

Understanding the Budget and Local Government Revenue Sources



Government Finance Officers Association

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Instructor

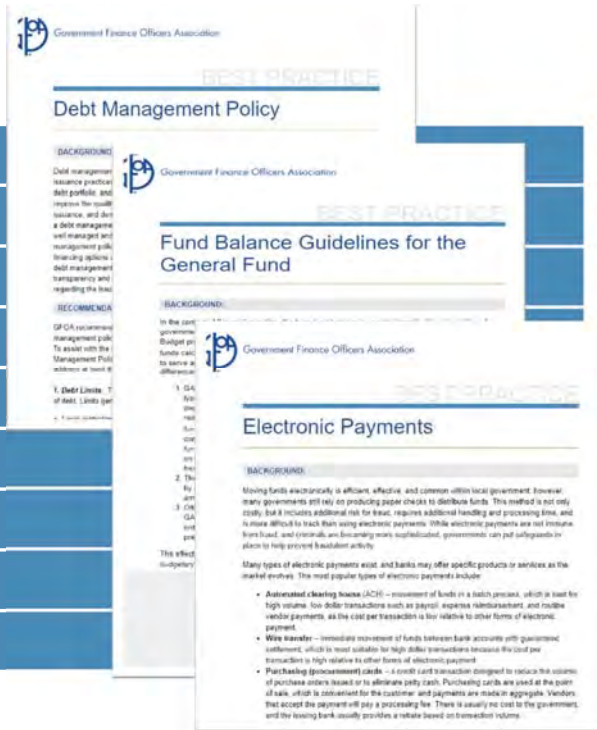
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Links

Best Practices by Topic

- > Financial Policies
- > Accounting & Financial Reporting
- > Budgeting & Financial Planning
- > CIP / Economic Development
- > Debt Management
- > Financial Management
- > Pension & Benefit Administration
- > Technology
- > Treasury and Investment Management



<http://www.gfoa.org/best-practices>



Links

- Budget Awards home page
 - <http://www.gfoa.org/budgetaward>

Distinguished Budget Presentation Award Program (Budget Awards Program)

- Most Recent Award Results Sorted by State/Province: Budget Years Beginning 1/1/2018 (Winners through June 30, 2019)
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2017
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2016
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2015
- Award Results Sorted by State/Province: Budget Years Beginning 1/1/2014



2018 Results - Distinguished Budget Presentation Award

GFOA congratulates the 1,344 governments awarded the Distinguished Budget Presentation Award for the fiscal year beginning 2018 (through June 30, 2019).

Additional 2018 winners will be posted once a quarter. Results are listed and can be filtered or searched using the tools below. (Note: the display shows 1,000 award winners at a time. To view the next 1,000 use the navigation found in the header.)

Budget_2018



<input type="checkbox"/> Entity Name	State	Province	Entity Type	Number of Awa...
Aberdeen	WA		Municipality	2
Accomack County	VA		County	12
Ada County Highway District	ID		Special District	11
Adams County	CO		County	27



REVENUE POLICY

A sound revenue policy affects all of the components of fiscal stability. Ongoing provision of services cannot be achieved without sufficient funding.

- User fees for all operations should be reviewed annually to ensure rates defray operating costs and are market competitive.
- Utility rates should be reviewed annually and adjusted, if necessary, to reflect inflation, construction goals, maintain bond covenants, and avoid major periodic increases.
- The cost of utility contractual services over which the Town has no control shall be passed through to rate payers in a manner consistent with Town Board direction.
- Excess fund balances may be used to off-set rate increases where possible and fiscally responsible.
- The Town shall maximize state and federal grants, loan interest programs and other intergovernmental sources for capital needs.
- The Town shall maintain a diversified revenue system to protect it from short-run fluctuations in any one revenue source.



Grants

Grant funding supplements County funds, when it complements County programs and services. Inconsistent or fluctuating grants are not used to fund ongoing programs. Programs financed with grants will be budgeted in separate units, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, County resources will be substituted only after all program priorities and alternatives are considered during the budget process.

Revenues

Revenue projections shall be set at realistic and attainable levels, sufficiently conservative to avoid shortfalls, yet accurate enough to avoid a regular pattern of setting tax rates that produce significantly more revenue than is necessary to meet expenditure requirements. The County shall not develop budgets that include operating deficits that require the use of one-time resources to cover recurring expenses.

