement of court cases in 2007 and expected in 2008.

**Financial Trend**



Fund Distribution					
Year		General Fund	Streetlight Fund		Total
2002	Actual	800,495	80,050		880,545
2003	Actual	721,294	72,129		793,423
2004	Actual	668,518	66,852		735,370
2005	Actual	627,565	62,757		690,322
2006	Actual	544,190	54,399		598,589
2007	Projected	660,000	66,000		726,000
2008	Projected	1,200,000	120,000		1,320,000



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**Tax Increment Financing Redevelopment Fund – Tax Increment Property Taxes**

Village of Barrington, Illinois

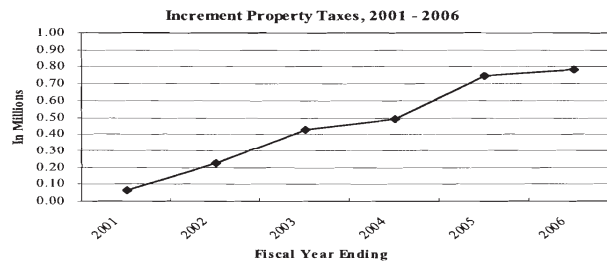
**Revenue Description** – Tax increment property taxes are derived from the real property located within the TIF District. The Village Board established the TIF District in 2000 to provide financial assistance to promote redevelopment activities and provide resources for capital improvements in the Village Center. The Board felt that without the TIF District, development in the Village Center was unlikely to occur.

**Source of Revenue** – As a result of the establishment of the District, the equalized assessed value of all properties within this area was frozen at its 1998 value. Taxes generated from this base are paid to the respective taxing bodies. Any increase in the equalized assessed value within the area over the base is provided to the TIF district. The increase in total equalized assessed value in the District, referred to as the “increment” is subject to the same tax rate as properties outside the district. The difference is that the revenues generated by applying the tax rate to the increment flows to the Village to pay for TIF eligible administrative and project expenses. The TIF District has an expected life of 23 years, the District and this Fund, unless extended by an action of the Corporate Authorities of the Village, will terminate in 2023.

**Elasticity of Revenue** – Property Taxes can be classified as a static revenue source because they are reliant on the underlying value of the real estate that is located in the Village (*real estate values are inelastic because they tend to vary in response to long-term economic trends rather than short-term economic variations*).

**Uses of Revenue** – The revenue from the TIF District is dedicated to the improvement of the Village Center, either through infrastructure improvements or by providing financial assistance for development activities.

**Trend Analysis** – The Village has received these revenues for a six years during which the amount of revenue received has increased substantially. In 2001, the TIF District received approximately \$61,000; in 2006, the District is expected to received \$785,000, this represents a 12 fold increase from the initial property tax revenue received. This increase in revenues is a result of the increase in the value of the properties in the District due to the redevelopment activities that have occurred in the District. Property values in the District have also increased as a result of the appreciation in real estate values in general over the past couple of years.



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**Projection for 2007 – 2008**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006 Projected</u>	<u>FY 2007 Projected</u>	<u>FY 2008 Projected</u>
State Shared Revenues (Best Case)	N/A	N/A	\$800,000	\$875,000	\$925,000
State Shared Revenues (Projection)	\$489,270	\$746,290	\$785,000	\$832,277	\$882,214
State Shared Revenues (Worst Case)	N/A	N/A	\$770,000	\$815,000	\$865,000

**Basis for Projection** – As a result of redevelopment activities in the District and appreciation in the real estate values in the District due to these redevelopment projects, the Equalized Assessed Value of the District is expected to increase in 2007 and 2008. In 2006 Cook County properties went through the reassessment process which will also positively impact property values in the District. The projection for revenues is based on these factors with the high end of the range being approximately 5% higher than the projection due to the potential for additional revenues from redevelopment and increases in the EAV (*the low end of the range is approximately 2% lower than the projection*).



**Budget Assumptions**

Financial projections are developed using expected, worst, and best case assumptions. The expected case assumptions are used to start the budget process and the worst and best case assumptions are used in contingency planning. Using the following expected case assumptions a balanced budget is projected.

<b>Worst</b>	<b>Expected</b>	<b>Best</b>
FTEs decline to 2,075. (40)	<b>Full-time Equivalent (FTE) Students</b> FTE's are projected to increase to 2,125 in 2007-08. 2,125	FTEs grow to 2,150. +25
A tax levy increase of 3 percent. Property values lower than 5 percent would increase the tax. (\$98,600)	<b>Tax Levy</b> A tax levy increase not to exceed 3.5 percent over the total levy for 2007-08. A 5 percent increase in equalized property values is projected. \$20,244,400	Property values higher than 5 percent would reduce the tax rate but tax levy would remain the same. +\$0
College's formula factors decrease, and there are state aid reductions due to the biennial budget. (\$80,000)	<b>State Aids</b> Revenues from general state aids are expected to remain the same as 2006-07. \$3,739,400	College's equalization index and FTEs increase resulting in increased state aids. Additional grants are written. Biennial budget request for general state aids is approved. +\$80,000
Tuition increases by 4 percent or FTEs decline to 2050. (\$134,000)	<b>Tuition/Student Fees</b> Tuition and fee revenue are expected to increase by 5 percent. \$4,334,000	Tuition increases by 6 percent or FTEs increase to 2150. +\$193,000
Decrease in interest income, auxiliary service commissions, and contracts. (\$145,000)	<b>Institutional Revenue &amp; Workforce Solutions</b> Interest income and commission from auxiliary service contracts are expected to increase from 2006-07. Customized training and technical assistance contracts are also expected to increase and generate revenues to recover expenses. \$1,895,000	Larger increase in interest income, auxiliary service commissions, and contracts. +\$105,000
Expenditures increase by 7 percent. Health insurance increases by 15 percent and dental insurance by 10 percent +\$245,000	<b>Expenditures</b> General Fund expenses are expected to rise 4 percent including personal services and current expenses. Health insurance is expected to increase by 12 percent and dental insurance by 8 percent. \$25,258,000	Expenditures increase by 3 percent. Health insurance increases by 8 percent and dental insurance by 6 percent. (\$245,000)
Significant reduction in funding for grants occurs. (\$100,000)	<b>Grants &amp; Projects</b> State and federal grants are expected to be funded at a slightly lower level. With expenditures for salary and benefits increasing, there is a need for more local support. \$1,425,000	Approval of additional funding federal or state funding. +\$200,000



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## Effective Budgeting of Salary and Wages (2010)

- Personnel Tracking System
- Vacancy Adjustments
  - Start Dates
  - Trends
  - Frozen Positions
  - Funded versus Unfunded
  - Attrition
- Collective Bargaining Agreements
- Impact of Inflation
- Optimal Staffing Level
  - Comparison to other Governments
  - Staffing Guidelines
  - Classifying Position by Goal
  - Use of Volunteers/Temporary Positions



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## Effective Budgeting of Salary and Wages (cont.) (2010)

- Compensation Approaches
  - Step and Grade Systems
  - Pay for Performance
  - Surveys
- Personnel Categorization
  - Capital versus Operating
  - Cost Allocation
  - Funding Sources
  - Privatization or Shared Services
- Monitoring



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	Fiscal Year 2001			FY 2001 Year-End Filled	Fiscal Year 2002			FY 2002 Year-End Filled	Fiscal Year 2003		Fiscal Year 2004 Approved
	Authorized	Average Filled	Average Vacant		Authorized	Average Filled	Average Vacant		Authorized	Revised	
Wastewater Treatment	186	161	25	153	169	149	20	144	169	152	144
Water Services	198	167	31	165	173	155	18	150	173	170	170
Sewer Services	188	162	26	159	171	152	19	144	171	160	160
Maintenance Services	230	193	37	188	197	185	12	181	197	194	190
Engineering & Technical Services	117	99	18	96	117	94	23	97	117	118	118
Customer Service	138	123	15	112	123	109	14	97	123	110	105
<b>Subtotal</b>	<b>1,057</b>	<b>905</b>	<b>162</b>	<b>873</b>	<b>950</b>	<b>844</b>	<b>106</b>	<b>813</b>	<b>950</b>	<b>904</b>	<b>887</b>
Secretary to the Board of Directors	2	2	-	2	2	2	-	2	2	2	2
General Manager	6	4	2	4	6	5	1	5	6	6	6
General Counsel	9	7	2	7	9	8	1	8	9	10	10
Public Affairs	5	3	2	4	5	4	1	3	5	5	5
Internal Audit	3	3	-	3	4	3	1	2	4	4	4
Finance	42	38	4	40	42	39	3	38	42	42	42
Information Technology	29	19	10	19	29	16	13	14	29	29	29
Risk Management	3	2	1	2	3	2	1	2	3	3	3
Assistant General Manager											
Administration	3	3	-	2	4	3	1	4	3	4	4
Facilities and Security	73	61	12	60	72	57	15	59	73	63	63
Occupational Safety and Health	5	5	-	5	5	5	-	4	5	6	6
Procurement & Materiel Management	48	45	3	44	42	40	2	39	42	40	40
Fleet Management	5	5	-	4	5	4	1	5	5	5	5
Human Resources	19	19	-	20	20	20	-	19	20	21	21
<b>Subtotal</b>	<b>252</b>	<b>216</b>	<b>36</b>	<b>216</b>	<b>248</b>	<b>208</b>	<b>40</b>	<b>204</b>	<b>248</b>	<b>240</b>	<b>240</b>
<b>Total Positions</b>	<b>1,309</b>	<b>1,121</b>	<b>188</b>	<b>1,089</b>	<b>1,198</b>	<b>1,052</b>	<b>146</b>	<b>1,017</b>	<b>1,198</b>	<b>1,144</b>	<b>1,127</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Collective Bargaining Group Name	Group Represented	FTE Positions Represented	Beginning Date of Contract	End Date of Contract	City of Norwich, Connecticut
International Brotherhood of Police Officers (IBPO), Local 38	City 911 Dispatchers	8.00	7/1/2004	6/30/2007	
International Association of Fire Fighters, Local 892	City Firefighters	53.00	7/1/2004	6/30/2007	
Norwich City Hall Employees Association, Inc., Connecticut Independent Labor Union (CILU), Local #11	City Non-supervisory administrative employees	71.50	7/1/2004	6/30/2007	
IBPO, Local 324 *	City Police Officers	80.00	7/1/2004	6/30/2007	
CILU, Local #24	City Public Works Employees	50.00	7/1/2004	6/30/2007	
Public Works Supervisors, American Federation of State, County & Municipal Employees (AFSCME), Local #18, Council 4	City Public Works Supervisors	5.00	7/1/2005	6/30/2008	
Municipal Employees Union "Independent" (MEUI)-Supervisors	City Supervisory administrative employees	12.00	7/1/2006	6/30/2009	
Norwich School Administrators Association	NPS Administrators	18.00	7/1/2006	6/30/2008	
MEUI Local 506, SEIU, AFL-CIO	NPS Custodians	26.00	7/1/2003	6/30/2006	
Teamsters Local Union No. 493	NPS Maintainers	3.00	7/1/2002	6/30/2007	
MEUI Local 506, SEIU, AFL-CIO	NPS Paraeducators	82.00	7/1/2005	6/30/2009	
New England Health Care Employees Union District 1199, SEIU, AFL-CIO	NPS School Nurses	16.00	7/1/2005	6/30/2009	
Norwich Educational Secretaries, AFSCME Local 1303-190, Council 4	NPS Secretaries	24.00	7/1/2004	6/30/2007	
Norwich Teachers League	NPS Teachers	294.95	7/1/2004	6/30/2008	
Supervisory Employees Association, Inc. AFSCME Local 818, Council 4	NPU Supervisory and Professional Employees	33.00	7/1/2005	6/30/2008	
International Brotherhood of Electrical Workers Local 457, Norwich Unit	NPU Technical and clerical workers	104.00	7/1/2005	6/30/2008	
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02	NPU Water distribution employees	8.00	7/1/2005	6/30/2008	



GOVERNMENT FINANCE OFFICERS ASSOCIATION

APPROVED INCREASES IN HUMAN RESOURCES

City of Burlington, Ontario

Position Title	Department	2008 FTE Impact	# Of New RFT Complement Positions	Expected Start Date
<b>NEW REGULAR FULL TIME (RFT):</b>				
Councillors Assistant (BC-093)	Councillors Office	1.00	1.00	April 1
Internal Auditor (BP-3-08-8)	Office of the City Manager	1.00	1.00	July 1
Financial Analyst (BP-3-08-8)	Finance	1.00	1.00	April 1
4 Firefighters (BC-005)	Fire	4.00	4.00	June 1
Contract Administrator (BC-069)	Engineering	1.00	1.00	June 1
<b>CONVERSIONS TO REGULAR FULL TIME:</b>				
Parking Maintenance Handyman (0.7 part-time FTE to 1.0 RFT) (BC-101)	Transit & Traffic	0.30	1.00	April 1
Recreation Co-ordinator for the Waterfront (0.6 part-time FTE to 1.0 RFT) (BC-061)	Parks & Recreation	0.40	1.00	July 1
<b>REDEPLOYMENTS:</b>				
Business Process Co-ordinator (position of Facility Assistant was eliminated) (BP-3-08-8)	Parks & Recreation	0.00	0.00	March 17
Facility Co-ordinator - Special Projects (position of Housekeeper was eliminated) (BP-3-08-8)	Parks & Recreation	0.00	0.00	March 17
<b>PART-TIME:</b>				
Equipment Operator for Waterfront, Pier & Transient Docks (BC-036)	Roads & Parks Mtce.	0.50	0.00	May 1
Seasonal Maintenance Person (BC-040)	Roads & Parks Mtce.	0.50	0.00	May 1
3 School Crossing Guards (BC-048)	Transit & Traffic	0.93	0.00	March 17
Additional Part-time Hours for Transit Services on Statutory Holidays (BC-049)	Transit & Traffic	0.18	0.00	March 21
Transit Clerk - Operations & Vehicle Maintenance (BC-054)	Transit & Traffic	0.70	0.00	April 1



GOVERNMENT FINANCE OFFICERS ASSOCIATION

City of Roswell, Georgia

**Funded New Full-Time Positions**

A total of thirty-five additional full-time positions were requested for FY 2009 totaling \$2,866,809. The FY 2009 Approved Budget includes funding for fifteen additional full-time positions. The total cost for the approved new positions is \$1,140,949. The approved new positions are as follows:

Position Description	Total Operating Cost for Position	# of Positions
<b>Environmental/PW</b> (1) Equipment Operator I - (from part-time to full-time) (Recycling Center)	\$25,162	1
(1) Water Plant Operator I (from part-time to full-time)	\$30,871	1
(6) New Police Officers (\$114,887 ea: \$68,537 operating +\$46,350 for additional vehicle and equipment under capital - \$82,766 delay of hiring 3 positions until January)	\$606,556	6
(3) Detention Officer I (\$56,837 ea)	\$170,510	3
<b>Transportation</b> (1) CIP & Design Manager (Transportation Personnel Reorganization)	\$114,366	1
(1) Transportation Planner III (Transportation Personnel Reorganization)	\$88,569	1
(1) Sr. Transportation Engineer (Transportation Personnel Reorganization)	\$104,915	1

**Total Approved Additional Personnel: \$1,140,949 14**



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## Unfunded New Full-Time Positions

