



Best Practices in Budget Administration

2026 Tennessee GFOA Conference



PRESENTERS



Scott Catlett

Managing Director – Government Advisory Services
Nashville, TN

- 17 years as Budget Manager, Assistant Finance Director, and Finance Director for cities
 - Populations ranging from 75,000 to 325,000 in urban and suburban settings
 - Supervised from 6 to 60 Finance Department staff
 - Managed budgets of \$200 million to \$1.2 billion and investment portfolios of \$100 million to \$600 million
- 8 years providing advisory services for state and local governments throughout the US
 - Primarily focused on financial management engagements – long-term financial planning, policy and procedures development, and organizational and operational assessments
- Adjunct professor teaching public sector financial management and instructor for GFOA and several state affiliates

PRESENTERS



Amber Haston

Senior Manager – Government Advisory Services

- 10 years in small, medium, and large finance departments as both an operational department senior analyst and a senior budget analyst in finance departments
- Nearly 5 years providing advisory services for state and local governments throughout the United States
 - Specializes in financial management including budgeting and procurement processes, long-term financial planning, complex financial analysis, and fiscal policy development
- Advisor, GFOA Budgeting and Fiscal Policy Standing Committee

FOCUS AREAS FOR TODAY'S PRESENTATION



BUDGET PLANNING AND
PREPARATION



BUDGET APPROVAL,
OUTREACH, AND
TRANSPARENCY



BUDGET DOCUMENTS
AND DATA



BUDGET MONITORING



BUDGET REPORTING



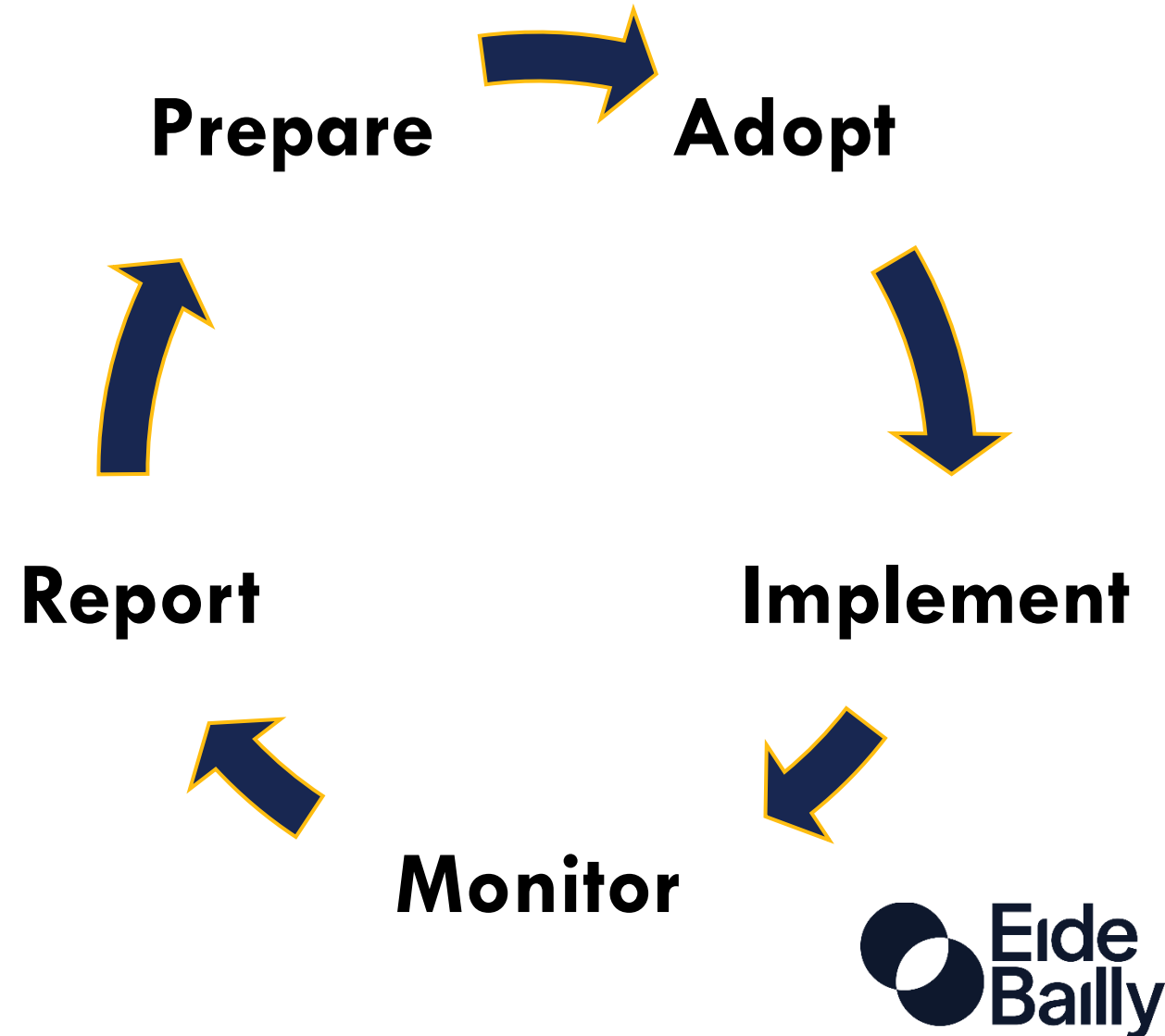
HELPFUL RESOURCES

HOW DO WE IMPLEMENT BUDGET ADMINISTRATION BEST PRACTICES?

- First: define budget administration:
 - Establishing policies, practices, and systems that facilitate budget development, management, and reporting
 - Identifying budget variances (both good and bad) and responding to them
 - Communicating budget information to key stakeholders, including executive management, elected officials, and the public
- Second: Understand the differences between budget administration and accounting:
 - Accounting focuses on recording and reporting day-to-day financial transactions
 - Accounting-related reporting is driven by accounting standards and generally looks backward
 - Budget administration focuses on managing and allocating limited financial resources
 - Budget-related reporting is agency-specific and uses historical information to look forward toward year-end results and long-term financial sustainability

THE BUDGET CYCLE – IT NEVER ENDS!

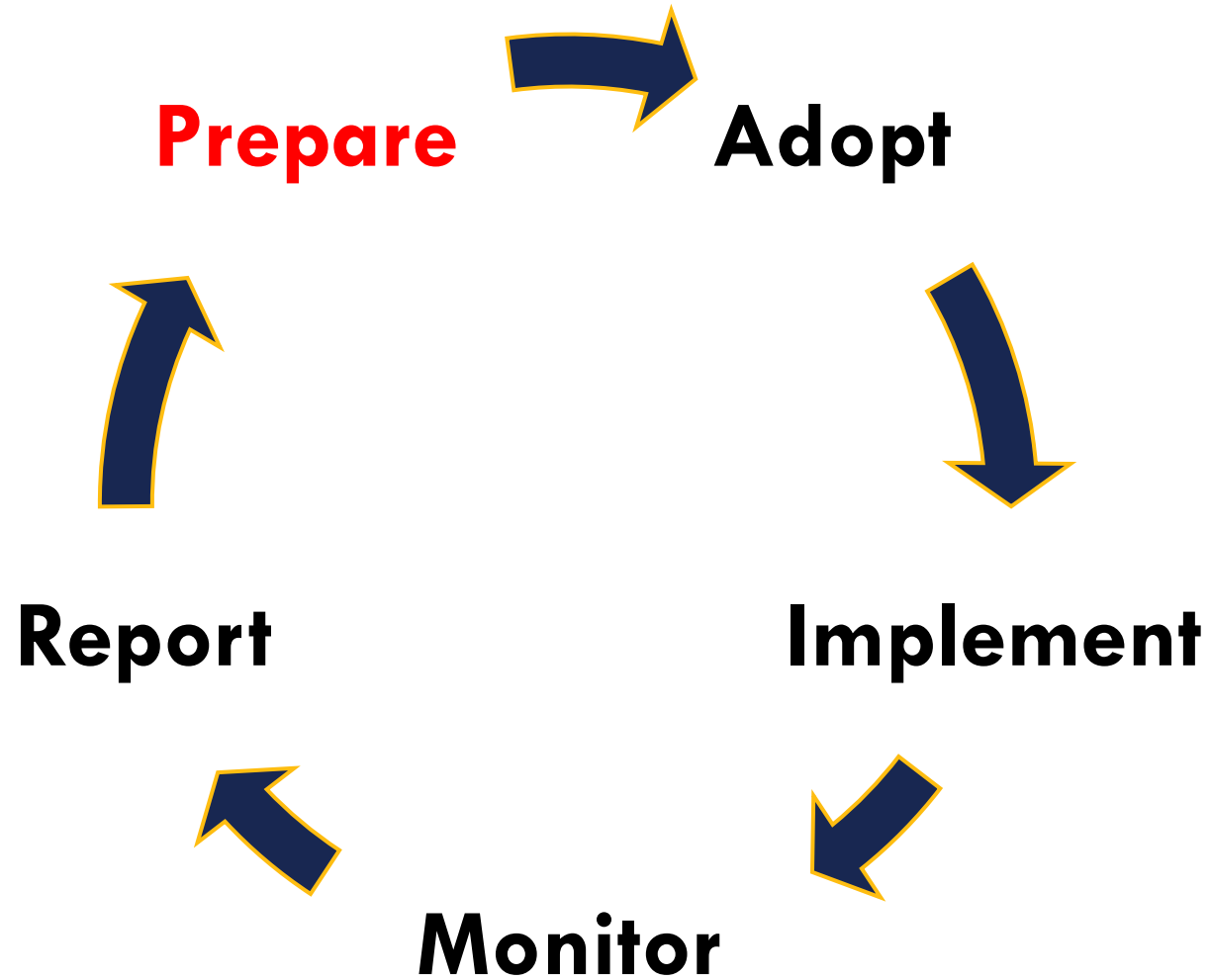
- Budget management is a continuous cycle of activities throughout the fiscal year
 - Not a short-term task prior to the start of the fiscal year
- The first three steps are commonplace in virtually every government agency
 - Varying degrees of successful execution
- Focused attention is required to successfully execute the fourth and fifth steps
 - Success requires policies, reports, and processes that are clear, accurate, and repeatable





