

Budget Process 101

NACSLB

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February 8, 2017



GFOA Budget Process Framework

- GFOA's Effective Budget Presentation Award
 - Criteria are a good place to start when developing a budget process
- Consistent structure that addresses:
 - Policy aspects of budget
 - Operational elements of the organization
 - Financial planning needs
 - Effective communication of the resulting budget



**GFOA Detailed Criteria Location Guide
Distinguished Budget Presentation Awards Program**

Name of Entity: _____
State/Province: _____
First Submission? Yes ☐ No ☐

Cite specific page references on the lines in response to each question.

Introduction and Overview

*** Table of
Contents**

#C1. **Mandatory:** The document shall include a table of contents that makes it easier to locate information in the document.

1. Is a comprehensive table of contents provided? _____
2. Are all pages in the document numbered or otherwise identified? _____
3. Do the page number references in the budget or electronic table of contents agree with the related page numbers in the budget or electronic submission? _____

**Strategic
Goals and
Strategies**

#P1: The document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues.

1. Are non-financial policies/goals included? _____
2. Are these policies/goals included together in the Budget Message or in another section that is separate from the departmental sections? _____
3. Are other planning processes discussed? _____

**Short-term
organization
factors**

#P2: The document should describe the entity's short-term factors that influence the decisions made in the development of the budget for the upcoming year.

1. Are short-term factors addressed? _____
2. Does the document discuss how the short-term factors guided the development of the annual budget? _____
3. Is a summary of service level changes presented? _____

#P3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the upcoming

National Advisory Council on State and Local Budgeting (NACSLB)

- Developed in 1997 by 11 organizations with interest in this subject
- Comprehensive model
- Cited by GFOA as “Best Practice” in 1998
- Update being considered



What is a Best Practices Budget Process?

- Incorporates a long-term perspective,
- Establishes linkage to broad organizational goals,
- Focuses budget decisions on results and outcomes,
- Involves and promotes effective communication with stakeholders, and
- Provide incentives to government management and employees
- Consist of Four Principles and 12 Elements

Mission of the Budget Process

- To help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process
- Stakeholder participation:
 - Involve stakeholders and identify their concerns
 - Obtain support for the overall process itself
 - Seek stakeholder acceptance of the decisions
 - Report to stakeholders ...it is written for the public.

The Four Principles

1. Establish Broad Goals

- A government should have broad goals that provide overall directions for the government and serve as a basis for decision making

2. Develop Approaches to Achieve Goals

- ...specific policies, plan, programs, and management strategies to define how it will achieve long-term goals

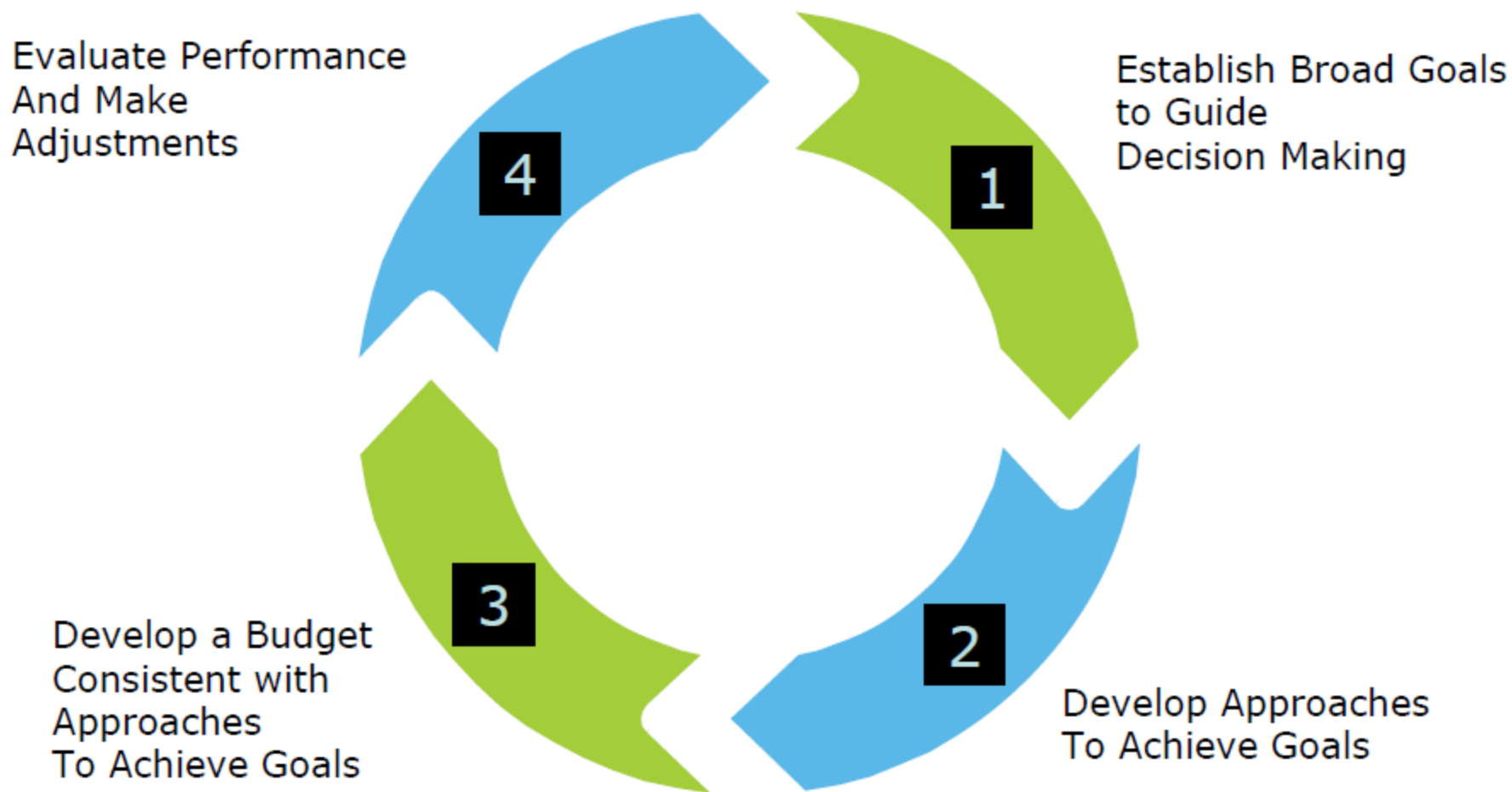
3. Develop a Budget Consistent with the Approaches to Achieve the Goals