The County shall diversify its revenue sources to the extent possible to reduce reliance on the property tax. Periodically, the County reviews certain programs and services as areas for potential funding through user fees. The Board of Commissioners will determine the level of cost recovery for the programs or services. Sound cash management practices shall augment revenues available to the County. The County shall maintain an active investment portfolio in which 100% of all temporarily idle funds are invested daily.



CITY OF LOVELAND FINANCIAL POLICIES

The City of Loveland has established a number of financial policies which guide the development preparation process, the fiscal management of the City's debt and treasury, and reserve levels. All these policies are included in this section of the Budget and Capital Improvement Program, and a notation is made as to whether or not the policy is complied with in the table below.

Financial Policy	Legislation	Purpose	Compliance
Post-Issuance Compliance Policies for Tax-Exempt Bonds	2013-26	The post issuance ordinance was adopted by Council on March 26, 2013 outlining the procedures for spending and investing of tax-exempt bond proceeds to ensure they are used in accordance with Internal Revenue Service Tax Code.	√
Post-Issuance Compliance Policies for Debt Obligations	2017-21	The post issuance ordinance was adopted by Council on February 28, 2017 and is intended to ensure that certain disclosure documents are accurate and comply with applicable federal and state securities laws in connection with the issuance of debt in accordance with the Securities and Exchange Act of 1934.	√
Reserve Levels for Restricted Funds	2012-81	This policy sets forth reserve levels for the Water Operations Fund, Fire & EMS Fund, and the Stormwater Fund. These reserve levels were determined by a review of best practices in other high performing municipalities and a review of risk associated with revenue stability. Resolution 2012-81 also eliminated a reserve level for the Sanitation and Environment Fund because the City's contract for trash and recycling with Rumpke has a performance bond built into it, lowering the risk and thus the need for a reserve.	√
Emergency Reserve	2010-59	The emergency reserve is essentially the City's "rainy day" fund and sets aside 15% of the General Fund revenue each year. While these funds are legally appropriated each year in the Reserve and Escrow Fund (REF), they may only be spent if City Council passes a resolution or the City faces an emergency pursuant to Chapter 157 of the Code of Ordinances.	√
Leave Reserve Policy	2013-10	The City recognizes that employees are entitled to a pay out of unused vacation and compensable time, and potentially a portion of sick leave. Employee retirements can be predicted in most cases, and other types of separations happen with some periodicity. This policy is based on an analysis of the City's labor force and a projection of when employees may leave service.	√
Investment Policy	2016-66	The City seeks to maximize its yield from its treasury through careful cash needs analysis and the safe investment of idle cash until it is needed. The Finance Director develops a cash flow model each year based on periodic revenue flows	√



Financial Forecasting in the Budget Preparation Process

- Define assumptions – time horizon, objective, political/legal issues, major revenue and expenditure categories.
- Gather information.
- Preliminary/exploratory analysis
 - Business cycles
 - Demographic trends
 - Anomalies
 - Variables



Financial Forecasting in the Budget Preparation Process

- Select methods – extrapolation, regression, knowledge-based.
- Implement methods, make the forecast, and forecast ranges.
- Use the forecast.
 - Credibility of the forecaster
 - Presentation approach
 - Linking forecast to decision-making.



This manual provides information on the City's major revenues that are received primarily from outside sources. Major revenue sources are considered to be those with greater than \$100,000 received annually. Cumulatively, the 2017 projections for the revenues identified in this manual account for 80% of the total revenues anticipated to be received by the City.

Please note that an Administrative Service Fee charged by the General Fund to the various enterprise funds is one of the major revenues included in this manual. However, Interfund Transfers and Internal Service fund's charges to other funds are not included in this manual or in the calculation of percentage of total revenues. One-time grants and bond proceeds are not considered major revenues, but are included in the calculation of total revenues.