BUDGET PLANNING AND PREPARATION

PHASE 1 – PREPARE

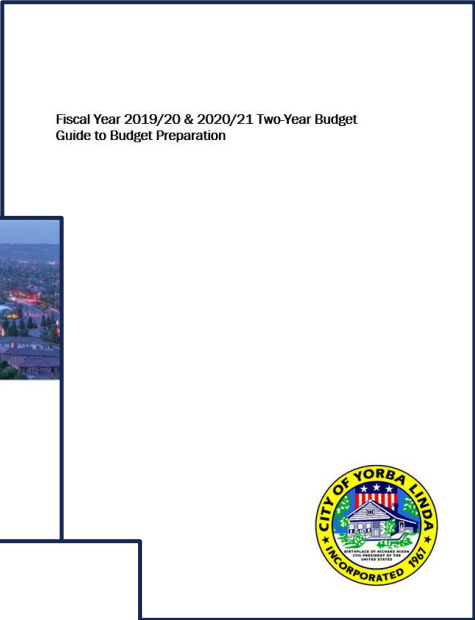


THOROUGH PLANNING

- Start with a kick-off meeting for key stakeholders
 - Include everyone from department heads to those assigned data entry responsibilities
 - Overview of process
 - Overview of schedule
 - Key expectations and deliverables
 - What's new or different
- Have the chief executive set the tone in writing and as part of the meeting
 - Available resources
 - Spending priorities
 - Significant organizational changes

THOROUGH PLANNING

- Provide a budget process guide document or presentation as a take-away
 - Include a detailed schedule and list of deliverables
- Proactively provide more detailed training
 - Processes and software
 - In groups or one-on-one
- Monitor status constantly
 - Have contingency plans
 - Build extra time into the schedule



Schedule			
	What	From	To
A	Budget Kick-Off Meeting and Directive Released		Mar 19
B	Budget Spreadsheets and Forms Released by Finance		Mar 19
C	Departments Working on Deliverables		
	1. Personnel Change Requests Forms	Mar 19	Mar 29
	2. Expenditure and Revenue Budget Worksheets / Enhancement Requests	Mar 19	Apr 18
	3. Cost Allocation Plan Worksheets	Mar 25	Apr 18
	4. CIP Worksheets	Mar 19	Apr 18
	5. Departmental Narrative Information for Budget Document	Apr 22	Jun 7
D	Approval Process		
	1. Personnel Change Request Forms Approved or Modified		Apr 12
	2. Citywide CIP Coordination Meeting		Apr 2
	3. City Manager Meets with Departments to Review Budgets	Apr 29	May 2
	4. City Council: Preliminary Review of the Two-Year Budget		May 21
	5. City Council: Secondary Review of the Two-Year Budget (If Needed)		Jun 4
	6. City Council: Preliminary Review of Capital Improvement Program		Jun 4
	7. City Council: Adoption of the Two-Year Budget		Jun 16



USE SOFTWARE TO YOUR ADVANTAGE

- Use your budget software to its full potential
 - Building your personnel budget
 - Managing change requests
 - Providing a document library of historical and current information
 - Submitting deliverables
 - Maintaining backup documentation
 - Using workflows for approvals and feedback
- If you don't have budget software, consider using Microsoft SharePoint or something similar
 - These tools can also be used in concert with your budget software

SET AN EXAMPLE BY BEING READY ON DAY ONE

- Don't provide a reason for late submittals
- Provide all required materials up front
 - Budget preparation guide
 - Training manual
 - Personnel budget
 - Required forms
 - Useful reports
- Communicate any changes
 - Have a distribution list
 - Provide updates when changes occur and explain why

ESTABLISH A CLEAR PROCESS FOR CHANGE REQUESTS

- Receive, review, and approve budget change requests in a standardized way
 - Technology tools can help
 - SharePoint if not in budget software
- Consistent approval process
 - Consider establishing budget targets
 - Prioritization of requests
 - Categorization by required approval (e.g., budget office, chief executive, or governing body)
 - Clear process for approval
 - Require costing and revenue analysis that is validated by the budget office
- Provide clear notification regarding which items were approved and/or modified

BUDGET TARGETS EXAMPLE

Fire Department

2022-23 Adopted Budget ¹	\$	52,088,055
Remove: Cost Allocations	\$	(2,347,519)
	\$	49,740,536
 2023-24 Target Additions		
Add: Fire MOU Increases	\$	1,483,145
Add: Management MOU Increases	\$	8,229
Add: PERS Increases	\$	604,270
Add: Debt Changes ²	\$	144,227
Add: SEIU MOU Increases	\$	8,629
Add: City Manager-Approved Additions ³	\$	800,211
Add: Insurance Changes ⁴	\$	(137,796)
	\$	2,910,915
 2023-24 Target for Budget Report Reconciliation	\$	52,651,451

¹ Includes cost allocations and managed savings

² Changes to the total amount that will be allocated to your Department for General Fund debt

³ City Manager-Approved Additions

a. \$250,000 for professional services.

b. \$418,000 for leave payouts not budgeted in recent years.