- A financial plan that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted

4. Evaluate Performance and Make Adjustments

- Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals

The NACSLB Process is Ongoing



PRINCIPLE 1: ESTABLISH BROAD GOALS



Element 1

Assess Community Needs, Priorities, Challenges and Opportunities



- **Practice**
 - **1.1 – Identify Stakeholder Concerns, Needs, and Priorities**
 - **1.2 – Evaluate Community Condition, External Factors, Opportunities, and Challenges**

Element 1 – Assess Community Needs, Priorities, Challenges and Opportunities

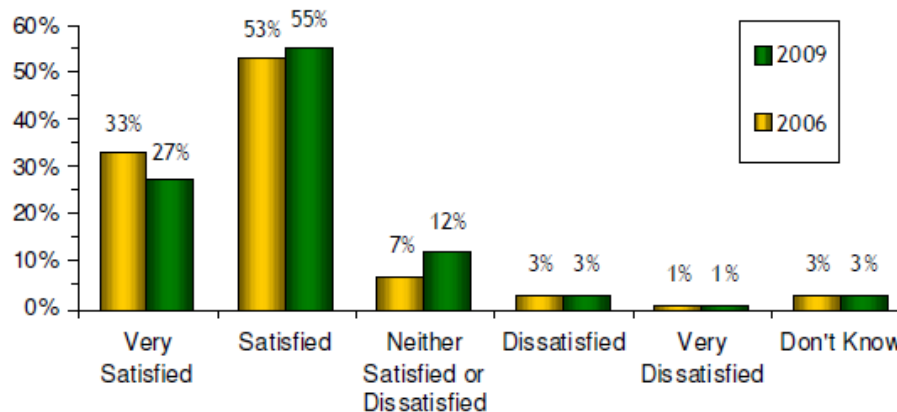
City Services

Overall satisfaction with services provided by the City of Redmond continues to be high as 82% are either satisfied or very satisfied with the services (86% in 2006).

- Those who own their homes are more likely to be satisfied with the services Redmond provides (84% satisfaction compared to 74% of renters).

Figure 2
Satisfaction with City's Services

(Base = 427 in 2009, 417 in 2006)



Question P4: How satisfied are you overall with the services provided by the City of Redmond?



Element 1 – Assess Community Needs, Priorities, Challenges and Opportunities

- - WANTED - -

CITIZENS CONCERNED ABOUT ...

Our Community
City Services, and
How we Pay for Them

Help Mayor Mike McKinnon:

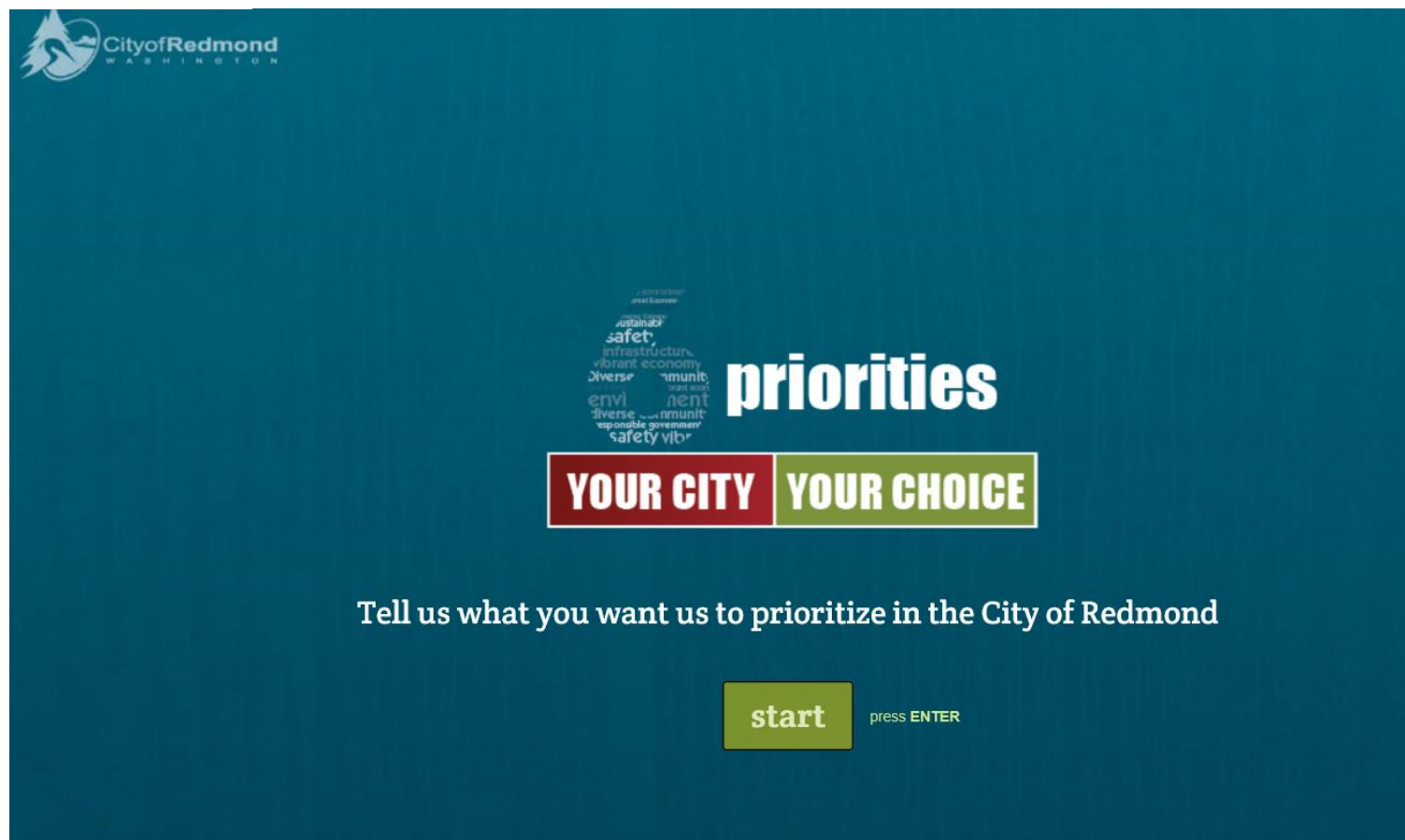
- Provide for Basic Services
- Decide how to balance Low Taxes
- vs- Level of Services
- Ensure our City is safe and clean
- Maintain useful and beautiful Parks
- Improve Traffic
- KEEP LYNNWOOD GREAT !!



SADDLE UP and JOIN THE POSSE
Call Mayor Mike McKinnon at
425 670 6613 to;



Element 1 – Assess Community Needs, Priorities, Challenges and Opportunities





Element 2

Identify Opportunities and Challenges for Government Services, Capital Assets, and Management

- **Practice**
 - **2.1 – Assess Services and Programs, and Identify Issues, Opportunities, and Challenges**
 - **2.2 – Assess Capital Assets, and Identify Issues, Opportunities, and Challenges**
 - **2.3 – Assess Governmental Management Systems, and Identify Issues, Opportunities, and Challenges**

2.1 – Assess Services and Programs, and Identify Issues, Opportunities, and Challenges

The screenshot shows the OCceo Finance & Budget website. The browser address bar displays ocgov.com/gov/ceo/deputy/finance/resources/community. The website header includes the OCceo logo, navigation links (HOME, BUDGET, PUBLIC FINANCE, RESOURCES, CONTACT US), a search bar, and a "quick access" dropdown menu. The main content area is titled "Community Indicators" and features a 3D bar chart graphic. The text describes the "Orange County Community Indicators Report," which tracks the county's health and prosperity since 2000. It mentions that the report includes a core set of indicators on various topics and focuses on pivotal issues impacting the county's wellbeing. A link to the "2015 Community Indicators Report (PDF)" is provided, along with a note that Adobe Acrobat is required to view the PDF files. The page also lists "Community Indicators Sponsors and Partners," including Live United, United Way, Orange County Community, and CalOptima.

RESOURCES

- » Finance & Budget Home
- » Home →
- » Budget →
- » Public Finance →
- » Resources →
- » Contact Us →
- » Mission

POPULAR

Budget Primer	CEO Finance
	Press Releases
Community Indicators	FY 2016-17 Recommended Budget
Outstanding Debt	Public Finance
Strategic Financial Plan	

RESOURCES

CEO Budget Documents	Community Indicators
----------------------	----------------------

Community Indicators

The Orange County Community Indicators Report, released annually since 2000, tracks our region's health and prosperity. The report includes a core set of indicators on a range of topics that track where the county is performing well and making progress, as well as where improvement is needed.

The report also focuses attention on pivotal issues that significantly impact the wellbeing of the county. By examining these issues more deeply and building commitment from across multiple sectors, the Community Indicators Report hopes to galvanize community action through innovative partnerships between business, government and the philanthropic community.

We hope you will find the report useful and thought provoking. Please share it with others interested in sustaining Orange County's long-term health and quality of life.

- » [2015 Community Indicators Report \(PDF\) - Released July 2015, revised August 2015](#)
- » [Report Archives](#)
- » [Community Indicators in the News](#)

Get Adobe Reader Adobe Acrobat is required to view the .PDF files.

Community Indicators Sponsors and Partners

Sponsored by:

The logos for the sponsors and partners are displayed: Live United, United Way, Orange County Community, and CalOptima.