City of Roswell,  
Georgia

For FY 2009, City Departments submitted requests for twenty additional full-time positions that are not included in the FY 2009 Approved Budget. The total cost for unfunded positions is \$1,643,094. The unfunded positions are as follows:

Position Description	Total Cost for Position	# of Positions
<b>Administration:</b> (1) Web Developer/Graphic Artist for Community Information	\$84,623	1
(1) Training and Employment Coordinator (Human Resources)	\$83,270	1
(1) Administrative Specialist II (from part-time to full-time) (Human Resources)	\$22,914	1
<b>Community Development:</b> (1) GIS Analyst	\$83,511	1
<b>Environmental/PW:</b> (1) Equipment Operator I - (Stormwater)	\$49,142	1
<b>Finance:</b> (1) Deputy Finance Director	\$117,363	1
(1) P-Card Coordinator (from part-time to full-time)	\$38,671	1
(6) New Police Officers (\$114,887 ea: \$68,537 operating + \$46,350 for additional vehicle and equipment under capital)	\$689,322	6
(1) Additional Evidence Technician (Police)	\$56,687	1
(3) Administrative Specialist I (Jail) (\$50,148 ea)	\$150,445	3
(1) Administrative Specialist II - (Jail)	\$54,614	1
(1) Jail Manager	\$72,725	1
<b>Recreation and Parks</b> (1) Parks Coordinator (Big Creek Park, Garrard Lndg, Ace Sand)	\$82,770	1
(1) Crew Leader (Big Creek Park, Garrard Lndg, Ace Sand)	\$57,037	1
<b>Total Unfunded Additional Personnel:</b>	<b>\$1,643,094</b>	<b>21</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## SCHOOL-BASED COST CENTER BUDGET GUIDELINES FOR 2003-04

Fulton County Schools,  
Georgia

### "SUPPORT STAFFING SHEET"

	Elementary	Middle	High
<b>Principal</b>	1 per school	1 per school	1 per school
<b>Assistant Principal</b>	0-1199 = 1 1200-1999 = 2 2000-2500 = 3	0-999=2 1000-1499=3 1500-1999=4 2000-2499=5	0-749 = 1 750-1199 = 2 1200-1999 = 3 2000 - 2499 = 4 2500 - 2999 = 5 3000 - 3499 = 6
<b>Counselor</b>	0-749 = 1 750-999 = 1.5 1000-1249 = 2 1250-1499 = 2.5 1500-1749 = 3.0	0-499 = 1 500-1249 = 2 1250-1749 = 3 1750-2249=4 2250-2749=5	0-374 = 1 375-749 = 2 750-1124 = 3 1125-1499 = 4 1500-1874 = 5 1875-2249 = 6 2250-2625 = 7 2626-2999 = 8



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## EMPLOYEES PER 1,000 POPULATION COMMUNITY COMPARISON

Village of Bartlett,  
Illinois

Below are the results of a survey conducted in January 2006, comparing employees per 1,000 population for 40 suburbs in the area. Bartlett ranked 35th out of the 40 suburbs surveyed. Bartlett has been at or below this rank for many years.

Rank	Municipality	Population	Full Time Employees*	Employees per 1,000 Population	Rank	Municipality	Population	Full Time Employees*	Employees per 1,000 Population
1	Barrington	10,188	93	9.15	21	West Chicago	25,571	143	5.59
2	St Charles	31,834	286	8.98	22	Hoffman Estates	50,573	272	5.37
3	Des Plaines	56,945	442	7.76	23	Elmhurst	42,762	223	5.21
4	Wood Dale	13,535	99	7.31	24	Lisle	23,506	119	5.06
5	Niles	30,100	215	7.14	25	Downers Grove	50,000	253	5.06
6	Morton Grove	22,451	158	7.04	26	Glen Ellyn	26,999	128	4.74
7	Glendale Heights	32,000	225	7.03	27	Arlington Heights	76,943	358	4.65
8	Elk Grove Village	34,727	234	6.74	28	Park Ridge	37,775	174	4.61
9	Geneva	21,901	146	6.67	29	Woodridge	33,253	150	4.51
10	Bloomington	21,675	142	6.55	30	Lombard	43,000	191	4.44
11	Schaumburg	75,386	494	6.55	31	Carpentersville	34,662	150	4.33
12	Rolling Meadows	24,604	160	6.52	32	Roselle	23,115	100	4.33
13	Batavia	25,264	164	6.49	33	Wheaton	55,416	235	4.24
14	Crystal Lake	39,800	258	6.48	34	Hanover Park	38,278	155	4.05
15	Woodstock	21,657	137	6.33	35	Bartlett**	40,551	162	4.01
16	Lake Zurich	18,882	114	6.00	36	Carol Stream	40,438	169	3.93
17	Addison	35,935	210	5.84	37	Palatine	65,920	258	3.91
18	Libertyville	20,800	120	5.77	38	Streamwood	38,407	148	3.85
19	Elgin	102,239	581	5.68	39	Buffalo Grove	43,195	159	3.68
20	Wheeling	34,496	193	5.59	40	South Elgin	20,844	74	3.55

\* - excludes Fire Department and Parks/Recreation Department employees

\*\* - excludes Golf Course employees and Crossing Guards



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Inflationary Indices in Budgeting (2010)

- Inflation Indices
  - CPI
  - GDP Deflator
  - Construction Price Index
  - Employment Cost Index
  - Municipal Cost Index
- Alternatives to Using Indices
  - Economic Consultants
  - Local Universities
  - Peer Governments
  - Vendor Contacts
  - Industry Specific Journals



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**Adjustments in Proposed 2008 Budget**

	Existing Standard				Sub-total	Service Level Changes				2008 Impact
	FTE's	Inflation	Growth	Capital Impact		FTE's	Service Level Changes	New Service/Program	Sub-total	
<b>GENERAL FUND</b>										
<b>Operating Expenditures</b>										
General Government - Staffing		276,300	13,000	0	289,300	1.00	45,000	0	45,000	334,300
Community Services - Staffing		160,800	0	0	160,800	3.00	117,000	0	117,000	277,800
Planning and Development - Staffing		38,600	8,800	0	47,400		5,000	0	5,000	52,400
Public Safety - Staffing		159,500	0	0	159,500			0	0	159,500
Public Works & Engineering - Staffing		118,000	0	0	118,000	1.00	73,000	0	73,000	191,000
Legal Fees		30,000	0	0	30,000		0	0	0	30,000
Increase in Accrued Future Benefit		112,000	0	0	112,000		0	0	0	112,000
Software/Hardware Maintenance/Acquisition		8,000	98,975	0	106,975		0	0	0	106,975
Planning & Development- Public Awareness		0	0	0	0		5,000	0	5,000	5,000
Planning & Design Projects		0	30,000	0	30,000		0	0	0	30,000
Building Inspection Consultant Fees		0	0	0	0		0	20,000	20,000	20,000
MED Contracted Cost - Commissionaires		0	0	0	0		58,000	0	58,000	58,000
Public Transit Contracted Costs		188,000	0	0	188,000		0	0	0	188,000
Vehicle Fuel Costs		33,000	0	0	33,000		0	0	0	33,000
Power and Heating Fuel Costs		278,000	0	0	278,000		0	0	0	278,000
Winter Sanding Materials		10,000	0	0	10,000		0	0	0	10,000
Road Patching Contracted/ Material Costs		30,000	0	0	30,000		0	0	0	30,000
Assessment Contracted Cost		17,200	0	0	17,200		0	0	0	17,200
		1,459,400	150,775	0	1,610,175	5.00	303,000	20,000	323,000	1,933,175
<b>Cuts to Operating Expenditures</b>										
Reduction in Vehicle O&M		(137,000)	0	0	(137,000)		0	0	0	(137,000)
Reduction in Arctic Winter Games		0	0	0	0		0	(175,000)	(175,000)	(175,000)
Insurance Premiums Reduction		(175,100)	0	0	(175,100)		0	0	0	(175,100)
Other		0	0	0	0		0	0	0	0
		(312,100)	0	0	(312,100)		0	(175,000)	(175,000)	(487,100)
<b>Net Operating Expenditures</b>	0.00	1,147,300	150,775	0	1,298,075	5.00	303,000	(155,000)	148,000	1,446,075



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**Comparable Salary & Merit Increase Survey  
Fiscal Year 2008-2009**

Village of  
Westmont,  
Illinois

Municipality	COLA Increase	Merit Increase Maximum
Addison	3.66%	
Bloomington	3.50%	4.00%
Bolingbrook	3.00%	2.00%
Carol Stream	4.25%	5.50%
Clarendon Hills	3.75%	4.00%
Downers Grove		4.00%
Glen Ellyn	3.50%	4.50%
Glendale Heights	3.50%	
Hanover Park	2.00%	3.00%
Hanover Park		4.00%
Itasca	3.50%	
Lemont		6.00%
Lisle		4.00%
Lombard	3.75%	2.00%
Naperville	3.00%	4.00%
Oak Brook	3.50%	
Roselle	3.50%	
St. Charles	3.50%	
Schaumburg	3.50%	
Villa Park	4.00%	
Warrenville	3.50%	6.00%
Wheaton	3.50%	4.00%
Willowbrook	4.00%	
Wood Dale	5.00%	
Woodridge	4.00%	
<b>Average</b>	<b>3.59%</b>	<b>4.07%</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Strategies for Managing Health-Care Costs (2014)

- Monitor Medical Plan Network and Prescription Drug Discounts
- Set an Appropriate Level of Cost Sharing with Employees
- Encouraging Good Consumer Behaviors
- Analyze Risks in Self-Insurance
  - Premiums
  - Administrative Fees
  - High-cost Claims
  - High-cost Areas
  - Stop-loss Insurance Programs
  - Wellness Programs



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## Strategies for Managing Health-Care Costs (cont.) (2014)

- Measurements to Assess Plan Performance
  - Medical Loss Ratio
  - Medical Claim Trends
  - Network Discounts
  - Administrative Fees
  - Prescription Drug Cost Trend/Generic Drug Substitution Rate
- Additional Strategies
  - Federal Requirements
  - Long-term Plan
  - Build Support
  - Educate Employees
  - Audit Plan Records
  - Rebid Periodically



GOVERNMENT FINANCE OFFICERS ASSOCIATION

The total cost for benefits by the major categories is provided below to provide insight into the changes over time. Remember that “Budget” will appear to jump in comparison to “Actual” given that the City frequently has unfilled positions at different times throughout the year that result in temporary expenditure savings.

	FY'11 Actual	FY'12 Actual	FY'13 Budget	FY'14 Adopted	FY'15 Projected
Fica/Medicare	971,187	1,005,288	1,037,009	1,095,300	1,113,908
Workers Comp	133,000	193,626	297,274	307,223	309,089
Insurance (Health & Life)	3,138,821	3,217,484	3,503,125	3,784,229	4,101,050
Retiree Insurance	167,418	103,708	136,472	200,444	288,170

**Fica/Medicare:** These are the mandatory federal payroll taxes required to be paid by all public and private employers.

**Workers Compensation:** The City is self-insured for workers compensation claims. At the end of each fiscal year, if the balance available in the workers comp fund is above the target minimum required reserves due to lower amounts of claims during the year, the fund issues a credit back to the departments. This is why actual results in recent years look substantially lower than budgeted expenditures.

**Insurance (Health & Life):** Health insurance and dental insurance make up the bulk of this expenditure category. The City pays 92.5% of health insurance premiums for all classes of employees and all bargaining units also have a cost sharing agreement for annual increases that are in excess of 10% per year. Insurance costs by major operating departments are presented on the following page.

**Retiree Insurance:** The City has an obligation to pay four years of health insurance premiums upon retirement and this is the budgeted premium payments for retirees. Employees hired on or after January 1, 2007, are no longer eligible for the 48 months of Coverage at time of PERS retirement election, except as agreed to in signed labor union contracts between the City and labor unions.



## Measuring the Full Costs of Government Service (2002)

- 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
  - Consider effect of depreciation on comparisons between governments



### **Purpose of the Plan**

The purpose of the city's cost allocation plan is to identify the total costs of providing specific city services. The cost of delivering city services can be classified into two basic categories: direct and indirect costs.

"Direct costs" are those that can be specifically identified with a particular cost objective, such as street maintenance, police protection and water service. "Indirect costs" are not readily identifiable with a direct operating program, but rather, are incurred for a joint purpose that benefits more than one cost objective.

Common examples of indirect costs include accounting, purchasing, legal services, personnel administration and building maintenance. Although indirect costs are generally not readily identifiable with direct cost programs, they should be reflected as an integral part of the total cost of providing specific goods or services.

### **Budgeting and Accounting for Indirect Costs**

Theoretically, all indirect costs could be directly charged to specific cost objectives; however, practical difficulties generally preclude such an approach for organizational and accounting reasons. As such, almost all organizations separately budget and account for direct and indirect costs at some level depending on their financial reporting needs and the level of sophistication and complexity of their operations.

The Cost Allocation Plan's objective is to identify indirect costs and allocate them to benefiting direct cost programs in a logical and uniform manner consistent with generally accepted accounting principles.



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### **DETERMINING DIRECT AND INDIRECT COSTS**

The first step in preparing the City's cost allocation plan is determining direct and indirect costs. Program costs that primarily provide service to the public are identified as direct costs or as they are interchangeably called -service centers. Cost of programs that primarily provide services to the organization are identified as indirect costs or support centers.

Use allowance costs for facilities and equipment have also been developed. In accordance with general accepted accounting principles, only operating costs are considered in preparing the cost allocation plan. As such, capital outlay and debt service costs are excluded from the calculations.

### **ALLOCATING INDIRECT COSTS**

For general purposes, a citywide indirect cost rate can be developed and computed by simply identifying the direct and indirect costs as shown on page four of this report. The ratio of all support centers or indirect costs to the service centers costs represents the overall indirect cost rate. By applying this rate to any specific direct cost program, the total cost of the program can be determined. For example, if a service or program costs \$100,000, the total full cost of this program in this fiscal year with a computed indirect costs rate of 36.6% would be \$136,600.

### **Bases of Allocation**

Above computation assumes that all indirect costs are incurred proportionately to the direct cost of the program. However, this may not be a reasonable assumption in all cases, as the benefit received from certain types of support service programs may be more closely related to an activity indicator other than cost. For example, personnel administration and payroll costs would be more equitably allocated based on the number of personnel. Because of this, this plan establishes separate allocation bases for each support center. With this approach, indirect costs can be allocated to each direct cost program in a fair, convenient, and most importantly, consistent manner.



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**USES OF THE PLAN**

By identifying total program costs, the cost application plan can be used as a basic analytical tool in a wide range of financial decision-making situations, including:

**Grant Administration.** Under federal cost accounting policies (Circular A-133), it is permissible to include indirect costs in accounting for grant programs. By establishing indirect cost rates, the cost allocation plan can be used in recovering the total costs (direct and indirect) associated with implementing grant programs.

**Enterprise Fund Accounting.** The cost allocation plan can be used to identify the costs incurred by the General Fund in providing administrative support services to the City's enterprise operations. In the past, the City's support centers costs are allocated to the water and sewer fund using a formula that has been established a while back. The cost allocation plan will now provide a detailed documentation of the administrative charge to the enterprise funds. The plan is designed to be annually updated based upon the approved budget.