a. \$132,211 for a Deputy Fire Marshall

⁴ Net amount of changes in Workers Compensation and Liability insurance



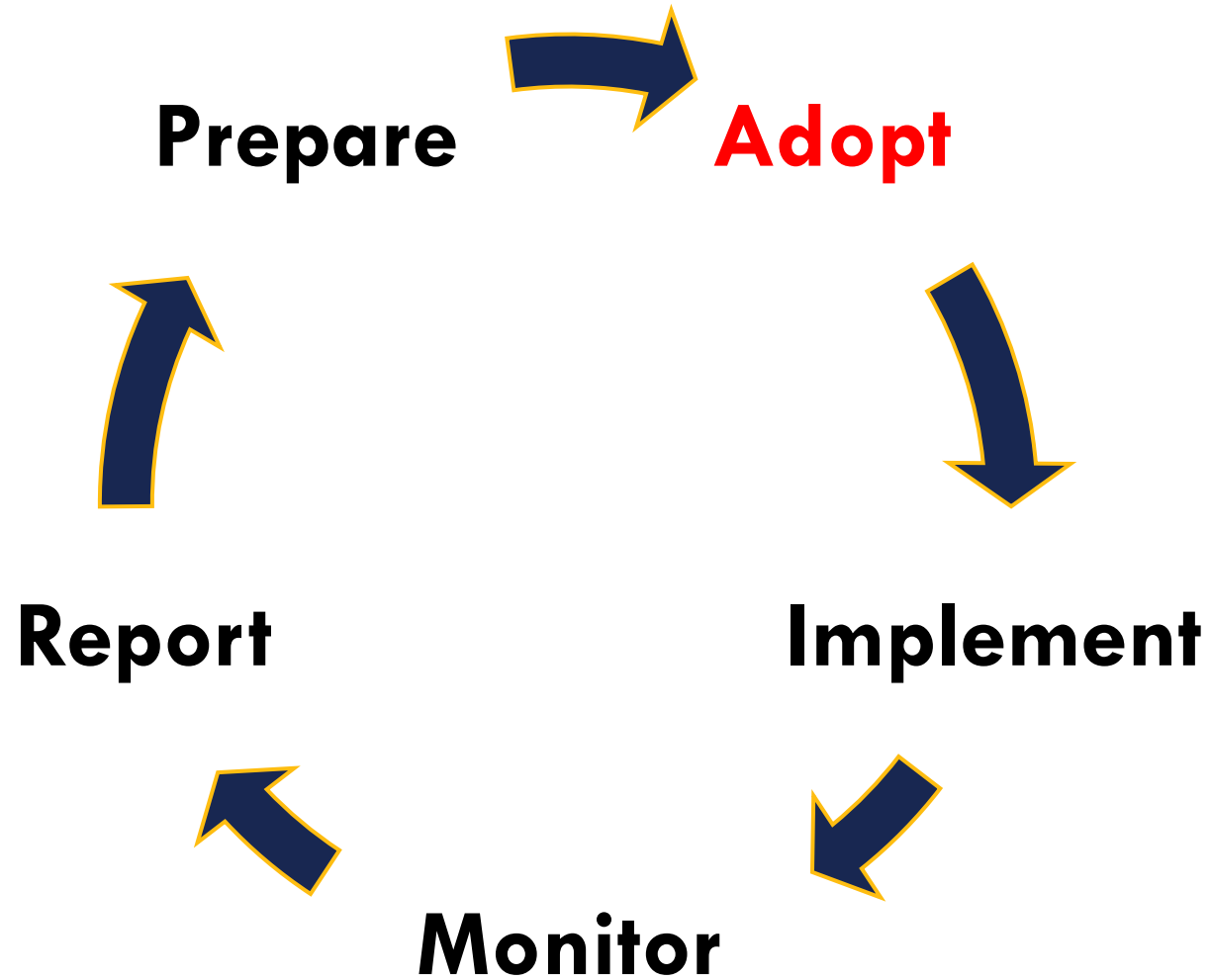
MAINTAIN CONTROL OVER PERSONNEL BUDGETING

- Keep control in the budget office
 - Centrally develop and modify the personnel budget (salary and benefits)
 - Validate overtime assumptions against usage
 - Maintain centralized control of funding or adding positions
 - Have an effective tracking system in place, ideally integrated with Human Resources
 - Handle vacant or unfunded positions consistently
- Avoids problems such as:
 - Inaccurate salary and benefit projections
 - Budgeting for positions that were not intended to be funded
 - Overfunding vacant positions
 - Exceeding authorized position counts
 - Inaccurate handling of mid-year adjustments from prior year



BUDGET APPROVAL, OUTREACH, AND TRANSPARENCY

PHASE 2 – ADOPT



START AND END THE BUDGET PROCESS WITH THE GOVERNING BODY

- An early scoping conversation with the governing body can be invaluable
 - Confirm priorities or identify new ones
 - Identify key challenges
 - Preview possible changes such as new staff or programs
 - Solicit early feedback from the public
- Can be integrated with strategic planning
 - For those with strategic plans, can be combined with a routine status check-in
 - For those without strategic plans, can provide forward-looking input that can provide some strategic direction

WHY STRATEGIC PLANNING?

- Can significantly enhance the effectiveness of the budget process, provided that it is integrated into budgetary decision making, regularly updated, and not ignored arbitrarily
 - Includes actionable tasks for those managing the organization
 - Measures success against organization-wide overarching goals that link to each department's goals and objectives
 - Performance measurement is the next step



WHY MEASURE PERFORMANCE IN THE BUDGET PROCESS?

- Questions that can be answered
 - How is the agency doing?
 - “Efficiency and effectiveness”
 - Identifying inefficiencies and waste/fraud
 - Value for a tax dollar
 - Are organizational goals being achieved?
 - Demonstrating effectiveness to political constituents
- Why ask these questions? To promote effective resource allocation.
- Strategic planning and performance measurement is also an important part of the GFOA budget awards program best practice framework

IT'S ONLY WORTH DOING IF DONE CORRECTLY AND COMPREHENSIVELY

- An organization-wide goal – “To Enhance the Quality of Life for All Citizens of the City”
- A department-level goal for the Parks & Recreation Department – “To Increase Recreational Opportunities Available in the City’s Parks and Community Centers”
- A department level objective for the Parks & Recreation Department – “To Construct Two New Community Centers and Increase The Number of Recreation Classes by 10% Over the Next Two Years”
- The Department objective can hopefully be met in a two-year timeframe and achieving that objective will assist in meeting the department-level and organization-wide goals listed above
- A well-designed performance measurement program can measure whether this goal is being met
 - Output measure – number of community centers
 - Output measure – number of customers served in recreation classes
 - Outcome measure – percentage of applicants finding an available recreation class
 - Outcome measure – Percentage of recreation class attendees rating class as outstanding

CRAFT AN APPROVAL PROCESS THAT MAKES SENSE FOR YOUR AGENCY

Small agency with 6 departments

- Scoping meeting up front
- Finance committee review of draft budget
- Public hearing before governing body
- Final approval by governing body



Large agency with 15 departments

- Scoping meeting up front
- Multiple finance committee reviews of draft budget
- Community budget workshops
- Initial governing body review
- Public hearing before governing body
- Final approval by governing body

CONTENT IS MORE IMPORTANT THAN FREQUENCY

- No matter how many opportunities for governing body and public input there are:
 - They are only helpful if comprehensive, accurate data is shared
 - Feedback must be acted upon to improve the quality of the budget content
 - A repeatable process is best where stakeholders become accustomed to the same process and materials from year to year
- Consider your community's unique situation
 - Size and complexity
 - Staff resources
 - Degree of community interest
 - Degree of media interest
 - Budgetary flexibility and constraints
 - Implications on long-term financial plan

TAILORING THE MESSAGE FOR ELECTED OFFICIALS

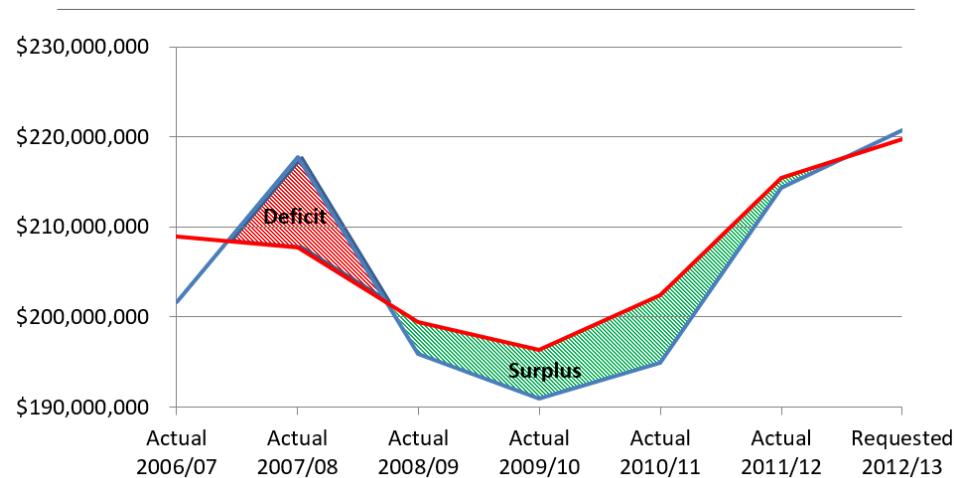
- Not all audiences need the same level of detail or should be engaged with the same approach
- Remember that elected officials live in a world that:
 - Requires responsiveness to constituents
 - Is sensitive to public perception of actions taken
 - Is subject to coverage (and interpretation) by the media
- For elected officials
 - Approach: provide the facts, not opinion, and sufficient information to make informed decisions
 - Approach: If you don't know, don't guess!
 - Format: avoid too much detail and focus on the impact of decisions before the elected body

AVOID BUDGET COMMUNICATION CHALLENGES

- Poorly constructed budget presentations can cause problems such as:
 - Failure to communicate problems and solutions to elected officials and the public
 - Incorrect perceptions of fiscal health (good or bad)
 - Negative press coverage
 - Little value to end-users (including staff)
- This can be mitigated by:
 - Providing engaging content so that people pay attention and are interested in content
 - Avoiding complicated tables and terminology
 - Selecting the most effective means for presenting your data
 - Having detail ready if asked, but concentrate on the big picture