Element 2

Identify Opportunities and Challenges for Government Services, Capital Assets, and Management

The screenshot shows the City of Renton Preliminary CIP website in Internet Explorer. The browser title is "City of Renton Preliminary CIP - Internet Explorer provided by Dell". The address bar shows "http://www.rentonwa.gov/government/default.aspx?id=7240". The website has a blue header with the text "The official site of the City of Renton" and navigation links: Home, Calendar, Departments, News, Site Index, and Contact Us. Below the header is the Renton logo with the tagline "AHEAD OF THE CURVE". A search bar is located on the right side of the header. The main content area has a blue navigation bar with links: Living, Working, Visiting, Business, Government, and Emergencies. The "Government" link is highlighted. Below the navigation bar, there is a section titled "Budget and Finance" with links: Budget, Debt Manual, Revenue Manual, and Growth and Fiscal Future Updates. The "2007-2012 Capital Improvement Plan (CIP)" section is displayed, featuring a "Print Friendly Version" link. The text describes the CIP as a six-year financial plan for capital improvements within the City, designed to improve safety, efficiency, and longevity of infrastructure. It also mentions that the CIP is updated annually by the City Council in coordination with city administration. A list of links for various CIP projects is provided, including Capital Improvement Program Summary, Administration Capital Improvement Projects, Community Services Capital Improvement Projects, Transportation Capital Improvement Projects, Airport Capital Improvement Projects, Golf Course Capital Improvement Projects, Water Capital Improvement Projects, Wastewater Capital Improvement Projects, and Surface Water Capital Improvement Projects. At the bottom, there is a link to "E-Mail the Finance and Information Services Administrator". The footer contains links for The City of Renton, Privacy Policy, Site Index, About this Site, Contact Us, and the phone number 425.430.6400.

City of Renton Preliminary CIP - Internet Explorer provided by Dell

http://www.rentonwa.gov/government/default.aspx?id=7240

City of Renton Preliminary CIP

The official site of the City of Renton

Home Calendar Departments News Site Index Contact Us

RENTON
AHEAD OF THE CURVE

SEARCH

Type search here GO

Living Working Visiting Business Government Emergencies

Budget and Finance

Budget

Debt Manual

Revenue Manual

Growth and Fiscal Future Updates

You are here : Government

Print Friendly Version

2007-2012 Capital Improvement Plan (CIP)

The Capital Improvement Program (CIP) is a Six-year financial plan for capital improvements within the City . Projects included in the CIP are designed to improve the safety, efficiency, and longevity of the City's existing infrastructure and promote economic development.

The Six-year CIP is updated annually by the City Council in coordination with city administration. Allocations for projects or payments programmed in the CIP are not guaranteed expenditures but are used as a planning tool for Renton's budget. An allocation for a project or payment may be eliminated or changed due to the fact that the financial plan may be revised or there may be changes in priority.

- [Capital Improvement Program Summary](#)
- [Administration Capital Improvement Projects](#)
- [Community Services Capital Improvement Projects](#)
- [Transportation Capital Improvement Projects](#)
- [Airport Capital Improvement Projects](#)
- [Golf Course Capital Improvement Projects](#)
- [Water Capital Improvement Projects](#)
- [Wastewater Capital Improvement Projects](#)
- [Surface Water Capital Improvement Projects](#)

[E-Mail the Finance and Information Services Administrator](#)

The City of Renton | Privacy Policy | Site Index | About this Site | Contact Us | 425.430.6400



Element 3

Develop and Disseminate Broad Goals

- **Practice**
 - **3.1 – Identify Broad Goals**
 - **3.2 – Disseminate Goals and Review with Stakeholders**



“Budget by Priorities”

Budget

The City is using its Budgeting by Priorities (BP) for the fourth time in its 2015/2016 budget. By using lessons learned from each of the three previous efforts, the City strives to continue providing the highest priority services to the community. (Also view [interactive budget site](#) with the current financial data.)

[Budgeting Priorities](#)

[Requests for Offers](#)

[Glossary](#)

Our 6 Priorities are



Vibrant Economy



Infrastructure



Clean and green



Responsible Government



Diverse and Connected Community



Safety

Priority Funding - Redmond selected the BP process because it focuses budget decisions on citizen priorities

Adopted Budgets

- [2015-2016](#)
- [2013-2014](#)
- [2011-2012](#)
- [2009-2010](#)
- [2007-2008](#)
- [2005-2006](#)

Performance Reports

- [Responsible Government](#)
- [Public Safety & Infrastructure](#)
- [Clean & Green and Diverse & Connected Community](#)
- [Vibrant Economy](#)

Infrastructure

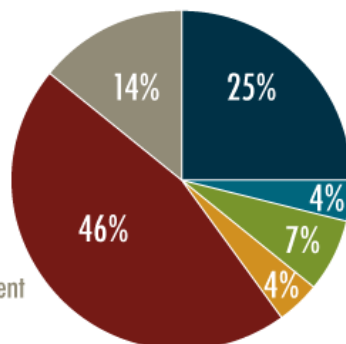
Diverse & Connected Community

Clean & Green

Vibrant Economy

Safety

Responsible Government



priorities

YOUR CITY YOUR CHOICE

What do you value most under each
Redmond's Priority?

Tell us now!

Infrastructure & Growth

I want a well-maintained city whose transportation and other infrastructure keeps pace with growth



Clean & Green

I want to live, learn, work and play in a clean and green environment



Community Building

I want a sense of community and connection with others



Safety

I want to be safe where I live, learn, work and play



Business Community

I want a diverse and vibrant range of businesses and services in Redmond



Responsible Government

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





initiative. Pasadena's innovative ecosystem is already home to more than 100 technology, design and start-up companies that are helping to change the way the people of the world live, work, connect and play together.

FISCAL YEAR 2015 ADOPTED BUDGET OVERVIEW

The FY 2015 Adopted Budget was developed based on the City Council Strategic Plan goals. All Department performance measures and City activities are tied to one or more of these goals:

- Maintain fiscal responsibility and stability
- Improve, maintain, and enhance public facilities and infrastructure
- Increase conservation and sustainability
- Improve mobility and accessibility throughout the city
- Support and promote the local economy
- Ensure public safety

This budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the budget anticipates modest increases in most revenues.