**User Charges.** Similar to ensuring that enterprise fund revenues fully recover their costs, the cost allocation plan can also be used in determining appropriate user fees for various fees and charges such as planning applications, building permits and other services rendered to the public.

**Labor Rates.** The City has also developed hourly rate schedules that identify the total full labor costs for all regular positions. Key components of the "full-cost" rate include the basic hourly rate, fringe benefits and load rates that consider actual productive hours taking into consideration paid and leave benefits. Additionally, the full-cost rate will also include both the departmental and an average organization-wide and program administration overhead rate.

**Contracting-Out for Services.** By identifying total costs, the cost allocation plan can also be helpful in analyzing the costs of contracting for services versus performing services in-house.



**Basis of Allocating the Indirect Costs**

Service costs are allocated by department based on cost drivers that are specific to that service department. Most of the indirect costs are allocated proportionally based on the amount of direct costs within that department. But in some cases specific activity driving factors are more appropriate to allocate the indirect costs. For examples it is more accurate to allocate Human Resources costs based on total salary cost or number of full time employees rather than total budget costs. The specific basis for each indirect costs allocation is discussed bellow. The Cities Accounting department will by analyzing and identifying additional cost drivers in 2007/2008 to further improve the cities cost allocation plan.

**Method of Indirect Cost Allocation**

The City uses a "Double Step Down" method which allocates service costs to all departments and then allocates service costs only to operating departments. The "Indirect Cost Allocation Transfer" account will be listed as a line item to record the allocation of service department costs between separate funds. The Double Step Down method is recognized in private industry, non-profit, and governmental accounting as one of the most accurate methods of cost allocation.

**Summary of Indirect Cost Allocation Drivers**

Below is a list of all service departments that are allocated within this cost allocation plan and the corresponding cost allocation driver that is used as a basis for the allocation of the department.

**TABLE 1**

<u>Service Department</u>	<u>Cost Allocation Driver</u>
City Council	Total Budget*
Administration	Total Budget*
City Manager	Total Budget*
Budget & Performance Measurement	Total Budget*
Human Resources / Risk Management	Annual Salary & Benefits
Non-Departmental	Total Budget*
Finance	Projected Work load for 2007/2008





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## Pricing Internal Services (2013)

Internal services are those responsibilities a government provides to support its own internal operations. Common examples of internal services include information technology, payroll, motor pool, budgeting, legal, accounting, and human resources.

Governments should follow these six steps when considering an internal service pricing system.

- 1) Identify goals of internal service pricing;
- 2) Develop allocation strategy;
- 3) Define level of costing detail;
- 4) Determine cost of service;
- 5) Decide basis of allocation; and
- 6) Consider potential drawbacks.



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## Pricing Internal Services (cont.) (2013)

- Potential goals for a pricing system include:
- *Govern demand for a service.*
- *Develop enterprise rate models.*
- *Calculate indirect cost reimbursement for grants.*
- *Provide input for full-costing model.*
- *Promote discussion about the value of the service provided.*
- *Examine value of a shared service model.*
- *Promote competition in service delivery.*
- *Ability to customize service levels for different customers.*



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## Examples of Internal Services Cost Allocation Bases

Internal Service	Allocation Basis
Payroll processing	Number of employees, number of checks
Budgeting	Labor hours, size of budget
Insurance	Number of employees, experience
Legal services	Direct labor hours
Office space / rent	Square feet of space occupied
Procurement services	Number of P.O.s, dollar volumes, direct labor
Vehicle costs	Miles driven, hours used
Information technology	Number of devices, server time, number of calls to help desk, direct labor hours



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## **Incorporating a Capital Project Budget in the Budget Process (2007)**

- The capital budget should be directly linked to, and flow from, the multi-year capital improvement plan.
- Organizations should establish specific criteria early in the process to help prioritize capital submittals.
- The capital budget should be adopted by formal action of the legislative body, either as a component of the operating budget or as a separate capital budget.
- Should comply with all state and local legal requirements.
- Include a definition of capital expenditure for that entity.
- Provide a summary information of capital projects by fund, category, etc.
- Show a schedule for completion of the project, including specific phases of a project, estimated funding requirements for the upcoming year(s), and planned timing for acquisition, design, and construction activities.



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## Incorporating a Capital Project Budget in the Budget Process (cont.) (2007)

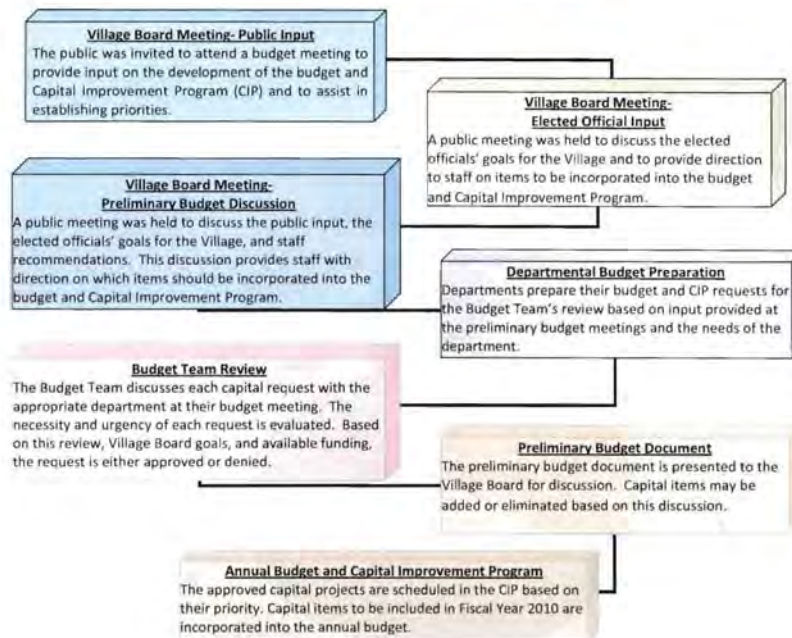
- Descriptions of the general scope of the project, including expected service and financial benefits.
- A description and quantify any impact the project will have on the current or future operating budget.
- Estimated costs of the project, based on recent and accurate sources of information.
- Identified funding sources for all aspects of the project.
- Any analytical information deemed helpful for setting capital priorities.
- Periodic reports should be issued routinely on all ongoing capital projects. comparing actual expenditures to the original budget, identify level of completion of the project, and enumerate any changes in the scope of the project, and alert management to any concerns with completion of the project on time or on schedule.



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### Capital Improvement Program Process

City of  
Hanover  
Park, Illinois



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## CAPITAL RANKING MODEL

The City's Capital Planning Model provides structure to the capital planning process. Each proposed capital project is evaluated and ranked among the group of proposed projects according to how well it meets specified criteria. Essentially, the model provides a consistent and objective means of evaluating capital projects affecting all aspects of the City's business.

### Prioritization

The first step in the development of the Model was to establish priorities regarding which projects merit particular attention by Council. Not all projects can be evaluated using the same criteria. Therefore, the list of projects was then classified into four separate categories.

#### Council Priorities

Projects, which Council deems to be high priority based on special circumstances, are distinguished from the group. These projects may bypass the ranking process for expedited approval.

#### Sustaining Capital

Projects which are relatively small in scale and which serve to maintain the City's existing infrastructure are evaluated through highly specific prioritization processes. These projects include

investments in Information Technology (IT), and other assets such as building renovations, furniture and equipment.

#### Capital from Statutory Reserve Funds

Projects funded out of statutory reserves are also evaluated through highly specific prioritization processes. These projects include sewer, water and growth-related infrastructures funded out of DCC's. Funds are levied for the express purpose of providing these services and cannot be reallocated to fund other capital projects.

#### Large Scale Capital

The majority of capital funding required is directed at large scale capital projects. However, as the Executive Summary indicates, there are insufficient funds available to support all proposed projects. Consequently, these projects are ranked in order of priority using the Capital Planning Model.

### Evaluation Criteria

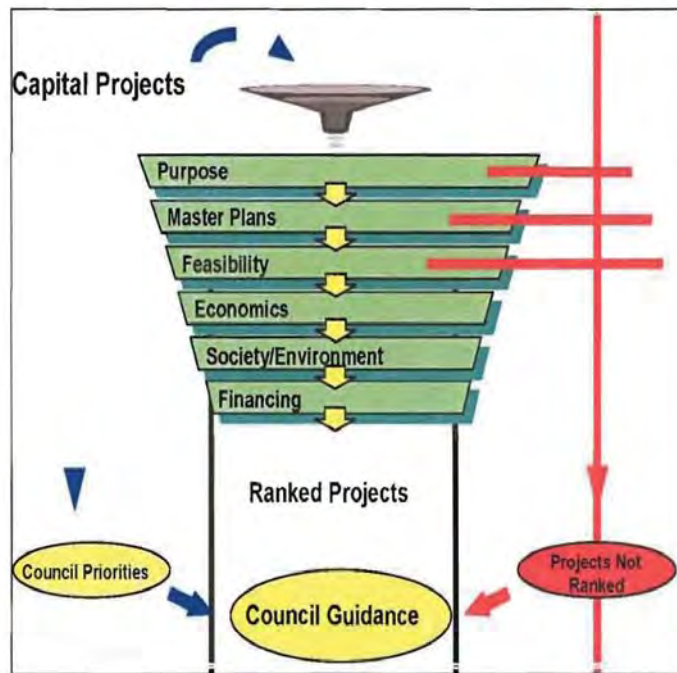
The model incorporates criteria deemed important for evaluating demands on the City's scarce capital resources.

Each project is subjected to a series of questions. For each criterion, there may be one or more questions requiring a response. How these questions are answered determines how well a project fares against the criteria. A conceptual view of the model is depicted below:

City of  
Surrey,  
British  
Columbia



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City of  
Surrey,  
British  
Columbia



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**CAPITAL PROJECT COST BENEFIT ANALYSIS  
BUDGET YEAR 2009**

Water One,  
Kansas

Originator: Chuck Weber Capital Number: AC-09100  
 Capital Item Requested: 131st Booster Pumping Modifications  
 Cost: \$100,000 Estimated Life: 50 years Date: 6.27.08

**PAYBACK PERIOD**

End of Year	0	1	2	3	4	5
	2009	2010	2011	2012	2013	2014
<b>PROPOSED COSTS:</b>						
Equipment	\$100,000					
Material						
Labor						
38% X Labor Related Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Operating Exp	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
Maintenance						
Other						
<b>Total</b>	<b>\$80,000</b>	<b>(\$20,000)</b>	<b>(\$20,000)</b>	<b>(\$20,000)</b>	<b>(\$20,000)</b>	<b>(\$20,000)</b>
<b>CURRENT COSTS:</b>						
Material						
Labor						
38% X Labor Related Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Operating Exp						
Maintenance						
Other						
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$80,000)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Cumulative	(\$80,000)	(\$60,000)	(\$40,000)	(\$20,000)	\$0	\$20,000
Payback Years:						4.00



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**GEOGRAPHIC DISTRIBUTION**

City of Ann  
Arbor,  
Michigan

The anticipated geographic project distribution is quite equitable in the four city planning areas (central, south, west and northeast) with all four areas 16.37 – 21.73% of the number of projects in the CIP. In terms of the project cost distribution, the west area contains the lowest percentage of the total project costs, but it has the greatest number of individual projects. In contrast to this trend, the central and northeast areas have the fewest number of projects yet have the greatest percentage of project costs, with some of very costly projects including the Police Department/Court Facility, many of the Model for Mobility Projects and the two East Stadium Bridge Replacement projects.

Geographic/Planning Area	Number of Projects	Percent of Projects	Total Project Costs	Percent of Total CIP Costs
Central	59	17.56%	\$94,592,500	14.47%
West	73	21.73%	\$59,167,000	9.05%
Northeast	55	16.37%	\$105,466,500	16.13%
South	64	19.05%	\$67,236,000	10.29%
Multiple Planning Areas	19	5.65%	\$20,132,000	3.08%
City-Wide	46	13.69%	\$147,925,000	22.63%
Ann Arbor Township	4	1.19%	\$138,350,000	21.16%
Pittsfield Township	13	3.87%	\$11,252,000	1.72%
To Be Determined (TBD)	3	0.89%	\$9,560,000	1.46%
<b>TOTALS</b>	<b>336</b>	<b>100%</b>	<b>\$653,681,000</b>	<b>100%</b>



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### Cost Monitoring

The Tollway maintains a project management database which is used to monitor and measure program status, provide early identification of problem areas, provide for alternative analysis, and to ensure that pertinent information is communicated to project participants. It allows for real time access for information on budgets, commitments, expenditures, cash flows, forecasts, and performance status. Timely reporting of this information allows decisions to be made in advance, permitting effective cost control of the project.

Regularly published reports include performance measures to assess the magnitude of variations that occur on projects. The Tollway analyzes the causes of the variances and determines what corrective actions are required. Examples of financial reports that are developed to assist in the variance analysis include:

- Monthly Project Status Reports focus on schedule and cost status, proposed/ pending changes, and current project issues. These reports include detailed financial and schedule performance for each project, including change orders, forecast-at-completion and expenditure tracking. In addition, these reports provide a tool for management to follow the progress of each project.
- Exception Reports provide a forum for the initial disclosure of project issues that will potentially cause a project delay, or cause a project budget overrun. These reports provide an opportunity to quickly address project impediments and trigger at necessary actions to bring the expected future project performance into line with the project plan.
- Change Order Reports reflect the original budget and indicates all subsequent changes approved by the Tollway or currently in the approval process. By also recording anticipated changes, the report allows a realistic assessment of the program and shows the remaining contingency by contract.

Illinois Tollway  
Authority



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### Schedule Monitoring

Program status and schedule changes are monitored and reported on a monthly basis via the Master Program Schedule. The main goal of the schedule reporting process is to detect adverse trends in design, construction, and administrative activities early enough to correct them. Modifications to the schedule information may or may not require adjustments to other aspects of the overall project plan.

The Master Program Schedule serves the following purposes:

- Validates the funding schedule and budget presently established by the capital budget;
- Explores various combinations of project implementation;
- Projects a consistent and reasonable level of effort and expenditure over the program term;
- Adjusts scopes of work and/or the distribution of funding as needed to respond to unforeseen conditions or capitalize on opportunities so as to meet implementation goals; and
- Establishes funding requirements for subsequent capital budgets.

Revisions to start and finish dates for the approved project schedule are generally made in response to scope changes. As potential delays / changes become apparent, a special schedule study will be initiated to determine if the lost time could be recovered and how changes to the originally anticipated schedule logic / sequence should best be reflected.