PROVIDING EFFECTIVE SUMMARY DATA

- Too much detail in a presentation causes those listening to focus on the data instead of the presentation, which can cause key facts to be missed
 - It is, however, important to have detail ready if there are questions



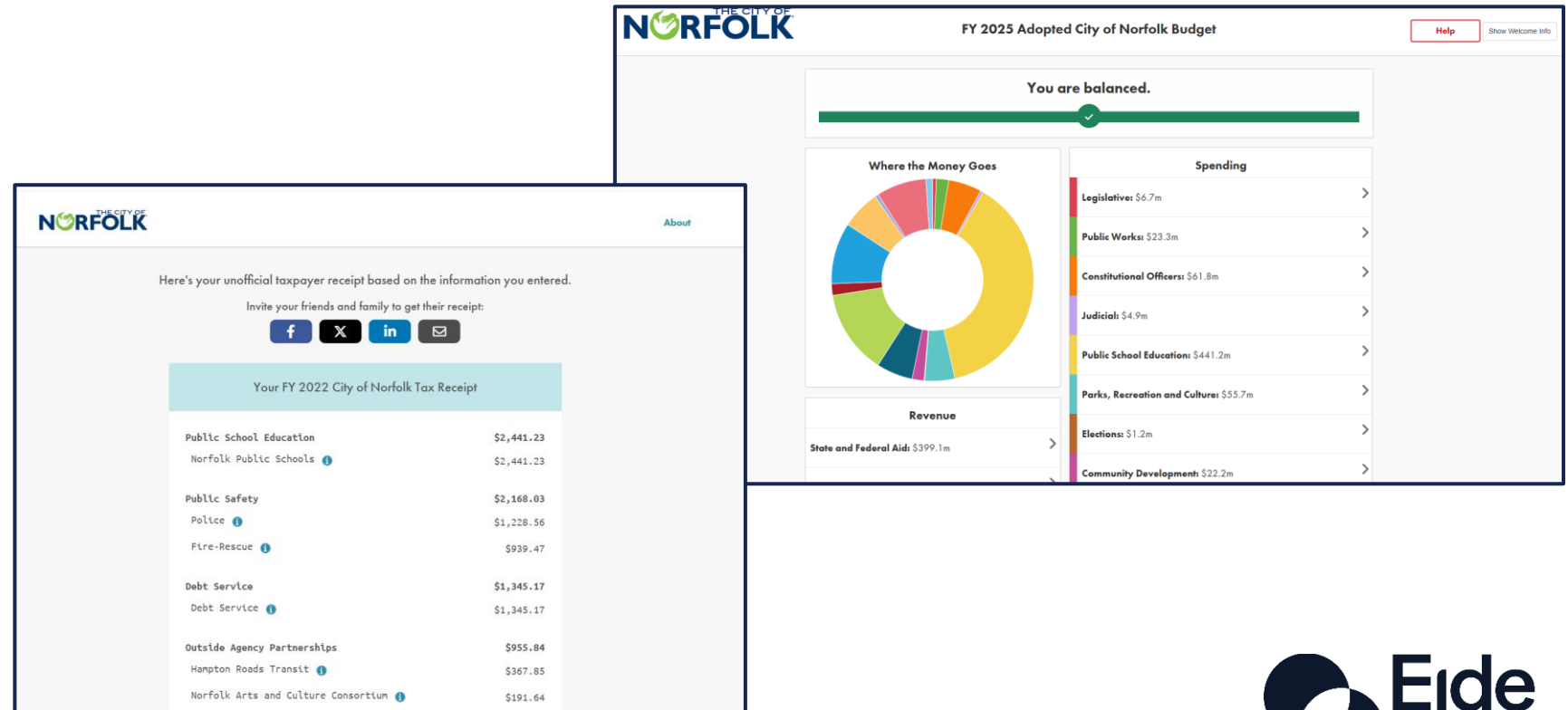
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	2012/13 Adopted	2012/13 Projected	Budget Variance
Sales & Use Taxes	\$31,079,000	\$30,690,569	\$(388,431)
Property Taxes	17,205,728	17,171,890	33,838
Interfund Transfers	10,890,700	4,340,400	449,700
Utility Users Tax	28,357,050	28,103,000	254,050
Charges for Services	11,758,838	11,051,625	707,213
Licenses & Permits	7,450,234	7,769,233	318,998
Franchises	5,059,000	4,999,000	60,000
Other	5,044,681	4,579,881	464,800
Fines & Forfeits	4,855,437	5,855,563	900,126
Special Assessments	1,719,395	1,108,158	611,237
Transient Occupancy Tax	3,612,000	3,800,000	188,000
Property Transfer Tax	1,500,000	1,535,000	35,000
Intergovernmental	1,220,000	1,305,907	85,907
One-Time Revenues	5,000,000	5,000,000	-
Total	\$218,128,113	\$219,184,045	\$1,055,932
Prior Year Carry-Forward	1,477,572	1,477,572	-
Adjusted Total	\$219,605,685	\$220,661,617	\$1,055,932

No

HOW CAN PROVIDING ACCESS TO DATA HELP?

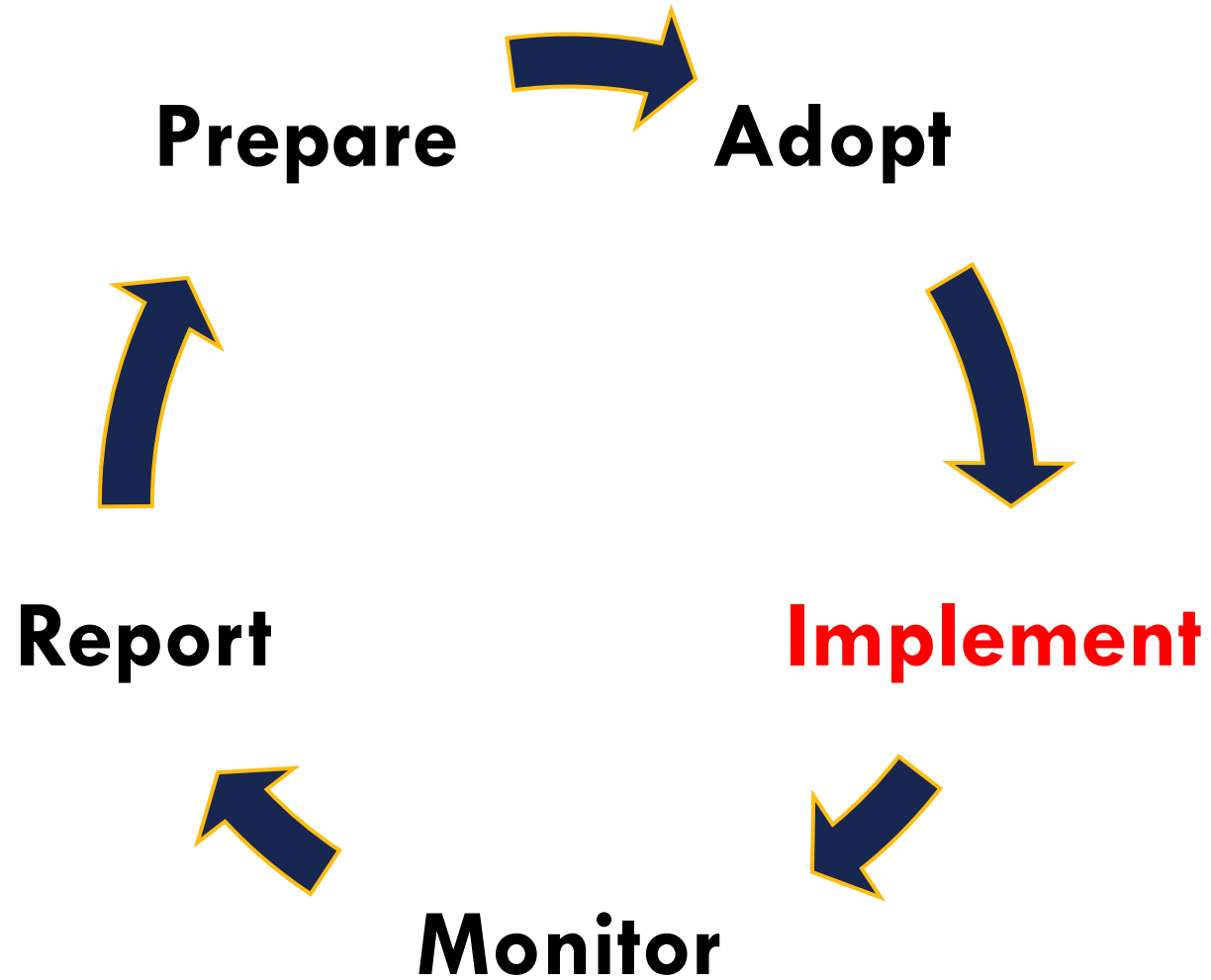
- Beyond verbal and written communication, we have increasing options for effectively communicating budget information during the approval process
- Committee meetings
- Public workshops
- Surveys
- Transparency portals
- Software solutions