The City anticipates key tax revenues—including property tax, sales tax, and utility users' tax—will be approximately 4 percent above the FY 2014 revised estimates. The increase in property tax revenue is partly due to the sunset of SB 481 in December 2014, representing approximately \$1 million to the City.

Transient Occupancy Taxes (TOT) charged to visitors by hotels continues to show improvement over the prior year due to increased tourism, business travel and bookings at the Pasadena Convention Center. The budget anticipates that TOT revenues will be approximately 7 percent higher than FY 2014 revised estimates. Overall General Fund revenues, however, are anticipated to only increase 2.5 percent over the prior year.

approximately \$600,000 more than originally anticipated and is due, primarily, to a one-time payment of principal and interest for an outstanding debt due to the General Fund from the Parking Fund. In order to ensure appropriate revenues from various city services are accurately accounted, a cost recovery policy is being prepared for City Council consideration during the FY 2016 budget hearing process.

General Fund expenses are estimated to increase by 2.5 percent due to increases in contract services and supplies and allocated charges from internal service departments.

FISCAL DRIVERS

The FY 2015 Adopted Budget is influenced by several fiscal drivers noted below that will also continue to influence future budget development.

- On-going and future increased costs for personnel and pensions.
- Slow revenue growth.
- Aging infrastructure and maintenance costs.
- Pending and future litigation.
- Elimination of redevelopment tools by the State.
- Fallout related to the federal government's budget reductions.
- Replenishing the City's fiscal reserves.

Personnel Costs

It is anticipated that planned CalPERS increases not under the City's control could add as much as \$8 million in annual pension costs for Pasadena beginning in FY 2017.

Due to collaborative negotiations for pension reform by the City and its various bargaining units, however, additional employee contributions toward the CalPERS retirement plan will help mitigate some of the City pension expense increases.



Setting Goals

1. Not routine business
 - So not typically a regular meeting
2. Get agreement of your board
 - Requires facilitation
3. Gain some input first
 - Surveys, focus groups, pre-work, research
4. Agree and formalize
 - Get it in writing! Resolution?

PRINCIPLE 2: DEVELOP APPROACHES TO ACHIEVE GOALS



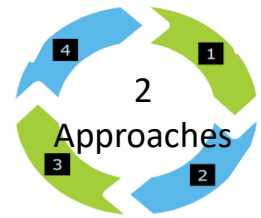
Elements to Achieving Goals



- **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 Element 5
- **Element 7** – Develop Management Strategies

Element 4

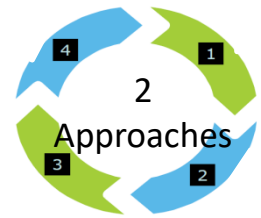
Develop Financial Policies



- 1. Stabilization Funds**
- 2. Fees and Charges**
- 3. Debt Issuance and Management**
 - a. Debt Level and Capacity**

Element 4

Develop Financial Policies (cont)



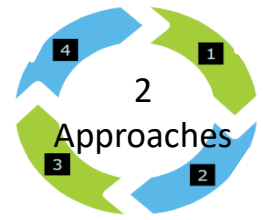
4. Use of One-Time Revenues

a. Unpredictable Revenues

5. Balancing the Operating Budget

6. Revenue Diversification

7. Contingency Planning

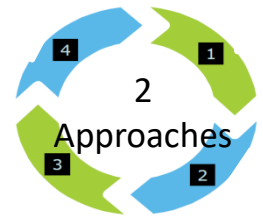


Element 4

Develop Financial Policies

Most organizations guide their financial operations as a reflection of their financial policies and subsequently use those policies addressing financial challenges.

Financial policies are the foundation of any government finance operation. They provide parameters and guidance during various economic cycles.



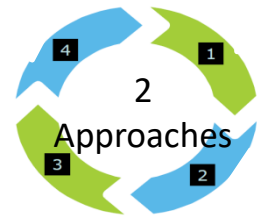
Element 4

Develop Financial Policies

City of Long Beach, California

3) General Fund Reserves

The City shall maintain an Emergency Reserve equivalent to 10 percent of General Fund recurring expenditures and an Operating Reserve equivalent to 10 percent of General Fund recurring expenditures. If these reserves are used, a plan will be developed and implemented to replenish the funds used.

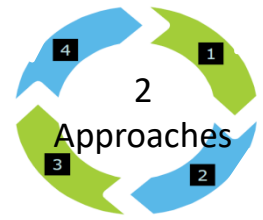


Element 5

Programmatic, Operating, Capital Policies and Plans

5.1 – Guide to the Design of Programs and Services

5.2 – Capital Asset Acquisition, Maintenance, Replacement, and Retirement



Element 5

Programmatic, Operating, Capital Policies and Plans

Clear, well-documented statement of policies and plans in broad program areas.