Illinois  
Tollway  
Authority



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## Elements of The Operating Budget Document

- Presenting Official Financial Documents on Your Government's Website
- Making the Budget Document Easier to Understand
- Departmental Presentation in the Operating Budget Document
- Presenting the Capital Budget in the Operating Budget Document
- The Statistical/Supplemental Section of the Budget Document
- Basis of Accounting versus the Budgetary Basis



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## Presenting Official Financial Documents on Your Government's Website (2009)

- Benefits
  - Heightened awareness
  - Universal accessibility (wide range of potential users)
  - Potential for interaction with users
  - Enhanced diversity (use of different languages)
  - Facilitated analysis (can extract data)
  - Increased efficiency (potential to reduce redundant reports)
  - Lower costs (no handling and mailing, like with hardcopy)
  - Contribution to sustainability (reduce paper consumption)
  - Broadened potential scope (use of hyperlinks)



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## Presenting Official Financial Documents on Your Government's Website (cont.) (2009)

- Specific guidelines:
  - Consistency with hardcopy version (if any)
  - Legibility (font size and page layout/direction) should be consistent
  - Pagination (numbers pages sequentially)
  - File size
    - Use single electronic file
    - Individual files for various components of reports may be used as well
    - Don't make files too large to download
    - Don't burden the reader with too many files
  - Security (protect document from unauthorized changes)
  - Placement (predominately on homepage)
  - Software compatibility
  - Features such as zooming, bookmark, facing pages and search mechanism should be available



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Jefferson  
County,  
Colorado



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## Adopted Budget for Fiscal Year 2004-05

[Office of the City Manager](#) | [Departmental Directors](#) | [Community Partners](#) | [Administrative Staff](#)  
[Internship Programs](#) | [Action Center](#) | [City Communications Office](#) | [Office on Disabilities](#) | [City Budget](#)  
[KC-90](#) | [Office of Emergency Management](#) | [Capital Improvements Management Office](#)



The following are links to the fiscal year 2004-05 budget adopted by the Mayor and City Council on March 25, 2004. All of these files are in Adobe Acrobat (.PDF) format. You must have the free [Acrobat Reader](#) installed on your PC in order to view or print the files. You can view the [entire 665-page budget](#) in one PDF file (5.7 Mb in size), or select any portion of it below.

### TRANSMITTAL LETTER

[City Manager's Letter](#) transmitting the Submitted FY 2004-05 budget to the full City Council.

### EXECUTIVE OVERVIEW

This section provides a "big picture" look at the budget. Topics in the [Executive Overview](#) are the community profile, a discussion of the City's revenues, a look at the City's expenditures by outcome, an analysis of constraints on the City's budget, a summary of Tax Increment Financing (TIF) projects, and personnel information.

### BUDGET BY DEPARTMENT

Click on a departmental link below to see the services provided by the various city departments and the expenditures associated with those services.

- [Aviation](#)
- [Boards of Election Commissioners](#)
- [City Auditor](#)
- [City Clerk](#)



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OFFICIAL WEB SITE OF THE  
City of Phoenix

Residents  
Businesses  
Visitors & Newcomers

Public Safety  
Transportation  
Culture & Recreation

City Government  
Employment  
Environment & St

City of Phoenix,  
Arizona

- Financial Information
  - Summary Budget
    - 2008-09
    - 2007-08
    - 2006-07
    - 2005-06
    - 2004-05
  - Detail Budget
    - 2008-09
    - 2007-08
    - 2006-07
    - 2005-06
    - 2004-05
  - Capital Budget
    - 2008-13
    - 2007-12
    - 2006-11
    - 2005-10
    - 2004-09
  - Financial Reports and Planning
  - Reports and Demographics

### Phoenix Summary Budget 2008-09

The following documents require Adobe Reader.

- » Introduction
- » Budget Document Overview
- » Distinguished Budget Presentation Award
- » City Manager's Budget Message
- » Phoenix's Commitment to Excellence
- » Community Profile and Trends
- » Budget Overview
  - Resource and Expenditure Summary
  - Financial Organization Chart - Operating Budget
  - Services to the Community
  - Budget Process, Council Review and Input, Public Hearings and Budget Adoption
  - General Budget and Financial Policies
- » Revenue Overview
  - Revenue Estimates
  - General Funds
  - Special Revenue Funds
  - Enterprise Funds
- » Department Program Summaries
 

General Government	Transportation
Mayor	Street Transportation
City Council	Aviation
City Manager	Public Transit
Deputy City Managers	
Government Relations	Community Development

### Related Links

- » Mayor/City Council
- » City Council Subcommittees
- » Public Meetings
- » City Manager's Office
- » Budget and Research Department
- » Finance Department



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**REFERENCE**

**GLOSSARY**

**FEDERAL INFRASTRUCTURE PROGRAM** – On February 28, 2000, the Federal Government announced a national infrastructure program focusing on three areas:

- Promoting environmental technologies
- Assisting the homeless
- Strengthening Federal, Provincial and Municipal Infrastructure

**FEDERATION OF CANADIAN MUNICIPALITIES (FCM)** – An organization serving as the national voice of municipal governments. FCM is dedicated to improving the quality of life in all communities by promoting strong, effective and accountable municipal government.

**FISCAL YEAR** – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Spruce Grove’s fiscal year begins each January 1<sup>st</sup> and ends December 31<sup>st</sup>.

**FRANCHISE** – A special privilege granted by a government permitting the continuing use of public property, such as city streets, electric wire, and usually involving the elements of



**Budget Survey**

Fairfax  
County  
Public  
Schools,  
Virginia



Thank you for providing Fairfax County Public Schools with feedback on our budget documents. Surveys may be mailed to: FCPS – Financial Services, 8115 Gatehouse Road, Suite 4200, Falls Church, VA 22042 or submitted on line at [www.fcps.edu/fs/budget/documents/index.htm](http://www.fcps.edu/fs/budget/documents/index.htm)

**Budget Survey**

What is your role in relation to Fairfax County Public Schools (FCPS)?

- School Board Member  Finance Liaison   
 Leadership Team Member  Community Member   
 Principal or Assistant Principal  Other (please specify)

Which budget documents are you reporting on for this survey? (Select all that apply)

- Overview of Proposed Budget  Proposed Budget  Approved Budget  Program Budget

How familiar are you with FCPS' budget documents?

- Not at all  A little  Moderately  Very  Extremely

Please describe the extent to which you agree or disagree with each of the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
The budget reflects a good mix of narrative, graphs and tables.					
The budget provides information that is understandable.					
The budget clearly communicates how FCPS uses public funds to deliver services.					
The budget clearly articulates the vision and values of FCPS' School Board and Superintendent.					
The budget is well-organized.					
There is consistency in how information is presented in the budget.					
It is easy to find the information I am looking for within the budget document(s).					
Overall, I have a positive impression of the budget document(s).					
It is easy to access current and past budget documents on FCPS' website.					




## Making the Budget Document Easier to Understand (2014)

- Specific recommendations:
  - Be Organized
    - Consider sequence similar to Budget Awards criteria
  - Avoid Excess Detail
  - Attractive Design
    - Simple and easy to use
  - Consistency
    - Like departmental presentations
  - Highlights
    - Consider a budget-in-brief
    - Effective tables, charts, etc.
  - Format
    - PDF numbering matches document page numbering
    - Link table of contents to specific pages by a click of the mouse
    - Have pages go in the same direction



GOVERNMENT FINANCE OFFICERS ASSOCIATION



### City of Norfolk

#### FY 2012

#### Budget In Brief

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City Priorities and Budget Principles	2
Operating Budget Highlights	3
Operating Budget at a Glance	4-7
Funding our Priorities	8-9
Youth Services	10
Healthy Neighborhoods	11
General Services	12
Capital Budget at a Glance	13
Personnel Changes	14
Education Funding	15
Budget Calendar	16

Message from the City Manager

The development of the Proposed Fiscal Year (FY) 2012 Budget is the first step in a process to change how we do business in the City of Norfolk. The guiding principle for this budget and future budgets will be building a "well-managed government," which means ensuring the City's programs and services are effective, efficient, accountable, responsive, inclusive, and customer-focused.

We went out into the community and asked residents about their priorities and for their suggestions for improvement. We listened. This budget strives to provide funding based on community and City Council priorities. We will continue the conversation to determine if our programs and services are meeting our priorities and how we can continue improving service delivery.

The development of this budget includes some difficult, but necessary, decisions as the City continues to face economic challenges. However, this budget also includes proposals to help the City grow, as well as draw on the energies and efforts of all our residents to help build a vibrant city.

City of  
Norfolk,  
Virginia



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## Budget at a Glance

Fairfax  
County  
Public  
Schools,  
Virginia

### Technology Plan

The FY 2009 approved dedicates \$15.5 million to technology. Major initiatives for FY 2009 include:

	(\$ in millions)
Curriculum and Assessment Initiatives	\$0.1
FCPS 24-7 Learning Initiative Enhancements	2.2
Educational Decision Support Library	0.2
Developmental Reading Assessment Online	0.2
Algebra for All Through Interactive Technology	0.3
Elementary Laptop Initiative-Student Access	0.2
Memory Upgrade for Middle School Tech Tools	0.1
Middle School Online Testing Mobile Labs	0.2
Individualized Ed. Program Online-SEASTARS	0.2
Assistive Technology	0.3
Enterprise Application Integration	1.7
Enterprise Desktop Management	1.4
Level 1, 2, 3 Network Support	1.2
Computer Lease Costs	4.3
Microsoft Licensing Costs	2.9
<b>TOTAL</b>	<b>\$15.5</b>

- All FCPS teachers and staff members have access to the enterprise e-mail system, which processes more than 15 million e-mail messages each month.
- All classrooms and administrative sites have Internet access with filtering to block inappropriate sites.
- Wireless laptop labs continue to be implemented at many schools.
- FCPS has a 2.2:1 student-to-computer ratio with more than 90,000 workstations.

### Student Membership

- In FY 2009, \$22.4 million and 358.7 positions are required to accommodate membership adjustments.

FCPS Total Projected Membership	168,384
Special Education	
Total Services	43,255
Unduplicated Student Count	23,921
Level 2 and Preschool	13,809
English for Speakers of Other Languages	22,674
Students Eligible Free/Reduced Price Meals	35,750
Membership by Grade Level:	
Kindergarten	11,275
Grade 1	11,810
Grade 2	11,672
Grade 3	11,578
Grade 4	11,357
Grade 5	11,555
Grade 6	11,824
Grade 7	11,702
Grade 8	11,496
Grade 9	11,884
Grade 10	11,686
Grade 11	12,027
Grade 12	11,230
Subtotal	151,096



GOVERNMENT FINANCE OFFICERS ASSOCIATION

City Of Conway Comparative Summary - All Funds FY2007 Actual						
	General Fund	Special Revenue Funds	Enterprise Funds	Debt Service/Capital Projects Funds	Fiduciary Funds	Total
<b>Beginning Fund Balances</b>	\$ 5,317,872	\$ 7,163,332	\$ 4,510,857	\$ 15,080,727	\$ 18,001,175	\$ 50,083,963
<b>REVENUES</b>						
Taxes	14,527,612	5,701,092	438,867	5,530,773	848,052	27,046,396
Franchise & Assessments	2,991,562	13,085	-	-	-	3,004,647
Permits	695,875	3,720	-	-	-	699,595
Fees & Fines	980,336	1,477,818	6,637,872	-	307,085	9,403,111
Restricted	2,034,469	2,723,534	15,557	-	2,020,381	6,793,951
Other Revenue	832,915	1,031,577	712,253	29,000,408	236,094	31,813,247
<b>Total Revenues</b>	<b>22,062,769</b>	<b>10,950,826</b>	<b>7,804,549</b>	<b>34,531,182</b>	<b>3,411,622</b>	<b>78,760,947</b>
<b>EXPENDITURES</b>						
Personal Services	17,896,128	1,774,554	3,005,893	-	2,394,535	25,131,100
Operating	3,584,804	4,438,562	3,333,345	17,018,476	-	28,376,187
Capital	1,197,363	6,920,965	44,204	4,763,439	-	12,925,971
Contingencies	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>22,678,296</b>	<b>13,135,080</b>	<b>6,443,432</b>	<b>21,781,915</b>	<b>2,394,535</b>	<b>66,433,258</b>
Excess Revenues Over Expenditures	(615,527)	(2,184,255)	1,361,117	12,749,267	1,017,087	12,327,689
<b>Ending Fund Balances</b>	<b>\$ 4,702,345</b>	<b>\$ 4,979,077</b>	<b>\$ 5,871,974</b>	<b>\$ 27,839,894</b>	<b>\$ 19,018,262</b>	<b>\$ 62,411,663</b>

Special Revenue Funds include: Street, Sanitation Replacement, Drug Task Force, Grant Fund, Special Revenue Fund, CDBG  
Enterprise Funds also includes Fleet Maint.

City of  
Conway,  
Arkansas

- Bonds issued in 2007 will provide infrastructure to attract and support economic development and build and develop \$14 million parks and recreation facilities.
- Major revenue streams for the City continued to show positive trends during 2007.
- 25 new positions were authorized by City Council in 2007, 15 are public safety personnel.



GOVERNMENT FINANCE OFFICERS ASSOCIATION



February 7, 2006

Honorable Members of City Council  
Louisville, Ohio 44641

City of  
Louisville,  
Ohio

Re: 2006 Budget Transmittal Letter

This letter is designed to highlight and introduce the proposed 2006 Service Plan for the City of Louisville. This plan is designed to address and advance the goals and objectives of Council for the upcoming year. This is a balanced budget based on our assumptions of available revenues. However, in several funds, carryover cash must be used to balance. This document will provide guidance to City staff to achieve the vision of the Community as defined by City Council.

### Overview of the Financial Status of City -Examining Revenue

In order to examine the 2006 budget, it is important that you understand the state of the current finances. **The economic recovery from the recession that started in 2001 has been very sluggish.** That fact is illustrated by the following:

City of Louisville 2006 Revenue Estimates (Fund to Fund Transfers Excluded)		2006 vs. 2000	
Type of Revenue	2006 Amount	% to Total	Actual Amounts (Dec.) % Inc.
Income Tax	\$3,004,600	46.70%	\$3,026,988 -0.74%
Sewer Revenue	\$808,800	12.57%	\$615,108 31.49%
Water Revenue	\$639,700	9.94%	\$496,151 28.41%
Real Estate Taxes	\$456,000	7.09%	\$340,825 33.79%
Fees/Permits	\$419,876	6.53%	\$332,799 26.17%
Local Gov't Funds (Sales Tax)	\$225,000	3.50%	\$255,366 -11.89%
Gasoline Tax	\$241,150	3.75%	\$163,119 47.84%
EMS Fees	\$215,000	3.34%	\$147,746 45.52%
Vehicle Registration Fees	\$134,400	2.09%	\$148,375 -9.42%
Community Programming	\$83,770	1.30%	\$24,978 235.38%
Investment Income	\$68,800	1.07%	\$106,835 -35.60%
Misc. State Taxes	\$40,150	0.62%	\$44,885 -10.55%
Estate Tax	\$40,000	0.62%	\$81,753 -51.07%
Louisville LIFToff	\$27,950	0.43%	\$16,753 66.84%
Misc. Grants	\$21,700	0.34%	\$20,243 7.20%
Fines	\$7,505	0.12%	\$20,506 -63.40%
<b>Total</b>	<b>\$6,434,401</b>	<b>100.00%</b>	<b>\$5,844,410</b>

From 2000-2006, the Federal government calculates that the cost of living increase to be +20.5%.