BUDGET DOCUMENTS AND DATA

PHASE 3 – IMPLEMENT



The Implementation Phase

- Largely the responsibility of others
- To perform effectively, they need good information about the budget and reliable budget data
- The budget document, available data, and available reports all play a critical role in implementation success

THE GFOA DISTINGUISHED BUDGET PRESENTATION AWARD PROGRAM PROVIDES A GREAT ROADMAP

Strategic planning
and performance
measurement
information

Organizational
structure and
policy information

Overview and
summary budget
information

Fund-level and
department-level
budget
information

Long-term
financial planning
information

Capital
improvement
program
information

Outstanding debt
Information

Staffing
information

Statistical and
narrative data



- Awards don't measure the soundness of a budget's recommendations or the underlying policy direction, but...
- Following the program's content requirements will:
 - Help ensure that the budget document covers needed information comprehensively
 - Enhance the usability of the information

AVOID BUDGET COMMUNICATION CHALLENGES

- Some common failures in communicating budget information in budget documents include:

- Inadequate summarization
- Inadequate narrative
- Inconsistent numbers
- Lack of “flow”
- Lack of charts and graphs
- Document ends up on a shelf

- Budget documents can be detailed without seeming complex or confusing if properly structured:

- Well thought out/executed summarization
- Thorough narrative
- Consistent numbers with logical organization
- Logical “flow” to the document’s content
- Thoughtful charts and graphs
- Clarity of content and execution

FOUR KEY SUGGESTED SOLUTIONS

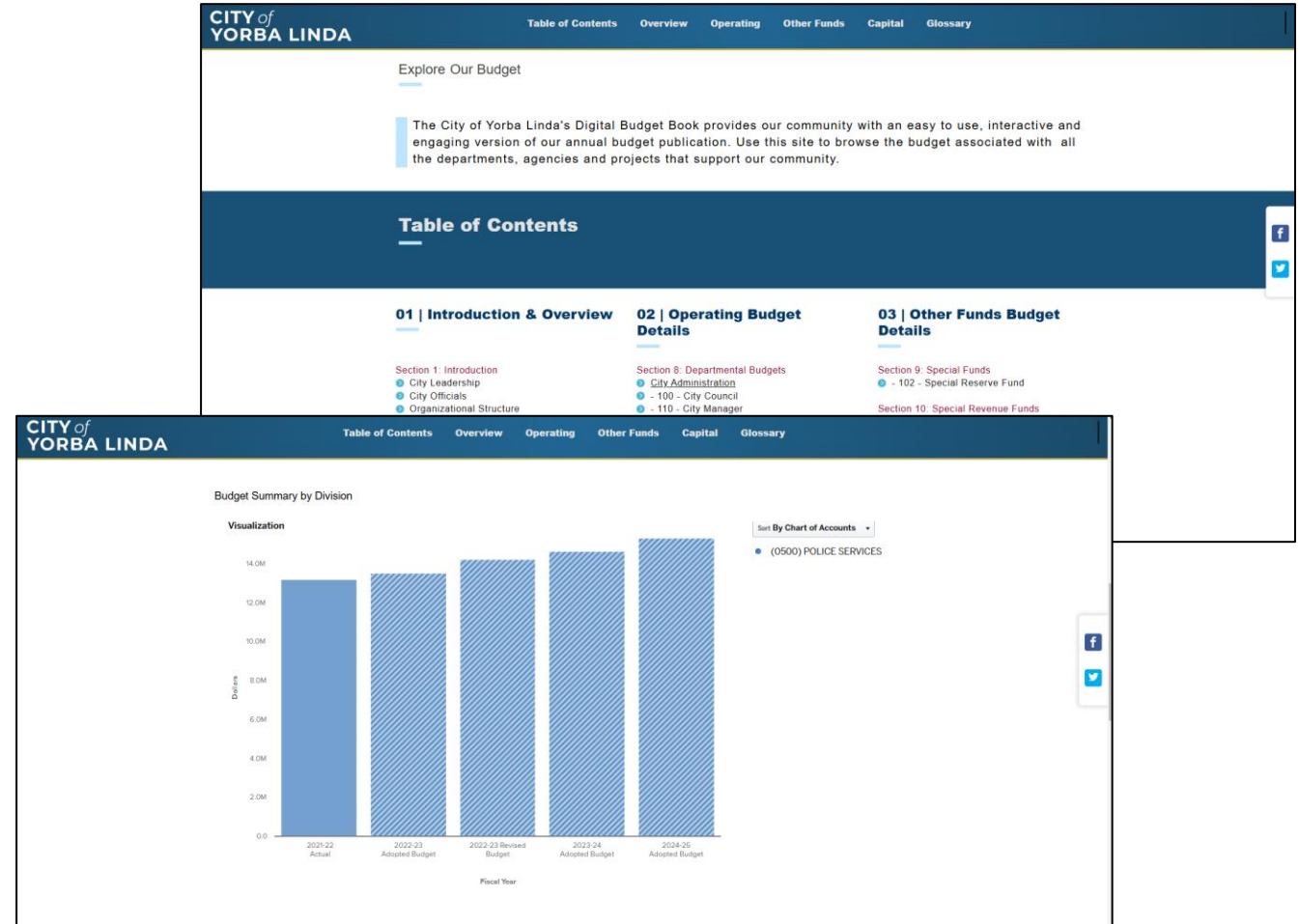
- Budget document organization – structure it like you are telling a story
 - Introduction (profile, policies, strategic planning), beginning (priorities, summary), middle (funds, departments), end (CIP, debt), and appendices (glossary, resolutions)
- Thorough explanation of terminology and business processes
 - Not all users of the data are experts
 - An informed reader walks away with a better understanding, fewer misconceptions, the message you intend to convey, and a positive view of your organization and the challenges you face
- Thoughtful use and consistent format of charts and graphs
- Effective implementation of performance measurement and integration with the strategic plan

SOME OTHER COMMON CHALLENGES FROM A FORMER GFOA REVIEWER

- Inadequate explanations of revenue forecast assumptions
- Not explaining changes in fund balances and other unusual situations such as negative fund balances
- Not articulating the basis of budgeting versus the basis of accounting
 - There are almost always differences (e.g., depreciation, debt principal, etc.)
- Not integrating the CIP into the budget document
 - Don't just insert another document
 - Quantify operational impacts of projects (e.g., staffing, maintenance, or even savings)
- Overly brief descriptive or statistical data – this is valuable for context
- PDF file challenges (e.g., page numbering, lack of hyperlinks, or page orientation)