[Fresno Downtown Revitalization](#)



[FOR RESIDENTS](#)

[FOR BUSINESSES](#)

[FOR VISITORS](#)

[GOVERNMENT](#)

[DISCOVER FRESNO](#)

[NEWS](#)

**I WANT TO...
REPORT**

GOVERNMENT

[Mayor's Office](#)

[Business Friendly Fresno](#)

Downtown Revitalization

- [Planning & Design](#)
- [Investment & Development](#)
- [Funding & Management](#)
- [Foot Traffic](#)
- [State of Downtown](#)
- [Contact Us](#)
- [Downtown Revitalization Newsletters](#)
- [Fresno Downtown Plans](#)
- [Fulton Mall](#)
- [High-Speed Rail](#)
- [Measuring Our Success](#)
- [Newsletter Signup](#)

[Economic Development](#)

- ▶ [City Council](#)
- ▶ [City Manager](#)
- ▶ [City Clerk](#)
- ▶ [City Attorney](#)

Downtown Revitalization

DOWNTOWN REVITALIZATION MAYOR'S OFFICE

Contact Us

Downtown Revitalization
Lupe Perez - Manager
2600 Fresno Street
Fresno, CA 93721
(559) 621-8371
[E-Mail Us](#)
[Department Home](#)

[Fresno Downtown Plans](#)

[Fulton Mall](#)

[High-Speed Rail](#)

Downtown Revitalization

The team at the Downtown and Community Revitalization Department is working proactively to ensure the steady revitalization of Downtown Fresno over the next several years, with a focus on the [Fulton Mall](#).

You can hear directly from Mayor Ashley Swearengin about her vision for Downtown Fresno on the [State of Downtown](#) page. And you can see how we're [measuring our success](#).

Defining Our Goals

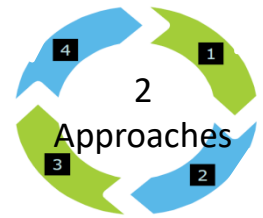
The Department's revitalization efforts are founded on the best practices of hundreds of cities across the nation — cities that, in many cases, have surmounted seemingly overwhelming economic obstacles to bring new life to their historic urban cores. The Department's work reflects four main goals.

Goal 1: [Great Planning and Design](#)

To support revitalization, downtown development must encourage things like foot traffic, historic preservation, mixed uses, and nightlife. In Fresno, many of our downtown development laws provide unclear requirements for development or, in some ways, can even work against revitalization goals. A new, legally binding "Specific Plan" is being created to guide land use in Downtown Fresno. Find out more [here](#).

Goal 2: [Investment and Development](#)

Private investment and development are telltale signs of a healthy downtown — and an important goal in themselves. While other revitalization strategies are underway, the City wants to immediately remove unnecessary obstacles to development, and promote incentives to invest in downtown projects that bring life to underused land and buildings. Find out more [here](#).

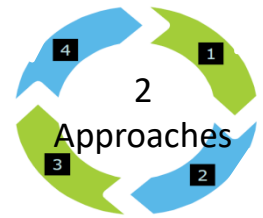


Element 5

Programmatic, Operating, Capital Policies and Plans

5.2 Capital Asset Acquisition, Maintenance, Replacement, and Retirement

- Budgetary issues often impeded capital programming funding...what is your plan?
- Do you have an asset report?



Element 6

Programs/Services Align with Policies /Plans

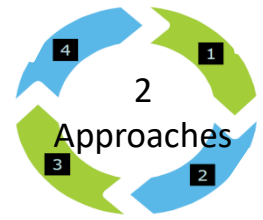
6.1 Develop Programs and Evaluate Delivery Mechanisms

6.2 Options for Meeting Capital Needs and Evaluate Acquisition Alternatives

6.3 Identify Functions, Programs, and/or Activities of Organizational Units

6.4 Develop Performance Measures

6.4a Develop Performance Benchmarks



Element 6

Programs/Services Align with Policies /Plans

Strategic Linkages, Strategic Relationships

Do they align and how do you know?