Revenue accounts that do not equal or exceed the estimated cost of living increase are noted by an arrow. The most significant of these revenue sources is income tax.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Department Presentation in the Operating Budget Document (2012)

- 1. *Design.* The formatting can be enhanced as follows.
- 2. *Brevity.* Avoiding excessive detail is important, especially in financial schedules and text.
- 3. *Services.* A description of services or functional responsibilities must be included.
- 4. *Issues.* Discuss challenges, issues, and opportunities.
- 5. *Revenues.* Revenues may include any fees or charges that the department generates.
- 6. *Expenditures.* The analysis of expenditures should be done in a broad manner.
- 7. *Staffing.* Staffing information is usually presented in one of two manners. A departmental organization chart may be provided to supplement the main organization chart of the government. A brief schedule may summarize the departmental headcount over a period of time (including the upcoming budget year), which would have the advantage of identifying trends.
- 8. *Prioritization/Goals and Objectives.* It has becoming increasingly common to explain how services are prioritized.
- 9. *Measures.* Performance measures typically are included in the respective departmental section of the budget document.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Design

- The formatting can be enhanced as follows:
  - Use a standard format for all departments (e.g., font size and type, margins, paragraph alignment and spacing, bullet points, indentation, and the consistent use of a single format (i.e., portrait or landscape);
  - Use pictures, graphs, charts, borders, tabs, and dividers to enhance the presentation of information, taking care to place them in the section to which they relate;
  - Include interesting facts or employ a ‘did you know?’ format to attract interest; and
  - Use hyperlinks that allow the reader to obtain additional information not included in the budget document.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

• *The EMS Division* is responsible for ensuring all North Las Vegas Fire personnel provide state of the art emergency medicine to the public. The EMS Division supports fire and rescue operations within the fire department by providing supplies, education, quality improvement, research, and injury prevention programs. The EMS Division delivers continuing medical education for the firefighters, emergency medical technicians, and paramedics. The EMS Division conducts and monitors quality improvement issues and standards of care as they relate to the delivery of pre-hospital care. The EMS Division is directed by the EMS Chief with support from the Health Care Coordinator and the Physician Medical Director. The EMS Division oversees compliance with the ambulance contractor and provides medical disaster planning for the community. Staff members from the EMS Division serve on various local, state, and national EMS committees.

The Prevention Division is directly responsible for new construction inspections, business license inspection, renewable permitting, new annual permitting, temporary licensing, oversight of firework sales, and assisting with fire cause and origin investigations.

The **Fire Engineering Office** serves as technical advisor for the interpretation and enforcement of fire protection requirements and prepares recommendations to the Fire Chief or designee. In addition, this office performs professional plans review for conformance with all applicable building, fire and life safety codes; assists in development, implementation and application of City fire and life safety codes and regulations to ensure compliance and uniformity; and provides technical assistance to architects, engineers, developers, contractors and building owners in interpreting and complying with current fire and life safety codes, regulations and standards.

City of  
North Las  
Vegas,  
Nevada



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**Activities**

- Patrol**
- Investigative**
- Special Operations**



**IT'S A FACT**

Police Officers wear almost 20 pounds of equipment (not including bulletproof vests and heavy Gore-Tex boots) while performing their jobs.

# Police - Operations

The Patrol activity provides twenty-four hour, seven-day a week response to over 45,000 calls for service each year, including crimes, traffic accidents, medical emergencies and neighborhood problems. The Investigative activity provides follow-up investigation to all reported crimes and proactively investigates narcotics, vice, liquor and tobacco violations. Special Operations provides support for high-risk operations with highly trained and specially equipped tactical, hostage negotiation and bomb squad units. Four K-9 teams are also part of the Patrol and Special Operations response resources.

**Objectives**

- Work with business, residential, hospitality and retail communities to identify and solve problems such as repeat calls for service.
- Increase traffic safety and reduce traffic accidents.
- Increase DWI enforcement and hazardous violations enforcement.
- Increase involvement with schools through the Liaison, Patrol and Investigative units.
- Maintain the ability to quickly respond to medical emergencies, crimes in progress and other high-priority calls.

**Outputs**

- Continued to increase the number of organized neighborhoods - currently 12,000 residents involved in the Neighborhood Watch group.
- Increased commitment to DWI enforcement and other alcohol related offenses.
- Continued efforts to resolve reoccurring problems and calls for service.
- Reduced false alarms throughout the community by ten percent.
- Reduced medical responses by eliminating responses to medical facilities by ten percent.
- Established a plan of geographic accountability emphasizing vigorous enforcement of laws, crime prevention, crime analysis and problem-solving.
- Implemented a proactive mail unit, reducing the assignment of regular patrol units to that site.
- Conducted alcohol and tobacco compliance checks of licensed establishments at least once each year.

**Expenditures**

	FY2006 Original Budget	FY2007 Approved Budget	Percent Change
Salaries/Wages/Benefits	\$9,455,151	\$10,213,806	8.0%
Materials/Supplies/Services	2,576,528	2,370,991	-8.0
Reimbursed Expenditures	(38,364)	(39,914)	3.5
	<b>\$11,993,115</b>	<b>\$12,544,883</b>	<b>4.6%</b>

**Authorized Full-Time**

	FY2005	FY2006	FY2007
	<b>103</b>	<b>104</b>	<b>104</b>
Crime Analyst	1	1	1
Police Lieutenant	3	3	3
Police Officer	83	84	84
Police Sergeant	16	16	16

City of  
Bloomington,  
Minnesota



GOVERNMENT FINANCE OFFICERS ASSOCIATION

# Finance

15151 E. Alameda Parkway • Aurora, CO 80012 • (303) 739-7055  
John Gross, Finance Director • JGROSS@auroragov.org



**DESCRIPTION**

The Finance Department provides for city government general financial functions, business licensing, and tax collection. The department provides support and advice to the City Manager, City Council, and departments in matters related to financial issues, economic development policy, and strategic planning. Specific functions in carrying out this mission include: management of the budget process; support in strategic planning; development of long-range financial options; economic and revenue analysis; revenue management; licensing of businesses; collection of various taxes; accounting and financial reporting; cash management; financial controls; debt and capital planning; accounts receivable and payable; payroll; and grant management.

**BUDGET SUMMARY**

Description of Expenditures	2003 Actual	2004 Actual	2005 Projection	2006 Adopted
Regular - FTE	57.50	60.50	60.50	59.50
Personal Services	3,456,068	3,647,143	3,617,421	3,801,901
Supplies and Services	782,279	788,384	807,147	757,497
Interfund Charges	36,882	40,709	42,557	42,838
Transfers Out	41,500	41,500	41,500	41,500
<b>Expenditures Total</b>	<b>\$4,316,729</b>	<b>\$4,517,736</b>	<b>\$4,508,625</b>	<b>\$4,643,736</b>

**MAJOR VARIANCE EXPLANATION**

In Fiscal Year 2004, the department observed an increase in personal services expenditures because of an increase of 3.0 FTE for new auditor positions. Other costs remained relatively stable in 2004. In Fiscal Year 2005, the Department projects personal services costs to decrease by \$29,700 due to vacant position savings. In addition, a slight increase in supplies costs is projected mainly due to increased audit costs in the Controller's Office.

For Fiscal Year 2006, the Department will eliminate a full-time administrative position worth 1.0 FTE. Personal services expenditures will increase by \$184,000, or 5.1 percent, due to fully-funding vacant positions from 2004. Supplies and services costs will decrease by \$49,700, or 6.2 percent, as a result of incurring both one-time professional services costs and a use of one-time contingency reserves in 2005. Beginning in 2006, the budgets for both the Citizen's Advisory Budget Committee and the Local Licensing Authority are moved from the City Council budget to the Finance Department budget. The listing of amendments that follows describes all other changes in the budget.

City of  
Aurora,  
Colorado



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## Prosecuting Attorney

Kitsap  
County,  
Washington

<b>Detailed Program Description:</b>	Land Use law includes legal services on the following matters: <ul style="list-style-type: none"> <li>• Annexations, zoning, road vacations, easements.</li> <li>• Nuisances/Code Enforcement (regulation and abatement, building, fire, health, and other local codes)</li> <li>• Eminent Domain (condemnation of property for public purposes);</li> <li>• Land Use (including shoreline and growth management matters, permitting,);</li> <li>• Watershed</li> <li>• Water rights/resources</li> <li>• Storm water</li> <li>• Solid waste</li> <li>• Transportation</li> </ul>
<b>Partnerships/ Collaboration:</b>	The clients for whom land use legal services are provided, including Boundary Review Board, County Commissioners, Community Development, Health District, Kitsap Regional Coordinating Council, Public Works (Roads, Solid Waste, Waste Water).
<b>Alternatives:</b>	At the discretion of the Prosecuting Attorney, the services may be provided by contract through an interlocal agreement with another agency or outside attorneys.
<b>Efficiencies/ Innovations:</b>	The Prosecutor's DAMION Civil Division case processing system automates legal functions and responsibilities, including tracking and reporting on the types of cases and legal subject areas, and attorney and paralegal time rendered and expenses incurred for each file. This information is valuable for budgeting, auditing, and billing. The Civil Division maintains data bases of legal opinions and advice, legal documents and pleadings, to avoid duplication and reduce attorney services.
<b>Mandates and Contractual Agreements:</b>	State law mandates that the Prosecuting Attorney shall be the County's legal representative and advisor in all matters relating to the County's official business. The Prosecutor provides legal services to other public agencies pursuant to interlocal agreement (e.g., Kitsap Regional Coordinating Council, Kitsap County Health District). Contract and ordinance review is currently mandated by county ordinance.
<b>Regional or Local?</b>	Regional, in that the clients identified in Section 10 above provide regional services.
<b>Description of Requirements:</b>	RCW 36.27.020 requires the Prosecuting Attorney to be legal advisor to all County elected and appointed officials on all matters relating to their official business, draw up all official instruments, represent the County in all civil actions and proceedings in which the County is a party, prosecute civil action for the recovery of debts owed to the County, and present violations of election laws. RCW 36.32.200 prohibits employment of outside attorneys except with consent of the Prosecuting Attorney or presiding Superior Court judge.
<b>Minimum Service Level:</b>	Managing litigation and responding to legally imposed deadlines are non-discretionary and highest priority. Non-discretionary, but lower priority services than litigation and legal deadlines include day-to-day client advice, drafting/reviewing/negotiating legal instruments (ordinances, resolutions, contracts, policies and procedures). Discretionary services are lowest priority services: training county employees, drafting legislation, attending meetings/briefings, and presenting at speaking engagements.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## CLEAN AND BEAUTIFUL CITY SECRETARIAT

City of  
Toronto,  
Ontario

### Neighbourhood Beautification Program

The pilot project engaged communities in beautifying underutilized spaces. One of the members of the Roundtable has been personally involved in designing, advising and helping to execute a number of community sponsored murals including one at Wexford Heights BIA and the other at the Christie Dupont underpass involving residents of an adjacent seniors home. Two Project Officers supported this program.

#### Accomplishments are as follows:

- 21 projects were completed in 2005 and 21 are identified and to be completed in 2006
- leveraged over \$190,000 in neighbourhood beautification funding
- new community groups have been established as a result of these projects
- developed a culture of civic participation in local beautification efforts
- worked to transform at least seven sites that have been identified under the Strong Neighbourhood program
- encouraged City Councillors and residents to look comprehensively at their ward for beautification opportunities, spurring over 19 spin-off projects

#### The new partnerships created throughout this program include the following:

- Universities and School Boards
  - » University of Toronto, George Brown College, Humber College, Toronto District School Board and Toronto Catholic School Board
- BIA's
  - » Village of Islington BIA, Rosedale Main Street BIA, Emery Village BIA, The Danforth BIA, Eglinton Hill BIA, Church Wellesley BIA, Bloor Yorkville BIA, Downtown Yonge BIA, St. Lawrence Market Neighbourhood BIA, Parkdale BIA, Wexford BIA and Knob Hill BIA
- Private Non-Profit Organizations
  - » Evergreen, Public Space Committee, Grace Church of the Nazarene, Ontario Master Gardeners and Mural Routes, Design Exchange, DALA
- Development Companies
  - » Lanterra Development and Cityzen Development
- Business
  - » Home Depot, Canadian Tire, Artscape, Spectacle Arts, Saab Canada and the Ontario Association of Landscape Architects, Starbucks
- ABC's
  - » Toronto Public Library, Community Garden Program, TTC, Toronto Water, Toronto Parking Authority, Toronto Community Housing Corporation and Green Tourism Association
- Others
  - » CP Railway, CN Railway, Ontario Realty Corporation, GO Transit and Ministry of Transportation.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## Road Department Significant Issues

Jackson  
County,  
Georgia

According to the Consumer Price Index the average gasoline prices were 7.4% higher in February compared to the same month a year ago, the smallest 12-month increase since June 2005 (+4.2%). This sudden increase in fuel cost will have a direct impact on the fuel cost incurred by the Road Department and will have a "trickle down" impact on other products and services used by the Road Department. This increase could possibly fluctuate as it has in the past year. Petroleum products and services such as asphalt, gravel, hauling fees, maintenance materials such as oil, tires, and lubricants, have also shown an increase. Along with the fuel costs are the amount of roads that the county must maintain. As such, the increased mileage the equipment must travel will drive up the department's fuel costs.

**Skilled Labor:** Skilled labor is rapidly becoming an issue with the inmate labor force not able to provide the number of qualified personnel needed to operate equipment. We need to plan for the transition of using inmate labor as equipment operators, to hiring qualified operators that can provide the skills and stability vital to our work force. Inmate labor can still be a useful resource for the Road Department in areas that do not require skilled labor such as litter pickup and manual labor, without displacing the opportunity for qualified citizens to seek employment with us.