The information provided in this manual for each revenue source includes:

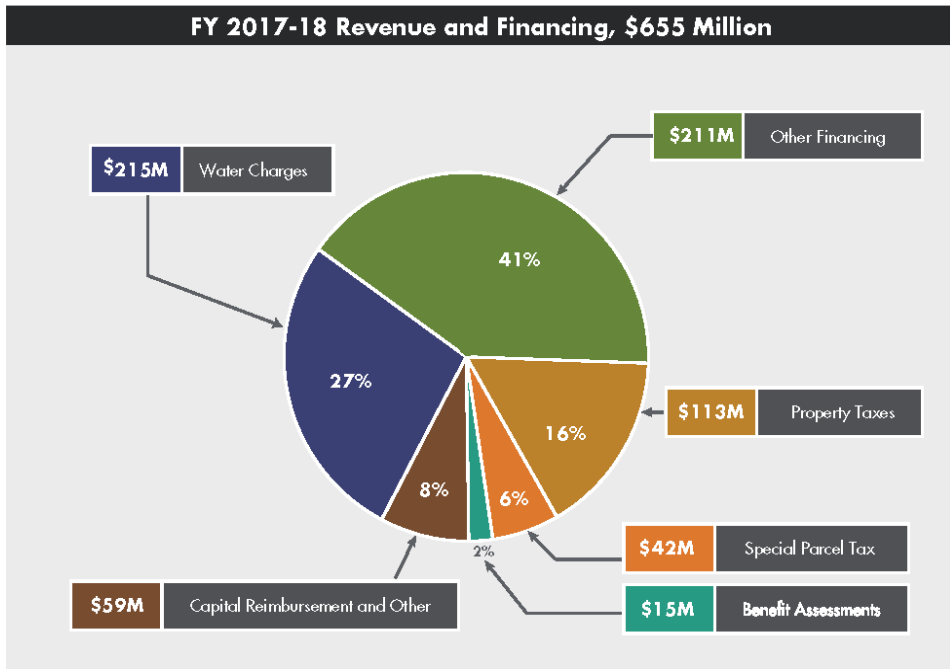
- Distribution – the fund or funds where the revenue is accounted for.
- Source – the source of the revenue stream.
- Collection – the basis for and the logistics of the collection of the revenue.
- Five Year Trend – includes actual collections for the prior four years and the projection for the current year.
- Forecast – the projected revenue for the next two years.
- Rationale – the basis for the forecasted revenues.



ALL FUNDS REVENUES

\$ IN MILLIONS

	2018 Actual	2019 Original Estimate	2019 Revised Estimate	\$ Change	% Change	2020 Projected	\$ Change	% Change
Tax Revenue								
Property Tax	\$123.1	\$113.2	\$119.1	(\$4.0)	-3.2%	\$119.8	\$0.7	0.6%
Sales Tax	387.7	397.3	383.4	(4.3)	-1.1%	383.4	0.0	0.0%
Sales Tax: Sleeping Rooms	13.0	13.0	13.3	0.4	2.9%	13.6	0.3	2.0%
Utility Gross Receipts Tax	30.9	31.4	31.4	0.5	1.6%	31.4	0.0	0.0%
Casino Tax	9.9	10.3	9.7	(0.2)	-2.4%	9.4	(0.2)	-2.3%
Emergency Telephone Tax	0.8	0.7	0.7	(0.0)	-5.6%	0.7	(0.0)	-5.6%
Total Tax Revenue	\$565.3	\$565.8	\$557.6	(\$7.6)	-1.4%	\$558.3	\$0.7	0.1%
Non-Tax Revenue								
Licenses & Permits	17.5	17.4	17.4	(0.1)	-0.5%	17.2	(0.2)	-1.4%
Assessment & Collection Fees	39.1	39.5	36.3	(2.9)	-7.3%	36.3	0.0	0.0%
Fines & Forfeitures	2.0	1.8	2.0	0.0	2.4%	2.0	(0.0)	-1.4%
Investment Earnings	9.5	5.3	11.4	1.9	19.7%	11.2	(0.2)	-1.8%
Rents & Concessions	6.9	8.0	7.4	0.5	6.6%	6.3	(1.1)	-15.2%
Intergovernmental	47.5	46.0	34.7	(12.9)	-27.1%	30.3	(4.4)	-12.7%
Charges for Services	45.1	45.8	50.7	5.7	12.5%	51.1	0.4	0.8%
Fees	13.6	14.4	14.1	0.5	3.6%	13.9	(0.2)	-1.3%
Other Revenue	48.9	42.4	44.5	(4.3)	-8.9%	44.3	(0.2)	-0.5%
Total Non-Tax Revenue	\$230.1	\$220.7	\$218.5	(\$11.6)	-5.0%	\$212.5	(\$6.0)	-2.7%
Total Revenue	\$795.4	\$786.5	\$776.1	(\$19.3)	-2.4%	\$770.8	(\$5.3)	-0.7%