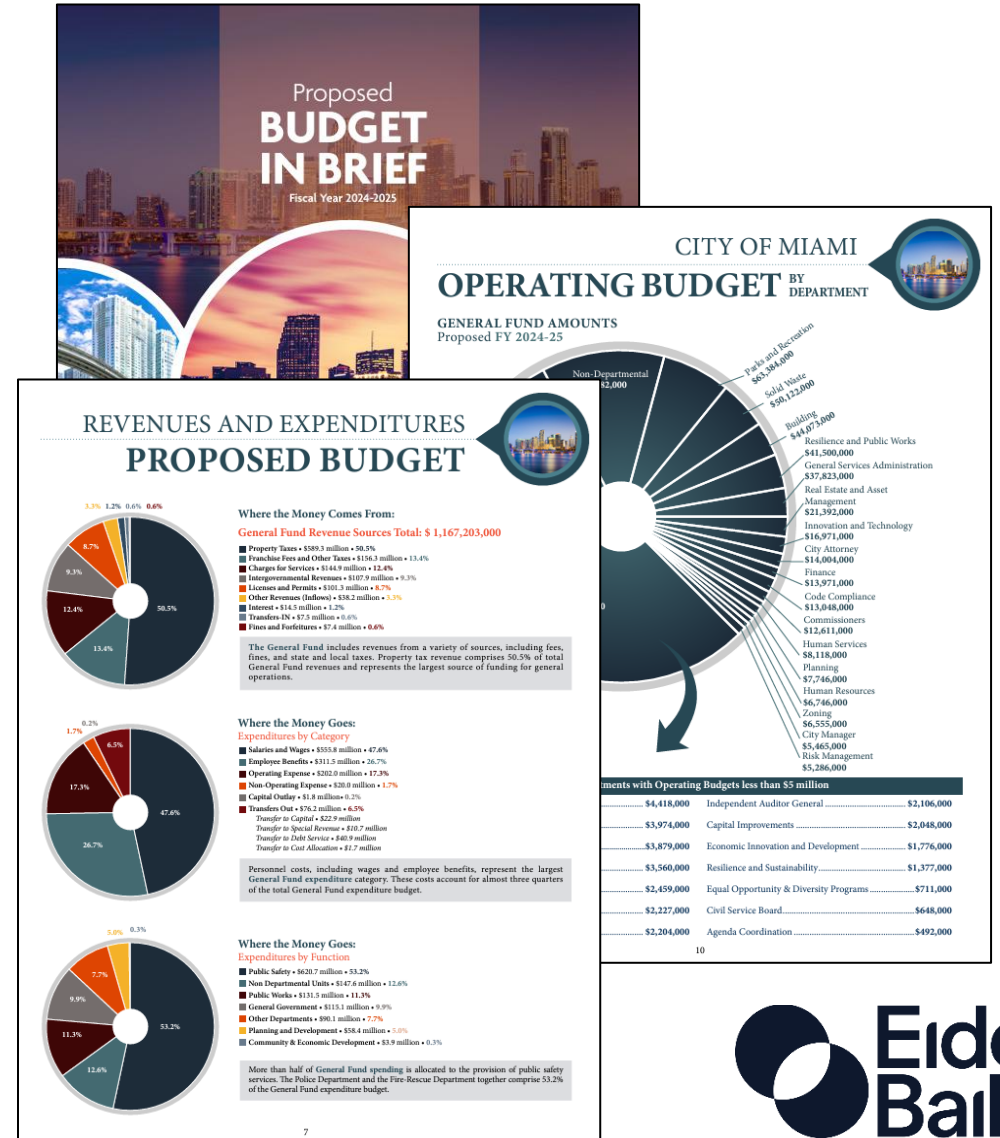
DIGITAL BUDGET BOOKS

- Digital budget books are becoming increasingly common
 - Either in supplement to or replacing budget documents
 - Can be compliant with the GFOA budget awards program
 - Time consuming to implement, but can save a good bit of staff time in the future if the budget document is phased out



TAILORING THE MESSAGE FOR THE PUBLIC

- Not all audiences need the same level of detail or should be engaged with the same approach
- For the public
 - Approach: concise and engaging information on key areas of importance to the public with an emphasis on the positive but recognizing the negative
 - Format: budget in brief, online data portal, performance data website, interactive websites, television programming, press releases, commentary



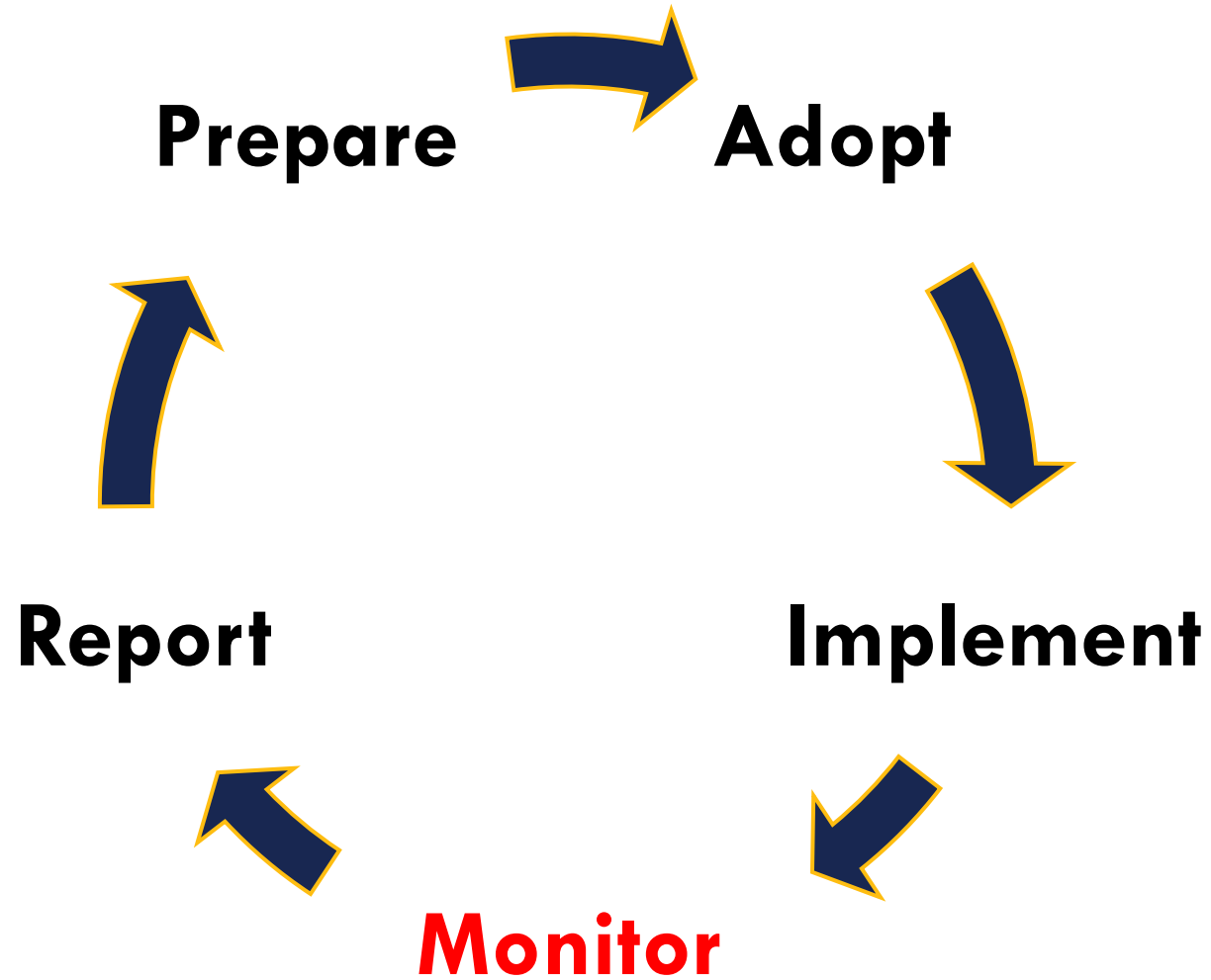
ENSURE THAT YOUR BUDGET DATA IS RELIABLE

- For departments to be successful in implementing the budget, they must have reliable budget data and reports that provide them with the information they need to be successful
- Quality control
 - Final budget data should be reconciled to what was approved by the governing body
 - Clear controls over transfers and supplemental appropriations, driven by policy
- Helpful practices
 - Poll frequent users to get insights into the effectiveness of budget reports
 - Provide direct database access to budget data through Excel
 - Proactively send out reports on a regular basis



BUDGET MONITORING

PHASE 4 – MONITOR



What Is The Appropriate Frequency of Monitoring?

- Considerations
 - Size of organization
 - Complexity of organization
 - Staff resources
 - Revenue or expenditure volatility
 - Interest of elected officials and the public

WHAT CONSTITUTES PERIODIC MONITORING?

- Update of revenue projections
 - Reviewing original budget
 - Adding unanticipated revenues
- Analysis of year-to-date expenditures
 - Budget-to-actual analysis
 - Supplemental appropriations
- Projection of year-end results (including revenues, expenditures, and changes to fund balance)
- Identification of significant variances or unknowns
 - What's changed?
 - What's been added to the budget?

CONDUCTING A BUDGET VARIANCE ANALYSIS

- Requires more than just running a report from your financial system
 - Beware of aggregation of variances (example: vacancy savings is offsetting overspending on materials)
 - Expenditure savings may be tied to reduced revenue (example: dangerous building abatements)
 - Additional revenue may be accompanied by higher spending (example: contract building inspection costs)
 - Identify errors, correct them, and provide training to prevent recurrence
- Make sure that controls are in place to prevent overspending, but flexibility is maintained to operate efficiently
 - Expenditure control at the account group level with overrides requiring approval
 - Automated early warnings
 - Purchase orders require sufficient budget to be encumbered
 - Payments cannot be initiated without sufficient budget with overrides requiring approval

PROJECTIONS CHANGE, AND THAT'S OK!