**Strategic Plan – Department Plan – Allocation of
Resources – Performance Measures – Reevaluate
the Strategic Plan**

Strategy

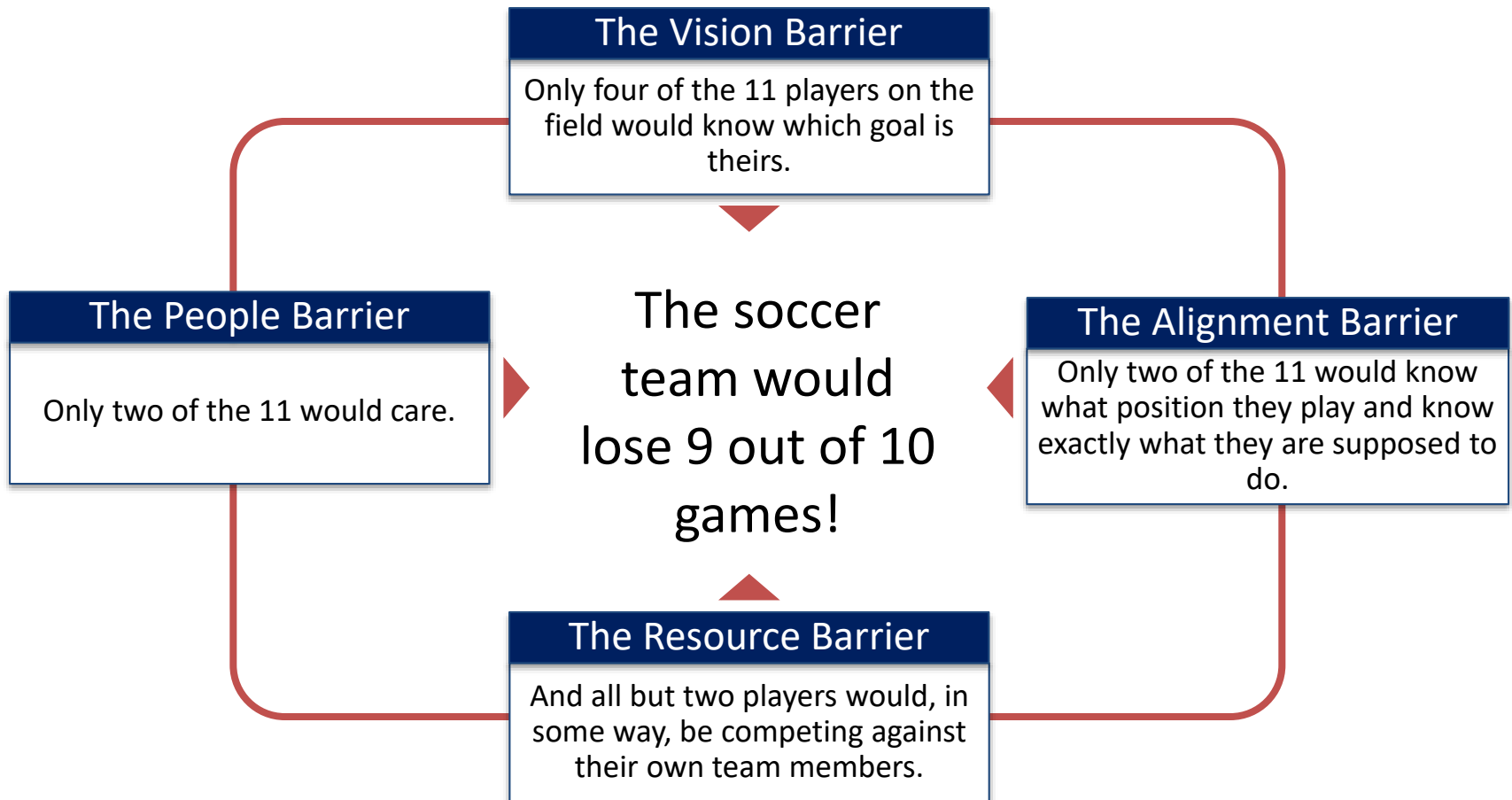
What is strategy?

- Strategy is a plan of action or policy designed to achieve a major or overall aim.
 - What is your overall aim...service delivery!
- Strategy requires us to identify a plan to achieve our goals – a budget is not only a fiscal document – it is your organizations strategy for resource allocation and service delivery.

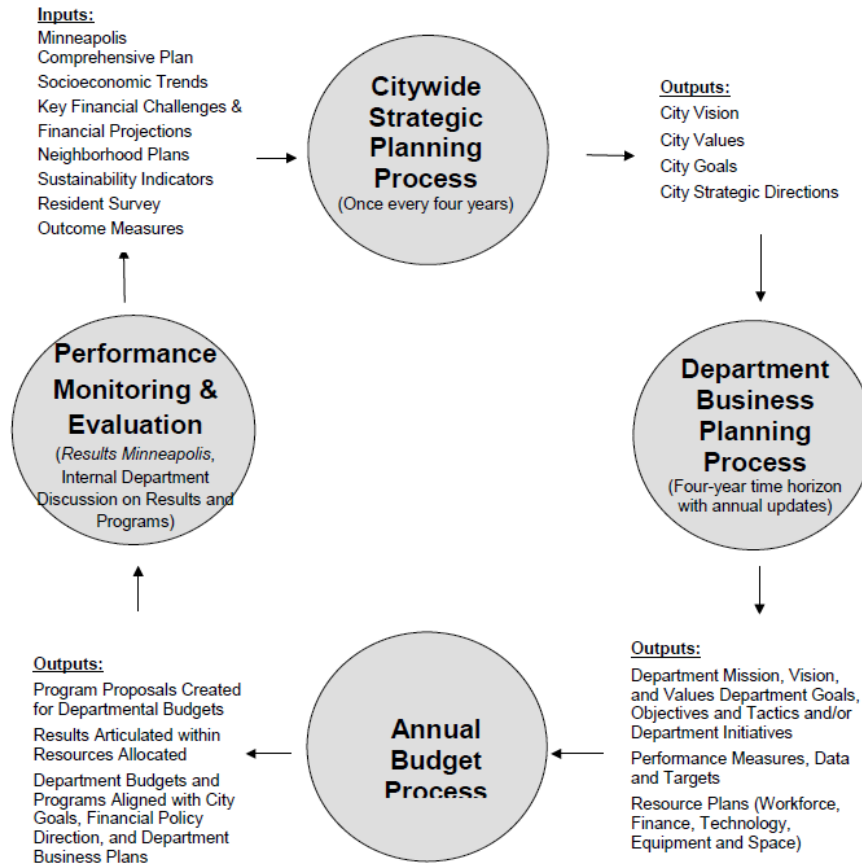
Is Strategy Easy?



Application - Soccer



Integrating Key City Processes





Minneapolis Vision

Minneapolis is a growing and vibrant world-class city with a flourishing economy and a pristine environment, where all people are safe, healthy and have equitable opportunities for success and happiness.

Minneapolis Values

We will be a city of...

Equity

Fair and just opportunities and outcomes for all people.

Safety

People feel safe and are safe.

Health

We are focused on the well-being of people and our environment.

Vitality

Minneapolis is a world class city, proud of its diversity and full of life with amenities and activities.

Connectedness

People are connected with their community, are connected to all parts of the city and can influence government.

Growth

While preserving the city's character, more people and businesses lead to a growing and thriving economy.

We work by...

Innovating and being creative

New ideas drive continuous improvement.