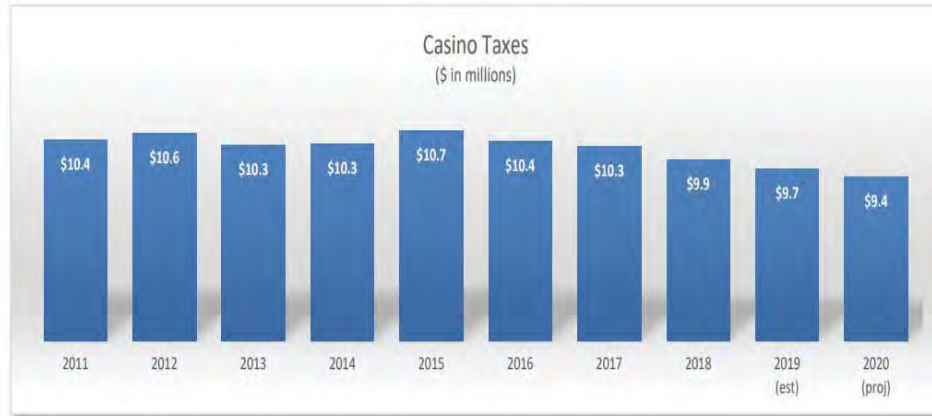


Sales and use tax are important sources for the City's General Fund, Quality of Life Fund, and Local Street Sales Tax Fund. Trends in the economy significantly impact sales and use tax collections. Sales and use tax revenue have grown in recent years, as the economy has recovered from the depths of the Great Recession. Figure 12 shows the trends in local sales and use tax revenue over the past eleven years.



Figure 12: Local Sales Tax Revenue

At the start of budget process, sales and use taxes are forecasted. Forecasting sales and use tax revenues is essential for setting the direction of the annual budget, since these revenues are cyclical, increasing or decreasing based on the local or national economy. Additionally, forecasting sales tax long term allows the City to plan operating and one-time expenditures based on trends in sales tax revenues, ensuring financial stability. The sales and use tax budgeted in the FY 2017/18 Adopted Budget are based on previous year actual expenditures and trends in the local, state, and national economy. Mesa partners with the University of Arizona to access forecast data on several economic indicators. Mesa uses this data to correlate the sales and use tax forecast to larger economic trends related to personal income, employment, retail sales, population growth, and new home construction. Figure 13 shows the FY 2016/17 sales and use tax estimate and the forecast for the next five years that was the basis of the FY 2017/18 Adopted Budget.



St. Louis County is the “home dock” community for the River City Casino which opened in Lemay (unincorporated county) in May 2010. The county receives funding from the Gaming Gross Receipts Tax (2.1% of adjusted gross receipts) and the Admission Tax (\$1 per person boarding fee). Gaming gross receipts revenues are restricted for public safety uses and admissions tax revenues are used for general government operations.

Casino revenues are projected to decrease by \$237,400 or 2.4% in 2019 and another \$224,500 or 2.3% in 2020. Although gross receipts tax revenue remains stable, admissions tax revenue has been decreasing since 2012.