**Erosion Control:** Changes to erosion control regulations have been recently implemented are creating an increased demand for products that we use in this area of service. The price of mulch hay has doubled in the last two years and the quantity necessary to comply with regulations has risen as well. Increased fuel prices have been a factor in the increased price of most erosion control products such as seed, fertilizer, silt control products, etc. In FY06 our budget for this account increased to 23,902 which was double the amount of 11,257 spent in FY05. The 2007 appropriated budget is 15,000 and with the history of rising costs in this area we anticipate it will lead to a deficit in this fund for FY07.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## COMMUNITY PRESERVATION & DEVELOPMENT PLANNING

City of Park  
Ridge,  
Illinois

<b>NOTES</b>		06/07	07/08	07/08 Estimated	08/09	Percent Change From Budget	09/10 Estimate
<b>Membership Dues:</b> Chicago Metropolitan Agency for Planning, American Planning Association membership, and Urban Land Institute memberships.	<b>Personal Services</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>		
	1004012910000 Regular Salaries	70,660	71,300	61,800	58,100	-19%	60,500
	1004012921000 Insurance	8,547	10,800	8,200	10,600	-2%	11,000
	2066050949100 FICA & IMRF Pmts.	11,270	12,200	12,200	10,600	-13%	11,000
	<b>Personal Services Total</b>	<b>90,477</b>	<b>94,300</b>	<b>82,200</b>	<b>79,300</b>	<b>-16%</b>	<b>82,500</b>
<b>Consulting Svcs.:</b> 08/09: \$25,000 to finish plan for Higgins corridor.	<b>Contractual Services</b>						
	1004012947400 Membership Dues	4,670	6,000	2,000	5,500	-8%	6,000
	1004012943700 Training	1,015	4,000	600	3,000	-25%	4,200
	1004012941100 Consulting Services	77,449	40,000	72,300	40,000	0%	45,000
	1004012948500 Gen. Contract. Svcs.	94,797	113,000	93,700	110,000	-3%	115,000
	1006030949506 Contingencies	8,000	8,000	8,000	8,000	0%	8,000
	<b>Contractual Services Total</b>	<b>177,931</b>	<b>171,000</b>	<b>176,600</b>	<b>166,500</b>	<b>-3%</b>	<b>178,200</b>
<b>Gen. Contract. Svcs.:</b> Payment to consultant for GIS personnel costs.	<b>Commodities</b>						
	1004012952000 Materials	2,357	3,000	1,500	2,500	-17%	2,600
	<b>Commodities Total</b>	<b>2,357</b>	<b>3,000</b>	<b>1,500</b>	<b>2,500</b>	<b>-17%</b>	<b>2,600</b>
	<b>Operating Budget Total</b>	<b>270,765</b>	<b>268,300</b>	<b>260,300</b>	<b>248,300</b>	<b>-7%</b>	<b>263,300</b>
<b>Capital:</b> 08/09: Geographic info. system, see p. 232 more information.	<b>Capital</b>						
	1004012990100 Geographic Info. Sys.	35,667	30,000	30,000	30,000	0%	30,000
	1004012990800 Computer Equipment	4,200	5,300	5,300	3,900	-26%	7,100
	<b>Capital Budget Total</b>	<b>39,867</b>	<b>35,300</b>	<b>35,300</b>	<b>33,900</b>	<b>-4%</b>	<b>37,100</b>
	<b>Planning Total</b>	<b>310,632</b>	<b>303,600</b>	<b>295,600</b>	<b>282,200</b>	<b>-7%</b>	<b>300,400</b>

**Ongoing Programs:**

- Finish Higgins Road Corridor Study and adopt an amendment to Comprehensive Plan.
- In conjunction with Public Works, coordinate management of Geographic Information System.
- Continue with the implementation of the Uptown Planning Study.
- Collect, analyze and disseminate demographic and related data regarding the City.
- Prepare for 2010 Census.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Presenting the Capital Budget in the Operating Document (2008)

- The capital budget should be in a distinct section of the budget document.
- A definition of capital expenditures should be included in the budget document. Governments frequently refer to asset life and dollar threshold in the definition. The capital budget should be adopted by formal action of the legislative body, either as a component of the operating budget or as a separate capital budget.
- The presentation should focus on both sources and uses. Indicate the total dollar amount of expenditures for the budget year and for the multi-year plan. The sources and uses summary should include all projects (regardless of fund) that fit within the government's definition of capital expenditures. This can be presented by fund, category, priority, strategic goal, or geographic location.
- A calendar showing key dates in the capital process should be presented, along with text describing the process. The calendar could be next to the operating budget calendar.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Presenting the Capital Budget in the Operating Budget Document (cont.) (2008)

- The criteria for evaluating capital projects could include such items as safety, location, return on investment, net payback, public need, connection to other plans, and available funding.
- Depending on the size and complexity of the capital plan, some projects within the capital plan may be contracted out versus managed in-house.
- Legible graphic illustrations (pictures or maps) can add value to a capital project presentation.
- Governments may consider indicating on individual capital project sheets what specific goals that the capital project is fulfilling.
- To avoid placing excessive detail in the capital section of the operating budget document, consideration may be given to placing the additional information on the web or in a separate capital document.

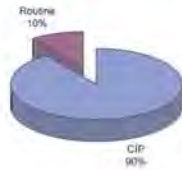


GOVERNMENT FINANCE OFFICERS ASSOCIATION



**2007/2008 Capital/Fixed Asset Budget**

Clark County, Washington



The 2007/2008 Adopted Budget contains \$125.7 million in total capital expenditures. As displayed in the graph to the left, the majority of these expenditures (\$113.7 million or 90%) are projects directly related to the county's capital improvement plan. The remainder (\$12.0 million) is routine capital expenditures.

CIP projects and routine projects described above can be further divided into expenditure categories. The table to the left shows the nine expenditure categories by type of project. The paragraphs below describe the categories, discuss the major components of spending in each and outline any major policy issues.

**Capital Improvement Plan**

**Roads**

The Public Works department is responsible for the development and maintenance of the major infrastructure systems within the county including transportation, sewer, solid waste, drainage, and parks. In accordance with the Growth Management Act, the department plans for 20 years, develops a six-year improvement program (included at end of this section), and the 2007/2008 biennial budget reflects the annual element. Planned transportation expenditures total approximately \$46.3 million over the biennium. The Annual Construction Program for 2007 anticipates \$31.6 million in project spending. Of this amount, \$17.1 million is paid for using road fund property taxes and \$14.5 million from traffic impact fees, state and federal grants, and low interest state Public Works Trust Fund money.

**Sewer Treatment Plant**

Clark County's sanitary sewer and wastewater treatment plant is in the process of designing the next phase of expansion. Phase IV includes construction of the Kline Pump Station, Force Main Segment B, and treatment plant expansion from current 10.4 million gallons per day to 16.3 million gallons per day. Planned expenditures total \$40.1 million for 2007/2008. Under separate agreement with the county's wholesale customers, debt issued for expansions are paid by these wholesale customers as well as all maintenance and operational costs.

**Parks**

The 2007/2008 parks program includes two major areas. In 2006, the voters were asked to approve an additional property tax dedicated to maintenance and operations of parks. In return, thirty-five new parks would be developed over the next ten years of using dedicated funding for parks capital. Sixteen parks are planned to be developed in 2007 and 2008 at a cost of \$6.5 million.

The second area is the county's conservation futures program. This program acquires open space in critical areas to preserve public access. Funding for this program was through a special property tax at a rate of \$.0625/thousand in property value. Planned purchases during 2007 and 2008 total \$6.5 million.

**2007/2008 Capital by Category**

Capital Improvement Plan	
Roads	\$46.3 million
Treatment Plant	40.1 million
Parks	13.0 million
Stormwater	4.0 million
Buildings	2.3 million
Other	8.0 million
<b>Total CIP Expenditures</b>	<b>\$113.7 million</b>
Routine	
Vehicles	\$4.8 million
Technology	4.7 million
Major Maintenance	1.2 million
Other	1.3 million
<b>Total Routine</b>	<b>\$12.0 million</b>
<b>Total Capital</b>	<b>\$125.7 million</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

**Town Square Streets - 5th Ave, 6th Ave, 150th St & 151st St Improvements**

Account Number 314-11-595-12 Work Order Number: 314-0003

**Project Description:**

Construct the extension of 6th Avenue SW from SW 152nd to 150th Street, and SW 151st Street from 4th Ave SW to 6th Ave SW and 5th Ave SW from SW 150th to SW 152nd Street to provide improved circulation within the central downtown areas. Project improvements include curb, gutter and sidewalk, new turn lanes, intersection improvements at SW 150th St and at 6th Avenue SW. Other improvements include illumination, drainage, landscaping, installation of pedestrian amenities, and utility improvements.

**Total Project Cost:**

\$ 9,839,017

**Basis/Variables/Risks in cost estimate:**

Specific costs per site could change as scope is developed by the City Council. Utility conversion costs are not included in the project costs. Other variables include the right-of-way costs for the Bartell's lease; Stroebel property; and demolition and hazardous material removal costs which will need to be re-estimated following completion of the hazmat study.

**Estimated Maintenance and Operating Costs:**

Year	2006	2007	2008	2009	2010	2011	2012	2013
Amount	\$	Unknown at this time.						

**Estimated Schedule/Milestones:**

Proj Dev / Planning	Pre-design	Design	Construction	Completion
		Q4-2007	Q1-2008	Q3-2009

**Change from Prior CIP:**

The project cost was increased by \$1,212,044 due to the \$675,000 for property settlement costs and \$545,254 due to shifting construction phase to 2008-2009 and inflating by 12%.

EXPENDITURES	Total	Expenses Prior to Dec 31, 2006	2007	2008	2009	2010	2011	2012	2013	Future
Developer Coordination	\$ 288,000	\$ 288,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs	21,005	21,005	-	-	-	-	-	-	-	-
Design Phase	597,553	557,650	39,903	-	-	-	-	-	-	-
Right-of-way Acquisition	3,115,000	1,341,354	1,773,646	-	-	-	-	-	-	-
Construction Phase	5,817,459	-	100,312	2,900,000	2,817,147	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 9,839,017</b>	<b>\$ 2,208,009</b>	<b>\$ 1,913,861</b>	<b>\$ 2,900,000</b>	<b>\$ 2,817,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
REVENUES	Total	2006	2007	2008	2009	2010	2011	2012	2013	Future
Town Square CIP	\$ 1,479,103	\$ 258,849	\$ 675,000	\$ -	\$ 545,254	\$ -	\$ -	\$ -	\$ -	\$ -
State CTED Funding	2,000,000	1,310,096	689,904	-	-	-	-	-	-	-
Federal Appropriation	2,954,312	-	-	1,632,419	1,321,893	-	-	-	-	-
Bond Issue - Mitigation Backed	1,541,391	1,541,391	-	-	-	-	-	-	-	-
Surface Water Management	408,000	408,000	-	-	-	-	-	-	-	-
Bond Issue - Banked Property Tax	-	-	-	-	-	-	-	-	-	-
Federal STP grant	950,000	-	-	-	950,000	-	-	-	-	-
Land Sales	506,211	-	506,211	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 9,839,017</b>	<b>\$ 3,518,336</b>	<b>\$ 1,871,115</b>	<b>\$ 1,632,419</b>	<b>\$ 2,817,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

<b>Project Title:</b> Water Treatment Plant	<b>Project Number:</b> 21	<b>Completion Date:</b> Aug-14	<b>Weight:</b> 1	<b>Primary Funding Source(s):</b> Water Fund, G.O. Bond
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**Project Description:**  
The City will construct a new state-of-the-art Water Treatment Plant with capacity to supply the City from between 6-9 million gallons of treated water per day to replace the outdated 1920's plant.

**Justification:**  
The current Centralia Water Treatment Plant is 90 years old and in very critical shape. This plant only is able to treat 5-6 million gallons of water per day. The City will construct a new Water Treatment Plant to replace the aging Plant.

**Operating Cost Impact:**  
The new Water Plant will cost less to operate due to a greater use of automated technology possibly eliminating the need for up to three positions realizing savings after 2015 of approximately \$200,000 annually.

**Project's Impact on Other Departments:**  
This project will directly impact the Water Department. With the increase in water distribution the existing water mains will need to be upgraded to handle the additional capacity.

**Project's Return on Investment:**  
The City is increasingly spending more money each year to hold the current plant together. The new plant will allow these monies to be diverted to new projects or to retire debt.

**Project's Link to the Strategic Plan:**  
5.4.2.1- Proceed with engineering and planning of new Water Treatment Plant.



Expenditures	Total Estimated Cost	Prior Years Funding	2011	2012	2013	2014	2015
Personnel Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Cost:							
Development							
Design	450,000	200,000	150,000	100,000			
Land/ROW							
Construction Eng.	500,000			300,000	150,000	50,000	
Construction	16,000,000				8,000,000	8,000,000	
Equipment							
Administration							
<b>Total:</b>	<b>\$16,950,000</b>	<b>\$ 200,000</b>	<b>\$ 150,000</b>	<b>\$ 400,000</b>	<b>\$ 8,150,000</b>	<b>\$8,050,000</b>	<b>\$ -</b>

Funding Sources:	Total Estimated Cost	Prior Years Funding	2011	2012	2013	2014	2015
Water Fund	\$ 600,000	\$ 200,000	\$ 250,000	\$ 200,000	\$ 100,000	\$ 50,000	
G.O. Bond	\$16,150,000				\$ 8,150,000	\$8,000,000	
<b>Total:</b>	<b>\$16,950,000</b>	<b>\$ 200,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 8,250,000</b>	<b>\$8,050,000</b>	<b>\$ -</b>



## Operational Impact

In the FY 2008 Capital Improvement Program (CIP), thirteen projects were identified as significant nonroutine capital expenditures. For the purposes of this analysis significant nonroutine capital expenditures are those projects which will cost more than \$250,000, are not routine maintenance, such as street and sidewalk reconstruction or facilities maintenance, and are not yearly recurring projects, such as Economic Development Strategic Initiatives. The operational impacts of these projects are discussed below.

Project	FY08 CIP Cost	Operational Impacts	Operational Increases/Savings
Police Building Chiller Replacement	\$ 351,000	Decreased maintenance costs; Improved efficiency and performance will decrease utility costs	Savings Estimated at \$0,173 in year one and \$337,411 over the 20 year life of equipment.
CATEC - Major Facility Improvements	\$ 391,000	Utility savings and increase life of equipment	Unknown at this time
ADA Improvements - City Schools	\$ 400,000	None	None
Fire Station HQ Expansion	\$ 1,500,000	Increased utility costs only	Increased cost of \$4.41 per square foot
Ivy Rd/Fontaine Area Fire Station Replacement	\$ 600,000	Increased utility costs, possible increased equipment costs, no increase in personnel costs	Increased cost of \$4.41 per square foot
Onesty Pool Replacement	\$ 1,000,000	Savings in utility costs and ability to generate additional revenue	Utility savings unknown at this time, but there is the possibility to double the amount of revenue currently being collected in by pool, which is approximately \$13,000 per year.