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Projected Revenues	\$35,265,000	\$35,465,000	\$34,865,000	\$35,000,000
Projected Expenditures	(\$34,817,000)	(\$34,617,000)	(\$35,143,000)	(\$34,743,000)
Change in Reserves	\$448,000	\$848,000	(\$278,000)	\$257,000
Projected Ending Reserves	\$15,672,000	\$16,072,000	\$14,946,000	\$15,481,000



- Keep in mind that projections are not certain
- Interim reporting is no different than long-term financial planning
- It is OK to revise as the year progresses
- Prepare your audience for this and explain *the why*

INTERIM BUDGET MONITORING IS A TEAM EFFORT

- Finance as well as analytical staff and/or management in other departments must regularly monitor the budget for variances
 - Ideally, involve departments in the process if resources permit
 - Finance should ensure that departments recognize the impact of mid-year program and service level decisions on the budget
 - Example: quarterly meeting with each department to review variances as a team
 - Be seen as an ally in finding solutions, not just pointing out problems

EXAMPLES

Small agency with 6 departments

- Finance prepares all of the analysis
- Departments answer questions and keep Finance informed
- No periodic group meetings



Large agency with 15 departments

- Large departments prepare their own detailed analysis to be validated by Finance
- Finance prepares analysis for smaller departments
- Individual or group meetings with departments quarterly

TAKING CORRECTIVE ACTION

- Identification of revenue shortfalls or expenditure overages must be followed by corrective action, as needed
 - What caused the variance, and will it continue or be offset by future activity?
 - Amending the revenue budget due to variances
 - Submitting and considering transfers or supplemental appropriation requests
 - Identification and correction of coding errors or misallocated staff
 - Implementing program or service level reductions

SOME PITFALLS IN BUDGET MONITORING

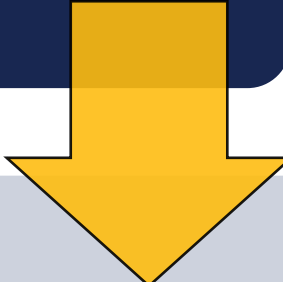
- Allowing encumbrances and unused appropriations to carry forward from year to year without being challenged
- Not having control over the supplemental appropriation and budget transfer processes
- Lacking consequences for exceeding authorized appropriations
 - Consequences need to be evenly applied
 - For Finance to be seen as an ally to all departments, the playing field must be perceived to be even
- Improperly calculating the year-end available budgetary reserve balance
 - Decision makers need to understand what is truly available
- Not having ultimate responsibility for position control in Finance
 - Human Resources may not prioritize sufficiently to detect and correct errors
 - If Finance doesn't have ownership of position control – trust, but verify

SUPPLEMENTAL APPROPRIATION MANAGEMENT

- It is common practice to appropriate funds throughout the fiscal year as needs arise
 - Can create a lot of additional staff reports to the governing body
 - Can decrease the visibility of the impact of mid-year appropriations on reserves and year-end projections
- Consider collecting non-emergency supplemental appropriations or transfers requiring governing body approval for inclusion in quarterly reports
 - Can reduce workload on Finance and the number of agenda items that need handling
 - Staff report can be prepared by Finance to include all supplemental appropriations and transfers for the quarter
- It is also critically important for Finance to be in the workflow for all supplemental appropriations before they are added to the governing body's agenda

IMPACT OF BUDGET MONITORING ON LONG-TERM FINANCIAL PLAN

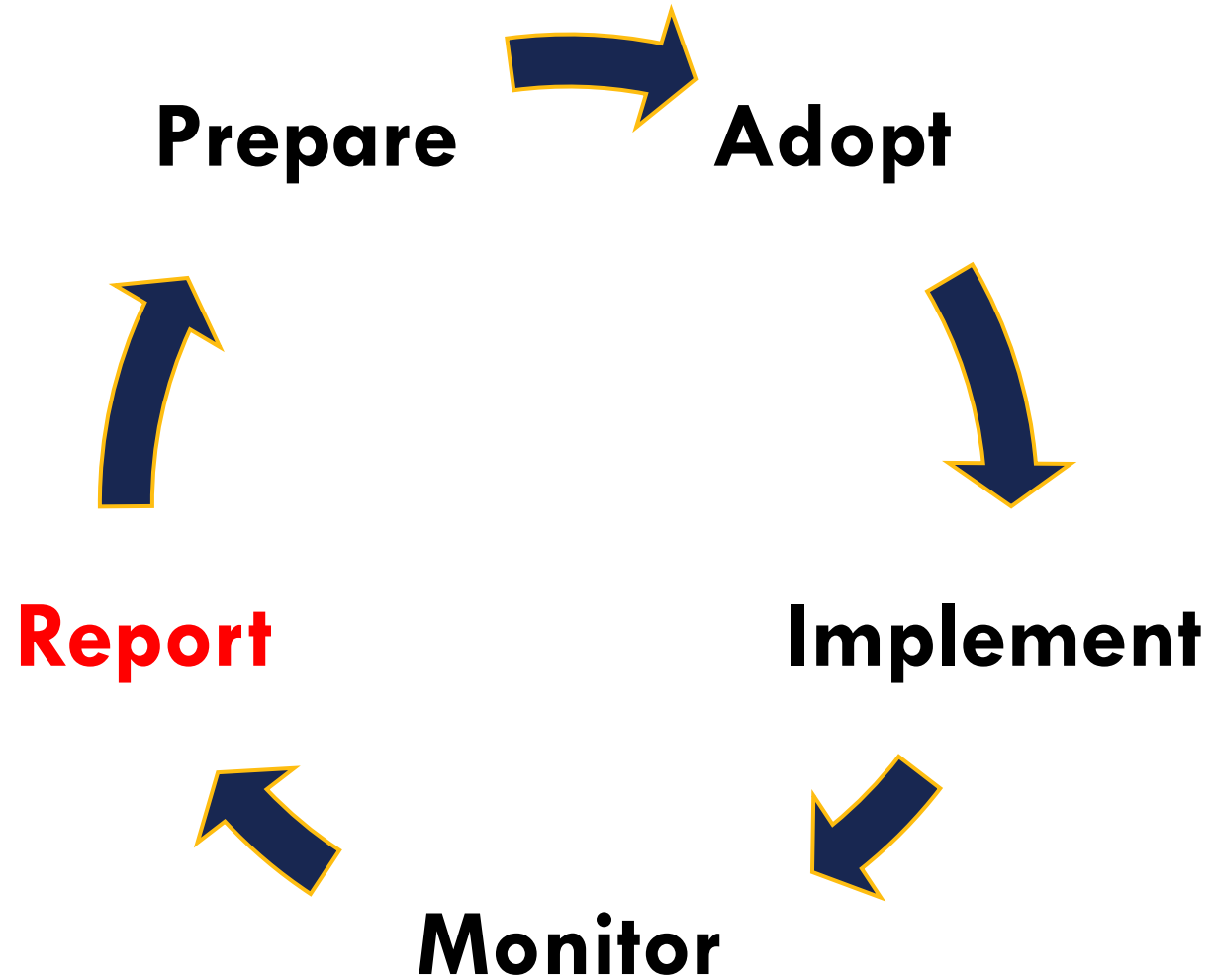
Issue: When monitoring the budget, the long-term financial plan must always be in the back of one's mind. If something is identified with an impact on the long-term financial plan that is significant enough to merit a change, either:

- 
- Catalog the issue for incorporation into the next periodic update to the plan
 - or*
 - Updated the plan immediately to determine if a more significant issue does indeed cause any long-term challenges



BUDGET REPORTING

PHASE 5 – REPORT



THE MONITORING IS DONE, IT'S TIME TO REPORT

- **Decide on the frequency of reporting**
 - The frequency of monitoring need not be the same as the frequency of reporting
 - At a minimum, a mid-year review should be conducted
 - As a best practice, quarterly reviews are better
 - Monthly internal reviews may be helpful, but may not yield additional results to justify the effort in all but the largest agencies
 - Report year-end budget results with, or separately from, presentation of the financial statements
- **Decide on the method of reporting**
 - Will the report(s) go to your governing body, and if so on consent or as a discussion item?
 - Do you have a Finance Committee? If so, will they review prior to or in lieu of the governing body?
 - If monthly internal reviews are conducted, will they be shared with executive management?