Summary of Major Revenue Sources Assumption Analysis for Budget Year 2017

PROPERTY TAXES

Average annual growth rate (2013-2016): 5.5%

2017 Budget Assumption: 6.0%

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

UTILITY FEES

Average annual growth rate (2013-2016): 3.5%

2017 Budget Assumption: 3.7%

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



Revenue Forecast Methodology

GENERAL FUND

DESCRIPTION	KEY 2019 PROJECTION FACTORS	APPLICABLE LAWS
Local Ad Valorem Property Tax Received from Johnson County, KS five times during the year	Levy is based on the amount needed to fund the Ad Valorem Property tax requirement for this fund based on the assessed valuation in 2018 of \$200,819,865 (26.837 mills). This is an increase of 0.134 mills from the previous mill levy.	The basis of this tax is the assessed valuation of taxable real & tangible personal property in each county & special taxing district. State law requires that all real & tangible personal property shall be assessed at fair market value. Property is classified into various classes & assessed at different percentages based on classification. Each individual government controls the tax levy set for its jurisdiction.
Delinquent Property Tax Received from Johnson County, KS five times during the year	Based on historical receipts.	The County Clerk is responsible for placing on the tax rolls any land or improvements that have previously escaped taxation in the amount equal to that amount that would have been paid had the property been on the tax rolls, plus delinquent taxes paid after the due date.
Motor Vehicle Tax Received from Johnson County, KS five times during the year.	Based on information received from the County.	The basis of this tax is the levy of a county average mill rate applied against the assessed valuation of registered motor vehicles within the City. The tax is payable in full annually at the time of vehicle registration. Distribution is made as the revenue is collected.
City Sales Tax Received from State of KS monthly	Based on 98.0% of estimated 2018. The City reviews collection trends of individual businesses in detail.	The City levies a 1% tax on all nonexempt sales within the City.
Countywide Sales Tax Received from State of KS monthly	This is the City's share of the countywide .6% sales tax. Based on 100% of actual 2017 collections.	The proceeds of the Countywide sales tax are distributed by the State Department of Revenue based on the following formula: One half of all revenue collected within the County shall be apportioned among the County & cities in the proportion of each entity's total taxing effort in that preceding year relative to the total taxing effort of all cities & the County in the preceding year. The remaining one half of the revenue shall be apportioned to the County & cities in the proportion each entity's population has relative to the total population in the County. The County share shall be calculated by the percentage of people residing in unincorporated areas.



Establishing Government Charges and Fees

- 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



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



We are proposing a monthly user rate increase to maintain pace with expected expenses. The average residential customer, using 4,000 gallons will see a 5.56% increase in their water and sewer bill, or a \$3.63 increase monthly.

Albemarle County Service Authority, Virginia

ACSA Water and Sewer Monthly User Rates

	FY 2019	FY 2020
Service Charge	\$ 8.16	\$ 8.57
Volume Charge - Single-Family Residential (per 1,000 gallons)		
Level 1 (0-3,000 gallons)	\$ 4.27	\$ 4.48
Level 2 (3,001-6,000 gallons)	\$ 8.55	\$ 8.98
Level 3 (6,001-9,000 gallons)	\$12.82	\$13.46
Level 4 (over 9,000 gallons)	\$17.10	\$17.96
Multi-Family/Non-Residential (per 1,000 gallons)	\$ 8.25	\$ 8.66
Sewer/All Users (per 1,000 gallons)	\$ 8.93	\$ 9.47

Even with the rate increase, one penny equates to over 2.2 gallons, which is a very good value for the ACSA’s reliable, high quality, and safe drinking water.

Over the past five (5) years, the ACSA customer has seen changes in the monthly user rates. For the current year beginning July 1, 2018, the average residential customer saw an increase of 3.31%. The average increase over the prior five years is 4.36%.





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



Question

What fees should be listed in the budget document?

- A. Those with a high dollar impact
- B. Those subject to a high level of citizen concern
- C. Those affected by significant changes
- D. A, B, and C
- E. A list of *all* fees should be presented



5. Establishing an Effective Grants Policy

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



Funding Contracts with Outside Granting Agencies

- All applications for new grants, which are submitted by a department during the off-budget cycle and request a match from the County's General Fund, must be approved by the Board of Supervisors.
- All applications for new grants, submitted by a department during the off-budget cycle, which do not require a match from the County's General Fund, must be approved by the County Manager.
- If new grants or contracts are received by the County, either by any of its agencies headed by elected or appointed officials, they must be approved first by the Board of Supervisors.
- Under ARS 42-17102, all expenditures must be shown in the budget, regardless of the source of the funds which pays for the expense.
- Departments must appropriate funds for grants that are received off-budget cycle. If it is a new grant, an appropriation is made to the budget holding account. Once the grant is awarded, a budget adjustment is made to move the appropriation into the new fund.
- Grant funds that have accumulated a fund balance must expend that fund balance before requesting new funds from the granting agency. An exception is made when there are grant restrictions on the use of the fund balance for a specific purpose.