## The Statistical/Supplemental Section of Budget Document (2005)

- 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 and economics
- Provide explanations



GOVERNMENT FINANCE OFFICERS ASSOCIATION

### CITY CONTACTS

<p><b>MAILING ADDRESS</b></p> <p>City of Wilmington  <i>name of department</i>                  P. O. Box 1810                  Wilmington, NC 28402</p>	<p><b>MAYOR AND COUNCIL MEMBERS</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">                     Mayor                      Mayor Pro-Tem                      Council Members                 </td> <td style="width: 50%;">                     Harper Peterson                      Katherine B. Moore                      Frank S. Conlon                      Sandra Spaulding-Hughes                      Laura W. Padgett                      James L. Quinn, III                      Jason Thompson                 </td> </tr> </table> <p style="text-align: center;">                     Phone (910) 341-7815    <b>Physical Location</b>                      Fax (910) 341-4827    102 North Third Street                      Wilmington, NC 28401                 </p>	Mayor Mayor Pro-Tem Council Members	Harper Peterson Katherine B. Moore Frank S. Conlon Sandra Spaulding-Hughes Laura W. Padgett James L. Quinn, III Jason Thompson	<p><b>CITY INFORMATION</b></p> <p>Phone (910) 341-7800                  Fax (910) 341-4828</p> <p>Website: <a href="http://www.ci.wilmington.nc.us">www.ci.wilmington.nc.us</a>                  Government Television - GTV-8</p>
Mayor Mayor Pro-Tem Council Members	Harper Peterson Katherine B. Moore Frank S. Conlon Sandra Spaulding-Hughes Laura W. Padgett James L. Quinn, III Jason Thompson			

City of  
 Wilmington,  
 North  
 Carolina

### CITY DEPARTMENT'S ADMINISTRATIVE OFFICES

Administrative Offices	Phone	Fax	Physical Location
City Attorney .....	(910) 341-7820	(910) 341-5824	102 North Third Street, Wilmington, NC 28401
City Clerk .....	(910) 341-7816	(910) 341-5823	102 North Third Street, Wilmington, NC 28401
City Manager .....	(910) 341-7810	(910) 341-5839	102 North Third Street, Wilmington, NC 28401
Central Services .....	(910) 341-7830	(910) 341-7842	305 Chestnut Street, 1st Floor Annex, Wilmington, NC 28401
Community Services .....	(910) 341-7810	(910) 341-5839	102 North Third Street, Wilmington, NC 28401
Development Services .....	(910) 341-3258	(910) 341-7801	305 Chestnut Street, 2nd Floor Tower, Wilmington, NC 28401
Finance .....	(910) 341-7822	(910) 254-0906	375 North Front Street, Wilmington, NC 28401
Fire Headquarters .....	(910) 341-7846	(910) 343-4772	801 Market Street, Wilmington, NC 28401
Human Resources .....	(910) 341-7840	(910) 341-5841	305 Chestnut Street, 2nd Floor Annex, Wilmington, NC 28401
Management Services .....	(910) 341-7827	(910) 342-2766	305 Chesnut Street, 2nd Floor Annex, Wilmington, NC 28401
Parks, Recreation & Downtown .....	(910) 341-7855	(910) 341-7854	302 Willard Street, Wilmington, NC 28401



GOVERNMENT FINANCE OFFICERS ASSOCIATION




City of  
Wilmington,  
Delaware



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Town of Murietta, California

## CITY HISTORY

- 1935** Last train departs from Murrieta, ending local boom. That same year, the Fountain House Hotel is destroyed by fire.
- 1947** Town has population of 1,200. Residents from Murrieta Fire Protection District donate \$1,400 for a truck. Ten volunteers use the Methodist Church bell to sound a total of six calls in the first year.
- 1956** Murrieta Town Hall Association forms. In 1981, members dedicate a 7,200 square foot town hall built with community development block grant funds.
- 1960** Murrieta Chamber of Commerce is formed as a California non-profit corporation to promote and extend trade and commerce in the community of Murrieta and vicinity.
- 1960s** Murrieta is known for breeding racehorses.
- 1980s** Freeways widened. Murrieta becomes easily accessible from larger metropolitan areas.
- 1991** Murrieta officially becomes a city. Jack Smith is chosen as the first city manager. Murrieta employees move into a city hall on Beckman Court.
- 1992** Murrieta starts its own police department. City leaders say they like the local control that their own police force provides compared to contracting with the county sheriff's department.
- 1993** Murrieta takes over control of the 46-year-old fire protection district.
- 1994** The city approves a general plan, a guide for future development of the town. About 50 general plan meetings over two years result in the city agreeing to a target population of about 104,000. Also, Old Town Murrieta is flooded again, resulting in more than \$210,000 in damages. Work starts on two flood channels intended to remedy the persistent flooding.
- 1998** City of Murrieta establishes its own public library.
- 2000** Ground breaking begins on Town Square, the city's civic core, a central place for public facilities and community gatherings. 
- 2002** The Police Department moves in to its 38,000 sq ft permanent police station at Town Square. On July 1<sup>st</sup>, approximately 3,300 acres east of existing city boundaries (known as Murrieta Hot Springs), was annexed to the City, increasing the population by approximately 10,000.
- 2003** The Murrieta Auto Mall opened with two dealerships (Mitsubishi and Volkswagen). These businesses are providing local jobs and sales tax revenues for the city.
- 2005** Grading and infrastructure construction began on the Town Square Site – future home of the Public Library, Senior Center, City Hall, and Town Square Park. Construction completed on the downtown streets, including Washington Avenue.
- 2006** The Murrieta Senior Center opens. Facility construction begins on the Public Library.



GOVERNMENT FINANCE OFFICERS ASSOCIATION



## Economic and Demographic Information

To a considerable degree, the City is an integral part of the Clark County economy. Residents of North Las Vegas are employed, shop and recreate in the City as well as in Las Vegas, Henderson, Boulder City and unincorporated areas of Clark County. Conversely, people who are employed, shop and recreate in North Las Vegas may live in the surrounding areas. According to the U.S. Census Bureau, North Las Vegas is the Second Fastest Growing Large City in America.

City of  
North  
Las  
Vegas,  
Nevada

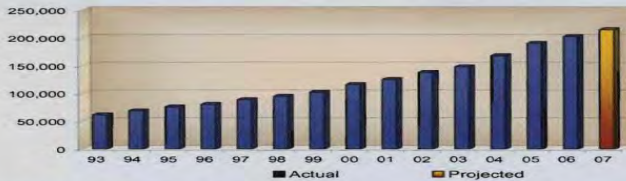
### America's Top 10 Fastest Growing Large Cities (100,000 population or more)

Rank	City, State	Population July 1, 2004	Population July 1, 2005	% Increase 2004 to 2005
1.	Elk Grove, CA	100,686	112,338	11.6%
2.	North Las Vegas, NV	158,540	176,635	11.4%
3.	Port St. Lucie, FL	118,655	131,692	11.0%
4.	Gilbert, AZ	156,816	173,989	11.0%
5.	Cape Coral, FL	128,193	140,010	9.2%
6.	Moreno Valley, CA	166,261	178,367	7.3%
7.	Rancho Cucamonga, CA	159,110	169,353	6.4%
8.	Miramar, FL	101,367	106,623	5.2%
9.	Chandler, AZ	223,895	234,939	4.9%
10.	Irvine, CA	178,085	186,852	4.9%

Source: U.S. Census Bureau, June 21, 2006

### Population: Growth Trend

Since 2000, the North Las Vegas population has grown by 75.4%, with an average annual growth rate of 12.6%. The City's population for June 30, 2007 is projected at 214,971, a 6.1% increase from 2006.



Year	Population	% Increase
1993	61,015	11.8%
1994	68,474	12.2%
1995	75,375	10.1%
1996	80,066	6.2%
1997	88,559	10.6%
1998	94,480	6.7%
1999	101,841	7.8%
2000	115,488	13.4%
2001	125,196	8.4%
2002	137,691	10.0%
2003	147,877	7.4%
2004	168,081	13.7%
2005	190,150	13.1%
2006	202,520	6.5%
2007	214,971	6.1%

### Population: Projections

The City of North Las Vegas is anticipated to have a build out population of 521,303 by the year 2025.

Year	2006	2010	2015	2020	2025 (Build Out*)
Population	202,520	263,272	349,282	435,293	521,303

Source: City of North Las Vegas Demographer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## City of Centralia, Illinois

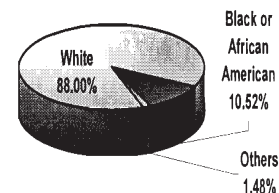
Out-migration has played a large role in the declining population of Centralia, perhaps caused by the lure of an urban/suburban lifestyle along with higher-paying and higher-skilled jobs. Additionally, some companies and plants have closed in recent years leaving many people unemployed. Finding alternative employment is often difficult due to limited opportunities and technical knowledge of other fields. This caused a number of families to have to leave the region. Some of the facilities that have closed in recent years and their distance from Centralia are listed in the table below.

### List of Closures (2000-2006)

Employer	Industry	City	Closing Date	Peak # of jobs
Quebecor World Color Press	Printing	Salem	Jun-01	880
Little Fuse	Electronic Components	Centralia	Feb-03	500
Meridian Automotive	Auto Parts - Hoods, Panels	Centralia	Jun-03	1200
Grief Bros	Cardboard Manufacturer	Centralia	Oct-03	92
Sealed Air	Paper Envelopes	Salem	Oct-03	73
Graphics Packaging Laminated	Print on Food Cartons	Centralia	Jul-04	33
Joy Mine Manufacturing	Mine Car Manufacturer	Mt. Vernon	Jul-04	180
Alcan	Plastic Bottle Mnfr	Centralia	Mar-06	220
Magnet	Promotional Magnets Mnfr	Centralia	May-06	75

### Racial Composition

Centralia's racial composition is shown in the figure to the right. The City of Centralia is a predominantly Caucasian community (88%) that has some diversification with the remaining 12% composed of a mix of African American (10.52%) and others<sup>2</sup> (1.48%). The racial composition of population has remained relatively stable in the past decade (1990-2000).



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### Customer Characteristics

As of December 2007, the Commission had 433,573 active customer accounts. The vast majority of these—94.9%—are residential users, another 4.6% are commercial and industrial customers, and 0.5% involve government facilities. Three quarters (74.8%) of the Commission’s customer accounts consist of single-family residences, with townhouses, garden apartments, high-rise and other apartments, and commercial properties comprising most of the remainder.

#### WSSC Active Customer Accounts (As of December 2007)

	Number of Customer Accounts	Percentage of Accounts
<b>Total Customer Accounts</b>	433,573	100.0%
<b>By Type of Customer</b>		
Residential	411,461	94.9%
Commercial and Industrial	19,944	4.6%
Government	2,168	0.5%
<b>By Type of Property</b>		
Single-Family Residence	324,313	74.8%
Townhouse	79,344	18.3%
General Commercial	19,944	4.6%
Garden Apartment	4,769	1.1%
Multi-Unit (individually metered)	2,601	0.6%
High-Rise Apartment	434	0.1%
Other	2,168	0.5%



## Basis of Accounting versus the Budgetary Basis (1999)

- 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 unavoidable, define and explain terms





**BASIS OF ACCOUNTING AND BUDGETING**

Salt Lake  
County, Utah

**ALL BUDGETARY FUNDS**

FUND TYPE	ACCOUNTING BASIS	BUDGETING BASIS
GENERAL FUND	MODIFIED ACCRUAL	MODIFIED ACCRUAL
SPECIAL REVENUE FUNDS	MODIFIED ACCRUAL	MODIFIED ACCRUAL
CAPITAL PROJECTS FUNDS	MODIFIED ACCRUAL	MODIFIED ACCRUAL
DEBT SERVICE FUNDS	MODIFIED ACCRUAL	MODIFIED ACCRUAL
PROPRIETARY FUNDS	FULL ACCRUAL	FULL ACCRUAL

*Table 2. Basis of accounting and budgeting for each fund type.*

Utah state statute requires counties to use the modified accrual basis of accounting for governmental funds. However, counties in Utah are also required to utilize an encumbrance system. Encumbrances are commitments related to unperformed contracts for goods or services. Generally accepted accounting principles (GAAP) requires that current year encumbrances be eliminated from total expenditures and that payment of prior year encumbrances be added to total current year expenditures for financial reporting purposes. Salt Lake County utilizes the State of Utah defined modified accrual basis as the basis of budgeting and accounting for all governmental-type funds, which include the General, Special Revenue, Capital Projects and Debt Service Funds.

Salt Lake County utilizes the accrual basis as the basis of budgeting and accounting for all proprietary funds.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

The budgets of the Governmental Funds (i.e., General Corporate, Special Revenue, Debt Service and Capital Projects Funds) are budgeted on the modified accrual basis of accounting using the financial resources measurement focus. Briefly, this means that only obligations of the City that are to be paid using current financial resources are recognized as expenditures and revenues are recognized only when they are measurable and available.

City of  
Woodstock,  
Illinois

The Proprietary Funds (i.e., Enterprise and Internal Service Funds) also recognize revenues and expenditures on the modified accrual basis of accounting and the financial resources measurement focus. Adjustments are made at year-end to convert these funds' operations to a Generally Accepted Accounting Principles (GAAP) basis (i.e., using the accrual basis of accounting and the economic resources measurement focus). The accrual basis of accounting is not conducive to budgeting methods.

Encumbrances are utilized as placeholders throughout the year to prevent over expenditure of accounts. In all cases, encumbrances for goods and services not received by year-end automatically lapse and must be carried over to the following fiscal year.

The City's Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of GAAP. In most cases this conforms to the way the City prepares its budget. Exceptions are as follows:

1. Compensated absence liabilities that are expected to be liquidated with current expendable financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).
2. Principal payments on long-term debt within the Proprietary Funds are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a Budget basis.
3. Capital outlay within the Proprietary Funds are capitalized as assets on a GAAP basis, however, on a Budget basis, they are treated as expenditures.
4. Bond proceeds are recognized as a revenue in the Proprietary Funds on a Budget basis and recognized as a liability on a GAAP basis.
5. Interest expenditures in the Proprietary Funds are capitalized during the period of construction on a GAAP basis, but are reported as an expenditure on a Budget basis.
6. Depreciation expense is recorded on a GAAP basis only.
7. Special Service Area Funds are treated as Debt Service/Capital Projects Funds on a Budget basis and are reported as Agency Funds on a GAAP basis.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Best Practices & Effective Budget Presentation  
October 6, 2015  
Phoenix, Arizona**

**PROGRAM AGENDA**

8:00 am - 9:00 am	Registration and continental breakfast
9:00 am - 10:00 am	Introduction & Overview
10:00 am - 10:15 am	Break
10:15 am - 11:15 am	Financial Structure, Policy, and Process
11:15 am - 12 noon	Financial Summaries
12 noon - 1:00 pm	GFOA sponsored lunch
1:00 pm - 1:15 pm	Financial Summaries (continued)
1:15 pm - 2:15 pm	Capital & Debt
2:15 pm - 2:30 pm	Break
2:30 pm - 3:30 pm	Departmental Information
3:30 pm - 4:45 pm	Document-wide Criteria



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Program Background**

- Established in 1984
- Educational purpose:
  - Encouragement and recognition
  - Assistance
- Focus on budget *document*
- Incorporates NACSLB's *Budget Guidelines*
- Incorporates GFOA's *Best Practices*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Program Participants and Reviewers

- 1,518 participants submitted budget documents for budgets FY beginning in 2014
- 592 budget reviewers in 2015



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Benefits of Participation

- Practical method for continually improving the budget document
- Evidence of sound financial management
  - Positive factor in credit ratings
- Recognition for government and staff
- Document meets well-respected standards
- Results in a better, more informed document for legislators and taxpayers



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Eligibility

- Open to all U.S. and Canadian governments
- Open to both general-purpose and special-purpose governments
- Open to both annual, biennial, and triennial budgets
- Open to any type of budgeting



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Application Form

- Available on GFOA website (“Awards Programs”)
- 2 pages
- Fee
  - Sliding scale based upon expenses
- Includes information about becoming a budget reviewer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Criteria Location Guide

- Available on GFOA website (“Awards Programs”)
- 27 criteria
  - 14 mandatory
- Four categories
  - Policy document
  - Financial plan
  - Operations guide
  - Communications device
- Cite specific page references on location guide



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Submission Packet

- Budget document
  - Four hard copies or electronic submission
- Criteria location guide and application form
  - Five hard copies or electronic submission



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Deadline for Submissions

- Two options
  - Proposed budget
    - Within 90 days of submission to governing body
  - Adopted budget
    - Within 90 days of adoption
- Extensions



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Review Process

- Submission package sent to reviewers
- Each reviewer rates separately
- Reviews returned to staff and results compiled
- Results provided to participant
  - Within 6 months



GOVERNMENT FINANCE OFFICERS ASSOCIATION



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## Ratings Categories

- **Not applicable**
- **Not present**
- **Does not satisfy**
- **Proficient**
- **Outstanding**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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## Award Decision

- Compliance with all 14 mandatory criteria
  - At least two “proficient” or “outstanding” ratings
- Positive overall assessment for each of the four basic categories
  - At least two “proficient” or “outstanding” ratings



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1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding  
Please rate each criterion and each overall category