THE MONITORING IS DONE – IT'S TIME TO REPORT

- Are the elected officials aware of what is and is not included in the analysis and report?
 - Maybe they review the details, maybe you just tell them all is well in summary
 - What is important is that they are exposed to the information regularly
 - If all is not well, they need to know
- Is the information utilized in making decisions during budget discussions and throughout the year?
 - Are departments aware of the needs and challenges of other departments?
 - Does everyone understand the problems and whether there are solutions?
 - Sharing this information leads to increased teamwork and a perspective on the needs of others, including those that might be more pressing

REPORT CONTENT – CRITICAL COMPONENTS

- The General Fund (or primary enterprise fund(s)) should be thoroughly analyzed
- What about other funds:
 - Which funds matter?
 - Are they analyzed on the same frequency as the General Fund?
 - Is reporting done at the same level of detail for all funds?
 - How much information is too much?
- Will your report include a summary or the details?
 - It is the accuracy of the report that matters, not necessarily what is reported
 - Gauge the appetite of the recipients of the report for detail
 - Don't just report on year-to-date – project what is likely to happen through the remainder of the year
 - If you report year-to-date, does that information have context?

YEAR-TO-DATE VERSUS PROJECTED ACTUALS

- Year to date information can be useful with context
- Many agencies fail to provide that context, and without it this information can be more confusing than helpful
- A discussion of projected actuals provides much more useful information because it is directly comparable to the adopted or amended budget for the current year, not a prior year
- Thinking through the reasons for year-to-date variances rather than just reporting the numbers can also lead to a better understanding of projected year-end actuals

COMPARISON OF EFFECTIVE AND INEFFECTIVE REPORTING

Not So Good

- Revenues are at 30% of budget as of the middle of the fiscal year
- Expenditures are at 59% of budget as of the middle of the fiscal year

Good

- Revenues are at 30% of budget as of the middle of the fiscal year
 - Consistent with prior year
 - Appropriate given the irregular property tax revenue collection cycle
- Expenditures are at 59% of budget as of the middle of the fiscal year
 - 2% below the prior year
 - Routine monthly expenditures (payroll, utilities, etc.) are at 47%

REPORT CONTENT – CRITICAL COMPONENTS

- Are prior year encumbrances, carryovers, mid-year appropriations, and unanticipated revenues adequately (and likely separately) shown?
 - Making decision makers understand the impact of mid-year appropriations is critical
- Is the report format clear and concise?
- Is the good, and more importantly the bad, information reported uniformly to the governing body?
- Is budget reporting currently emphasized as being important to staff and the governing body?

INTERIM STAFF REPORT RECOMMENDATIONS

- Reports that show that all is well can be received and filed, but don't wait to deal with problems
 - Reports that show problems should be brought forward with solutions to the problems clearly identified and a request for direction
 - Whether problems are identified early or not, they can and likely will get worse if they are not addressed when identified
- If you aren't sure how the year will end – say so!
 - We can't predict how every account will end the year
 - We can talk about what we think is likely
 - If there is significant uncertainty, consider presenting scenarios

EXAMPLE STAFF RECOMMENDATIONS

Reports Without Concerns

Staff recommend that the City Council receive, file, and provide feedback to staff regarding this report.

Reports With Concerns

Staff recommend that the City Council:

- 1. Receive and file this report;*
- 2. Consider staff's recommended actions to eliminate the projected deficit through a targeted hiring freeze and reduced program expenditures as more fully described in this report;*
- 3. Provide direction to staff regarding any desired changes to the plan to eliminate the projected deficit; and*
- 4. Authorize the City Manager to take the actions outlined in this report.*

- Two considerations
 - The level of detail of the analysis for staff participants
 - The level of presented detail for non-staff participants

	FF 2016/17	FF 2016/17	Change	FF 2017/18	FF 2017/18	Change	FF 2018/19	FF 2018/19	Change	FF 2019/20	FF 2019/20	Change
	Estimate	Projection	Estimate	Estimate	Projection	Estimate	Estimate	Projection	Estimate	Estimate	Projection	Estimate
Health Insurance	394,056	4,077,053	3.8%	3,932,053	5,205	4,937,057	4,743,460	5,860,000	5,235,966	5,000	5,235,966	5,000
Self-Insured	394,056	4,077,053	3.8%	3,932,053	5,205	4,937,057	4,743,460	5,860,000	5,235,966	5,000	5,235,966	5,000
Payers (California Health Insurance Plan)	1,050,000	2,862,046	-1.6%	2,862,046	12,074	2,758,754	2,844,234	3,130,440	3,451,116	3,000	3,451,116	3,000
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	2020/21	2021/22	2022/23	2023/24	2024/25
Revenue	\$ 39.3 million	\$ 41.2 million	\$ 42.4 million	\$ 43.7 million	\$ 45.2 million
Expenditures	\$ 39.2 million	\$ 41.0 million	\$ 42.3 million	\$ 43.3 million	\$ 44.6 million
Projected Surplus	\$ 0.1 million	\$ 0.2 million	\$ 0.1 million	\$ 0.4 million	\$ 0.6 million

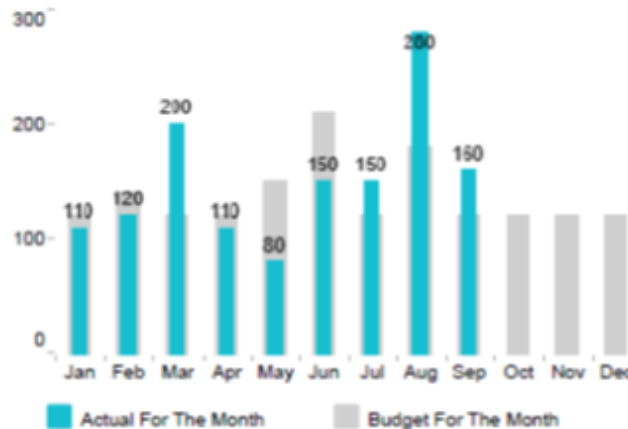
PRESENTATION FORMAT – DON'T OVERWHELM

Graphical representations of the information can be helpful if focused on the key takeaways

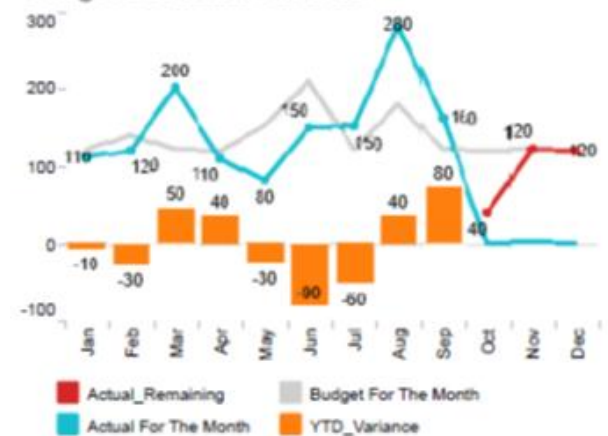
CumulativeVs Actual , Remaining Budget



Budget Vs. Actual Month on Month



Budget Vs Actual Variance



Reporting on Long-Term Financial Plan Updates

- If a long-term financial plan update has occurred since the last interim report and/or as a result of new information highlighted in the interim report:
 - Share that information as part of the interim report (if not shared separately)
 - What changed?
 - What caused the change?
 - How will the agency respond?

REPORTING YEAR-END BUDGET RESULTS

- Ultimately, interim budget reporting leads to audited year-end results
- Presenting final budget to actual information to the governing body and senior management in addition to the ACFR can be beneficial
 - Easy to understand if consistent format used with interim reports
 - Clearly highlights variances
 - Indicates impact of results on available budgetary fund balance
 - Makes recommendations for utilizing any surplus
 - Discusses implications of any deficit
- Surplus disposition should be driven by a formal policy (often part of a reserve policy)

YOUR FINANCIAL MANAGEMENT WORK PLAN

- Many agencies build a recurring, annual work plan that includes various financial management activities
 - Budget development
 - Periodic budget reporting
 - Long-term financial planning
 - Internal audit
 - Other appropriate elements
- Everything that we just discussed can be incorporated into your agency's work plan
 - Develop a routine
 - Get executive and legislative buy-in
 - Stick to it and repeat every year!

HELPFUL RESOURCES

- Visit the Government Finance Officers Association library of best practices and other resources

<https://www.gfoa.org/best-practices--resources>

- Take advantage of relevant educational sessions from GFOA and other organizations
- Seek advice from your mentors and your network
 - Others have been in the same situation and solved the same problems
- Find agencies with document / report / process formats that you like and ask for their original Excel and Word documents
 - A good place to start is larger cities or counties in your region
 - GFOA also has some direct links online to recommended documents from around the country



QUESTIONS?

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