Achieving a Structurally Balanced Budget

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

FY 2016 Adopted Budget

Maricopa County, Arizona

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Consolidated Sources, Uses and Fund Balance by Fund Type

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	INTERNAL SERVICE	SUBTOTAL	ELIMINATIONS	TOTAL
BEGINNING FUND BALANCE	\$ 82,902,015	\$151,975,019	\$ 9,874,372	\$953,324,794	\$ 35,327,600	\$1,233,403,800	\$ -	\$1,233,403,800
SOURCES OF FUNDS								
OPERATING								
PROPERTY TAXES	\$ 465,539,207	\$ -	\$ -	\$ -	\$ -	\$ 465,539,207	\$ -	\$ 465,539,207
TAX PENALTIES & INTEREST	11,087,186	-	-	-	-	11,087,186	-	11,087,186
SALES TAXES	-	146,085,926	-	-	-	146,085,926	-	146,085,926
LICENSES AND PERMITS	2,311,877	38,223,781	-	-	-	40,535,658	-	40,535,658
GRANTS	-	165,058,344	-	-	-	165,058,344	-	165,058,344
OTHER INTERGOVERNMENTAL	2,728,302	15,168,842	-	-	-	17,897,144	-	17,897,144
PAYMENTS IN LIEU OF TAXES	13,686,679	-	-	-	-	13,686,679	-	13,686,679
STATE SHARED SALES TAX	492,019,045	-	-	-	-	492,019,045	-	492,019,045
STATE SHARED HIGHWAY USER REV	-	98,175,564	-	-	-	98,175,564	-	98,175,564
STATE SHARED VEHICLE LICENSE	138,282,676	8,808,030	-	-	-	147,090,706	-	147,090,706
INTERGOV CHARGES FOR SERVICES	17,844,891	37,862,937	1,371,504	-	4,701,596	61,780,928	-	61,780,928
OTHER CHARGES FOR SERVICES	24,559,638	69,630,756	-	-	28,249,819	122,440,213	-	122,440,213
INTERNAL SERVICE CHARGES	-	-	-	-	181,990,122	181,990,122	(181,990,122)	-
PATIENT SERVICES REVENUE	6,988	2,290,807	-	-	-	2,297,795	-	2,297,795
FINES & FORFEITS	9,802,082	13,285,216	-	-	-	23,087,298	-	23,087,298
INTEREST EARNINGS	2,800,000	1,945,862	-	-	531,464	5,277,326	-	5,277,326
MISCELLANEOUS REVENUE	2,782,364	10,550,118	-	-	35,000	13,367,482	-	13,367,482
GAIN ON FIXED ASSETS	-	200,000	-	-	-	200,000	-	200,000
TRANSFERS IN	-	198,380,946	1,139,868	20,943,619	-	220,444,433	(220,444,433)	-
TOTAL OPERATING SOURCES	\$1,183,450,935	\$805,647,129	\$ 2,511,372	\$ 20,943,619	\$215,508,001	\$2,228,061,056	\$(402,434,555)	\$1,825,626,501
NON-RECURRING								
GRANTS	\$ -	\$ 552,473	\$ -	\$ 18,713,118	\$ -	\$ 19,265,591	\$ -	\$ 19,265,591
OTHER INTERGOVERNMENTAL	2,375,000	-	-	-	-	2,375,000	-	2,375,000
INTERGOV CHARGES FOR SERVICES	366,768	-	-	10,651,500	-	11,018,268	-	11,018,268
OTHER CHARGES FOR SERVICES	-	131,495	-	-	-	131,495	-	131,495
INTEREST EARNINGS	-	-	2,000	200	-	2,200	-	2,200
MISCELLANEOUS REVENUE	-	30,656,664	-	-	-	30,656,664	-	30,656,664
TRANSFERS IN	5,809,670	361,150	11,007,415	87,697,577	3,517,901	108,393,713	(108,393,713)	-
TOTAL NON-RECURRING SOURCES	\$ 8,551,438	\$ 31,701,782	\$ 11,009,415	\$117,062,395	\$ 3,517,901	\$ 171,842,931	\$(108,393,713)	\$ 63,449,218
TOTAL SOURCES	\$1,192,002,373	\$837,348,911	\$ 13,520,787	\$138,006,014	\$219,025,902	\$2,399,903,987	\$(510,828,268)	\$1,889,075,719