Criteria	Grade				Criteria Description
	Policy	Financial	Operations	Communicat.	
* C1	█	█	█	█	<b>Introduction and Overview</b>
P1	█	█	█	█	<b>Table of contents (mandatory)</b>
P2	█	█	█	█	Strategic goals & strategies
* P3	█	█	█	█	Short-term organization-wide factors influencing decisions
* C2	█	█	█	█	<b>Priorities and issues (mandatory)</b>
					<b>Budget Overview (mandatory)</b>
					<b>Financial Structure, Policy, and Process</b>
* O1	█	█	█	█	<b>Organization chart (mandatory)</b>
F1	█	█	█	█	Fund descriptions and fund structure
O2	█	█	█	█	Department/fund relationship
F2	█	█	█	█	Basis of Budgeting
* P4	█	█	█	█	<b>Financial policies (mandatory)</b>
* P5	█	█	█	█	<b>Budget process (mandatory)</b>
					<b>Financial Summaries</b>
* F3	█	█	█	█	<b>Consolidated financial schedule (mandatory)</b>
* F4	█	█	█	█	<b>Three (four) year consolidated and fund financial schedules (mandatory)</b>
* F5	█	█	█	█	<b>Fund balance (mandatory)</b>
* F6	█	█	█	█	<b>Revenues (mandatory)</b>
F7	█	█	█	█	Long-range financial plans
					<b>Capital &amp; Debt</b>
* F8	█	█	█	█	<b>Capital expenditures (mandatory)</b>
F9	█	█	█	█	Impact of capital investments on operating budget
* F10	█	█	█	█	<b>Debt (mandatory)</b>
					<b>Departmental Information</b>
* O3	█	█	█	█	<b>Position summary schedule (mandatory)</b>
* O4	█	█	█	█	<b>Department descriptions (mandatory)</b>
O5	█	█	█	█	Unit goals and objectives
O6	█	█	█	█	Performance measures
					<b>Document-wide Criteria</b>
C3	█	█	█	█	Statistical/supplemental section
C4	█	█	█	█	Glossary
C5	█	█	█	█	Charts and graphs
C6	█	█	█	█	Understandability and usability
					<b>Overall as a policy document</b>
					<b>Overall as a financial plan</b>
					<b>Overall as an operations guide</b>
					<b>Overall as a communications device</b>



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## Training Logistics

- **We appreciate your feedback**

Please watch your e-mail for the arrival of GFOA's training evaluation. The evaluation will come from the address [announcements@gfoa.org](mailto:announcements@gfoa.org). The GFOA also sends information on the annual conference, training events, and publication releases from this address. Please set your spam filter to allow GFOA e-mails to come through or work with your IT department to ensure you receive GFOA announcements in your inbox.

- **Continuing Professional Education (“CPE”) certificate**

Each participant will receive a CPE certificate approximately three weeks after the seminar. This certificate verifies that you attended the program and it should be kept with your CPE documents. *Please note that training registrations must be paid in full before a CPE certificate will be mailed to the participant.*

- **Manage your profile**

Visit the GFOA's e-store at [www.gfoa.org](http://www.gfoa.org) and click on “My Account” to confirm that we have your correct e-mail address on file.

If you need to update your name, e-mail address, address, or phone number, please e-mail [membership@gfoa.org](mailto:membership@gfoa.org). If you forget your login and/or password, please e-mail [logins@gfoa.org](mailto:logins@gfoa.org).

## Benefits of GFOA Membership

The GFOA provides practical assistance and support to public-sector finance officers to help you better serve your communities. Stay current with developments and trends in the government finance profession by uniting with our membership.

As a GFOA member, you and your organization will be able to benefit from:

- GFOA's weekly *e-Newsletter*
- GFOA's award-winning bimonthly magazine, *Government Finance Review*
- Discounts on all of GFOA's many publications and training programs, as well as on registration for the GFOA's annual conference
- Access to GFOA's technical assistance
- Significant price reductions on participation in GFOA's highly regarded professional recognition programs, including GFOA's Award Program for Small Government Cash Basis Reports, the Certificate of Achievement for Excellence in Financial Reporting Program, and the Distinguished Budget Presentation Awards Program.

For information on how you can become a GFOA member, please visit us online or e-mail GFOA at [membership@gfoa.org](mailto:membership@gfoa.org).

## About the GFOA

For over a century, the GFOA has been dedicated to enhancing the professional management of governments for the public benefit. The GFOA has been accomplishing this mission by identifying and developing the highest quality financial policies and practices and promoting them to the public through education, training, and leadership. The association's more than 18,000 members rely upon the GFOA to provide timely information, practical educational opportunities, high quality professional publications, and the latest information on best practices.

## **GFOA Best Practices and Advisories**

GFOA's best practices and advisories are continually developed by GFOA's standing committees and approved by the Executive Board. The goal of the best practices and advisories is to give GFOA members and other state and local governments more guidance on sound financial management practices.

- A GFOA *best practice* identifies specific policies and procedures as contributing to improved government management. It aims to promote and facilitate positive change rather than merely to codify current accepted practice. Partial implementation is encouraged as progress toward a recognized goal.
- A GFOA *advisory* identifies specific policies and procedures necessary to minimize a government's exposure to potential loss in connection with its financial management activities. It is not to be interpreted as GFOA sanctioning the underlying activity that gives rise to the exposure.

Go to [www.gfoa.org](http://www.gfoa.org) to access GFOA's best practices and advisories in the following categories:

- accounting, auditing, and financial reporting
- budgeting and fiscal policy
- Canadian issues
- debt management
- economic development and capital planning
- retirement and benefits administration

**The GFOA is headquartered in Chicago with offices in Washington, D.C. The association staff is organized as follows:**

- **Office of the Executive Director**

The Office of the Executive Director is responsible for the overall management of the association, external relations, and international relations. Strategic initiatives developed by the Executive Board are provided funding through member dues and overall association operations. (Chicago)

- **Federal Liaison Center**

The center informs the GFOA members about federal legislation, regulations, judicial actions, and policies that affect public finance functions, and represents the interests of the GFOA in Washington, DC. GFOA's public policy statements are highlighted during regular contact with congressional leaders and key administration officials. Working with regulatory bodies that address issues affecting state and local governments is also a component of the center's work. Center staff also collects, analyzes, and disseminates information to GFOA members about Washington activities. Additionally, by developing and promoting best practices and policy statements, the center helps the GFOA members and public finance professionals enhance their operations. The center coordinates the efforts of the GFOA's seven standing committees, the Women's Public Finance Network, and the Black Caucus. In addition, the center conducts the Advanced Government Finance Institute, an intensive week-long program that provides GFOA members from the United States and Canada an opportunity to enhance their leadership skills and focus on emerging trends within the public finance community. (Washington, D.C.)

- **Financial Administration Center**

The goals of the Financial Administration Center are to provide administrative and IT support to all GFOA centers, manage the financial affairs of the organization, and administer the organization's website. (Chicago)

- **Operations and Marketing Center**

It is the responsibility of the Operations and Marketing Center to handle all logistics and marketing for the association's training programs – including the annual conference, national training, live-streaming events, Internet training, and committee meetings. Through marketing and advertising, the Operations and Marketing Center promotes membership in the association, participation in the annual conference, training events held throughout the year, publications, and the association's awards programs. This center also manages administration for the association. (Chicago)

- **Research and Consulting Center (RCC)**

GFOA's Research and Consulting Center provides services to support many of GFOA's training, conference, publications, best practice committees, and other programs. GFOA consultants also are recognized nationally as leaders in process improvement, best practice implementation, ERP procurement and implementation, long-term financial planning, budgeting, and performance management. Staff also conducts ongoing research with individual governments as well as on topics to the entire membership – for example, for the previous two years, staff has been working on resources for best practices in school budgeting and roll out of GFOA's smarter school spending website (smarterschoolspending.org) (Chicago).

- **Technical Services Center (TSC)**

The center provides technical information, products, and services to GFOA members and others interested in government finance regarding accounting, auditing, financial reporting, and the preparation of budget documents. At the heart of the center's activities are five professional recognition programs: the Award Program for Small Government Cash Basis Reports, the Certificate of Achievement for Excellence in Financial Reporting Program, the Distinguished Budget Presentation Awards Program, the Canadian Award for Financial Reporting Program, and the Popular Annual Financial Reporting Award Program. The center also offers a technical inquiry service for individuals interested in the proper application of governmental accounting, auditing, and financial reporting standards; the preparation of high quality budget documents; and best practices in accounting and budgeting. Members of the TSC staff also serve as authors of publications and periodicals; prepare educational materials, and serve as instructors in numerous national training seminars, including Internet and live Web-stream events. (Chicago)

### **Save the date!**

The GFOA's 110th Annual Conference will take place on **May 22-25, 2016, in Toronto, Ontario, Canada**. The call for topics is currently open at **[www.gfoa.org](http://www.gfoa.org)**.

Registration will open in late fall on GFOA's website. If you need a passport, visit <http://travel.state.gov/content/passports/english/passports/apply.html>.

### **Don't miss GFOA's latest publication releases**

As a major publisher of financial management information, the GFOA maintains an extensive inventory of books, e-books, manuals, guides, and CDs. Member discounts are available. Specialty subscription newsletters are published on accounting, auditing, and financial reporting and treasury and investment management issues. Go to [www.gfoa.org](http://www.gfoa.org) to order today. If you would like any additional information on the following products described, please contact the GFOA at [publications@gfoa.org](mailto:publications@gfoa.org). Quantity discounts are available.

***An Elected Official's Guide: Internal Control* – available in both electronic and print form**

- Stephen J. Gauthier

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The *GAAFR Supplement* is available both in e-book form (electronic: 76 pages) and print form (softcover: 94 pages) to meet your individual needs and circumstances.

**Order your copy today!** For information on **quantity discount pricing**, e-mail [gaafr@gfoa.org](mailto:gaafr@gfoa.org).

***GAAFR* now available as an e-book**

- Stephen J. Gauthier

The *GAAFR* incorporates all of the guidance of the Governmental Accounting Standards Board (GASB) through GASB Statement No. 66. It offers all of the references necessary to ensure easy access to the underlying authoritative standards. Features include: a practical "chapter in brief" summary for each chapter; a set of exercises for each chapter (with an explanation of correct responses); a detailed index; and a comprehensive glossary.

When you purchase the *GAAFR* as an e-book, the electronic *GAAFR Supplement* will also be included.

***An Elected Official's Guide: The New Pension Accounting* now available as an e-book**

- Stephen J. Gauthier

Recently, the Governmental Accounting Standards Board (GASB) issued a new standard that fundamentally changes how state and local governments account for the cost of pension benefits in their financial statements. There is little doubt that the change will raise many questions. This publication is designed to help answer those questions in a way that is understandable even for those with little or no expertise in pension accounting.



## **GFOA Training Opportunities**

Dedicated to the sound management of government financial resources, the GFOA provides professional development training opportunities to state, provincial, and local-level government officials and other finance practitioners each year. Training courses are presented as basic, intermediate, advanced, update, or overview. Take part in CPE-accredited group-live courses or enjoy the convenience of training at your desktop with our group Internet-based seminars and live-streaming courses, including the Annual Governmental GAAP Update. Visit [www.gfoa.org](http://www.gfoa.org) for details, to register online, and for the latest training announcements.

## **Awards for Recognition**

The GFOA encourages and recognizes excellence in financial reporting, budgeting, and financial management by granting awards to those governments that meet program standards. The GFOA sponsors seven awards programs:

- **Award for Best Practices in School Budgeting**

Over two years, GFOA's Research and Consulting Center will be working with practitioners, researchers, and other education finance experts to identify the best ways for PK-12 and community college institutions to leverage the budget process to align their resources to student outcomes. In addition, GFOA will also develop award criteria that allow districts and colleges to demonstrate process excellence and receive the recognition they deserve. The GFOA will then observe the outputs in practice through a number of pilot projects in order to test the best practices and award criteria. Based on the lessons learned during the pilots, the GFOA will finalize the criteria and incorporate them into the Award for Best Practices in School Budgeting and Award for Best Practices in Community College programs. Submission to the new award programs will be available starting the 2015-2016 budget year.

- **Awards for Excellence in Financial Management**

The GFOA's Awards for Excellence in Government Finance recognize innovations in financial management that make a significant contribution to the practice of government finance. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance. Visit [www.gfoa.org](http://www.gfoa.org) for qualifications and details on the application process. To request information about the Awards for Excellence program, send an e-mail to [AwardsforExcellence@gfoa.org](mailto:AwardsforExcellence@gfoa.org).

- **Award Program for Small Government Cash Basis Reports**

The Award Program for Small Government Cash Basis Reports aims to improve the quality and consistency of financial reporting for small governments. It is designed for the thousands of small governments for which financial reporting in conformity with generally accepted accounting principles (GAAP) is not a viable option. For some participants, the program may be a first step toward GAAP financial reporting.

Go to [www.gfoa.org](http://www.gfoa.org) to download an application on the program. Checklists are also available for general-purpose governments, school districts, and stand-alone business-type entities, along with a sample small government annual financial report. Questions? E-mail [cashbasis@gfoa.org](mailto:cashbasis@gfoa.org). For information on volunteer opportunities, e-mail [cashbasisreview@gfoa.org](mailto:cashbasisreview@gfoa.org).

- **Canadian Award for Financial Reporting**

The Canadian Award for Financial Reporting Program is specifically designed to encourage Canadian governments to prepare and issue financial reports of the highest quality. All participants are Canadian municipal governments that follow the standards adopted

by the Public Sector Accounting Board. The program currently has over 50 participating governments.

For information on becoming a participant, e-mail [Canfr@gfoa.org](mailto:Canfr@gfoa.org).

- **Certificate of Achievement for Excellence in Financial Reporting**

The GFOA's Certificate of Achievement for Excellence in Financial Reporting Program (Certificate Program) has been promoting the preparation of high quality financial reports since 1945. Over 4,000 governments currently participate in the program. Participants include governments of all levels (state and local), types (general-purpose and special-purpose), and sizes. For information, e-mail [Cafrprogram@gfoa.org](mailto:Cafrprogram@gfoa.org).

This program also functions as an educational tool for those who are members of the Special Review Committee (SRC). Volunteer SRC members have the opportunity to review comprehensive annual financial reports submitted to the Certificate Program from all over the United States. While performing this service, SRC members obtain a unique educational insight into the governmental accounting and financial reporting arena. For more information e-mail [SRCreviews@gfoa.org](mailto:SRCreviews@gfoa.org).

- **Distinguished Budget Presentation Award**

The GFOA's Distinguished Budget Presentation Awards Program has been promoting the preparation of high quality budget documents since 1984. The program expects to surpass 1,500 submissions. Participants include governments of all levels (state and local), types (general-purpose and special-purpose), and sizes.

Reviewing budgets can be a great way to learn new budgeting techniques. The program will welcome its 600<sup>th</sup> reviewer. If you have experience in governmental budgeting, you are invited to become a volunteer reviewer.

For information on becoming a participant or reviewer, e-mail [BudgetAwards@gfoa.org](mailto:BudgetAwards@gfoa.org).

- **Popular Annual Financial Reporting**

The Popular Annual Financial Reporting Awards Program is specifically designed to encourage governments to prepare and issue a high quality popular annual financial report. Popular annual financial reports can play an important role in making financial information accessible to ordinary citizens and other interested parties who may be challenged by more detailed traditional financial reports. The program currently has over 250 participating governments.

For information on becoming a participant or reviewer, e-mail [PAFR@gfoa.org](mailto:PAFR@gfoa.org).















