Consolidated Sources, Uses and Fund Balance by Fund Type

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	INTERNAL SERVICE	SUBTOTAL	ELIMINATIONS	TOTAL
USES OF FUNDS								
OPERATING								
PERSONAL SERVICES	\$ 535,618,408	\$507,953,838	\$ -	\$ -	\$ 14,814,297	\$1,058,386,543	\$ -	\$1,058,386,543
SUPPLIES	15,035,238	46,849,921	-	-	12,201,255	74,086,414	(7,012,224)	67,074,190
SERVICES	408,915,824	194,147,547	-	-	207,350,450	810,413,821	(174,977,898)	635,435,923
CAPITAL	5,164,400	5,655,563	-	-	81,000	10,900,963	-	10,900,963
OTHER FINANCING USES	218,717,065	1,727,368	-	-	-	220,444,433	(220,444,433)	-
TOTAL OPERATING USES	\$1,183,450,935	\$756,334,237	\$ -	\$ -	\$234,447,002	\$2,174,232,174	\$(402,434,555)	\$1,771,797,619
NON-RECURRING								
PERSONAL SERVICES	\$ 619,268	\$ 3,526,800	\$ -	\$ 7,913,218	\$ 384,781	\$ 12,444,067	\$ -	\$ 12,444,067
SUPPLIES	3,253,650	10,270,151	-	11,850	44,351	13,580,002	-	13,580,002
SERVICES	60,643,833	64,806,881	-	31,370,528	2,167,022	158,988,264	-	158,988,264
CAPITAL	4,405,268	6,718,559	9,580,777	255,942,777	948,500	277,595,881	-	277,595,881
OTHER FINANCING USES	22,531,434	71,284,876	-	14,577,403	-	108,393,713	(108,393,713)	-
TOTAL NON-RECURRING USES	\$ 91,453,453	\$156,607,267	\$ 9,580,777	\$309,815,776	\$ 3,544,654	\$ 571,001,927	\$(108,393,713)	\$ 462,608,214
TOTAL USES	\$1,274,904,388	\$912,941,504	\$ 9,580,777	\$309,815,776	\$237,991,656	\$2,745,234,101	\$(510,828,268)	\$2,234,405,833
STRUCTURAL BALANCE	\$ -	\$ 49,312,892	\$ 2,511,372	\$ 20,943,619	\$ (18,939,001)	\$ 53,828,882	\$ -	\$ 53,828,882
ENDING FUND BALANCE:								
RESTRICTED	\$ -	\$ 67,398,539	\$ 7,414,230	\$268,393,309	\$ 37,397,106	\$ 380,603,184	\$ -	\$ 380,603,184
COMMITTED	-	10,951,455	6,400,152	513,121,723	1,888,421	532,361,751	-	532,361,751
UNASSIGNED	-	(1,967,568)	-	-	(22,923,681)	(24,891,249)	-	(24,891,249)

Question

When analyzing key features of a structurally balanced budget, some items to consider may include?

- A. Adoption of a formal policy
- B. Identify recurring and non-recurring revenue and expenditures
- C. All of the above



Budget Monitoring

- *Revenues.* Governments need to carefully analyze sources of funds with particular attention to:
 - Seasonality, and whether comparable to prior observations
 - Any potential volatility and the resulting impacts
 - Trends and comparison to projections
 - Timing of receipts
 - Relationship to economic indicators and potential impacts
 - Changes in policy/practice of overarching governments involved in disbursement of revenues
 - Review of patterns at other similar/related governments



Budget Monitoring

- How the elements should be analyzed
 - *Root cause.* Governments should move beyond just identifying deviations from budget versus actuals and work towards analyzing and articulating why deviations occurred in order to move towards resolution.
 - *Time frame.* Is it anticipated for any identified variance to continue or is there an underlying reason for the variance? How does the current spending pattern impact the subsequent year's budget?
 - *Requirements.* Structure budget monitoring to meet any interim reporting requirements that the government may have, if possible.



Budget Monitoring

- **Communications**
 - *Frequency.* The frequency of how often budget monitoring reports and information is generated should be agreed upon at all levels of the organization.
 - *Delivery.* How the information is communicated and to which stakeholders, both internally and externally, needs to be clearly structured.
 - *Format.* The format for how information related to budget monitoring needs to be clearly established as well.
 - *Transparency.* How can the information be shared on a wide spread basis to the community and include the proper context to best inform the public and minimize additional request for more information.



Projection Accuracy

The chart shown below compares the original estimated and projected final revenue amounts for the 2010-11 fiscal year as a measure of the previous year's projection accuracy. The difference between the original estimate and actual revenue was a positive variance of \$6.25 million, representing a projection variance of 2.14 percent. The positive variance was due to in part by increased Utility Franchise Fees (\$3.7 million). Also, shown on the chart for comparison purposes is the estimate for 2011-12 and the actual for 2009-10.

Comparison of Actual and Estimated Revenues