Driving toward results

Our efficient, effective work meets measurable goals for today and tomorrow.

Engaging the community

All have a voice and are heard.

Valuing employees

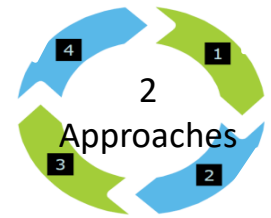
Employees are supported and take pride in public service.

Building public trust

All have access to services and information. We work in an open, ethical and transparent manner.

Collaborating

We work better together as one team. We are a valued partner in the community.



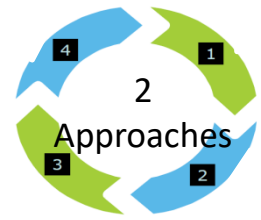
Element 7

Develop Management Strategies

- **7.1 - Develop Strategies to Facilitate Attainment of Program and Financial Goals**
- **7.2 - Develop Mechanisms for Budgetary Compliance**
- **7.3 - Develop the Type, Presentation, and Time Period of Budget**

Element 7

Develop Management Strategies



7.1 Attainment of Goals

New Orleans, Louisiana

Objective 1.1 Reduce the number of murders to the lowest number in a generation by 2018.

7.2 Budgetary Compliance

- In the Financial System
- To the Finance Committee/Governing Board
- Progress Reports

Element 7

Develop Management Strategies

7.3 Type, Presentation, and Time Period of Budget

Type – Line item, program budget, zero-based

Presentation - Budget in brief, budget workshop, presentations.

Who is your audience?

Timeline – typically annually, biennial becoming more common.

PRINCIPLE 3:
DEVELOP A BUDGET CONSISTENT WITH
APPROACHES TO ACHIEVE GOALS



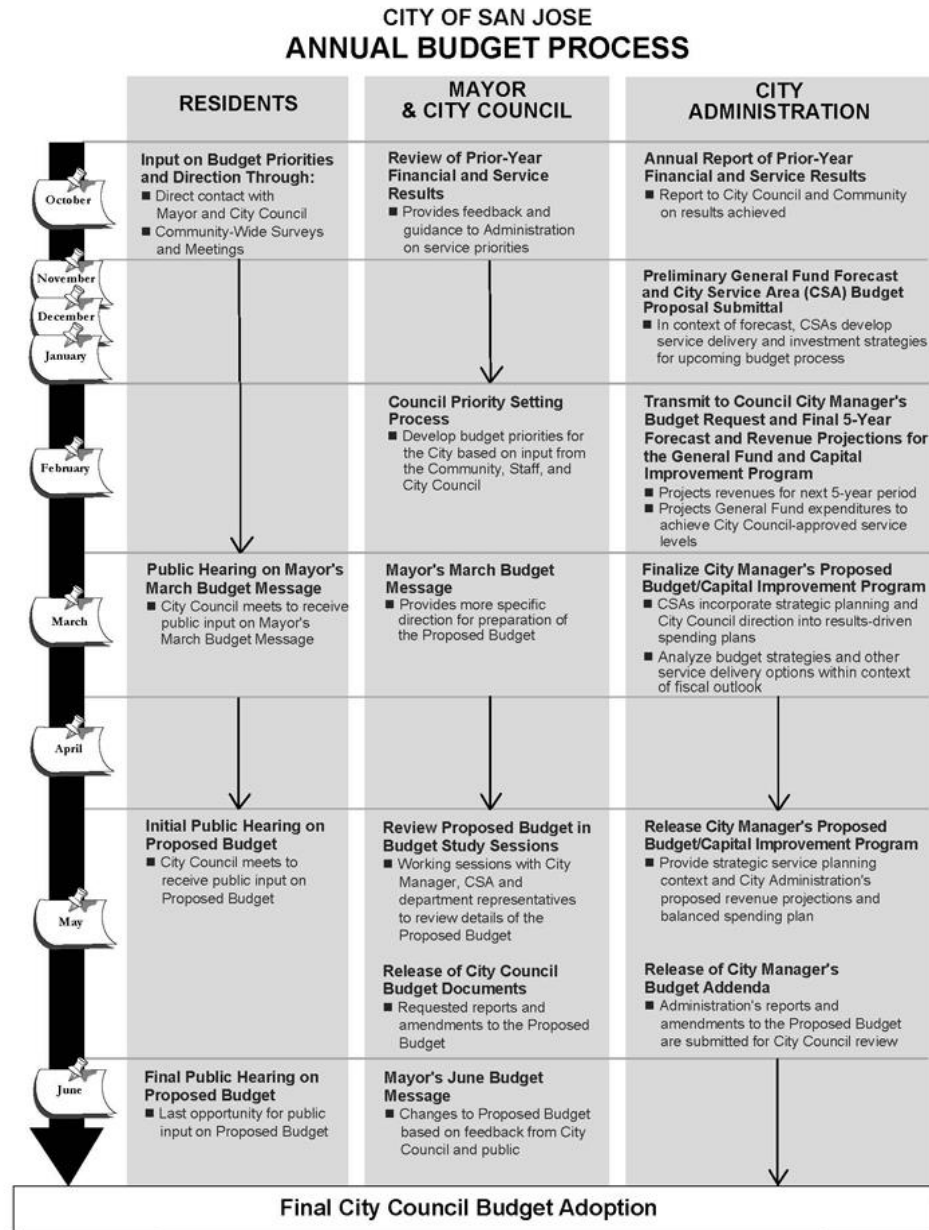


Element 8

Develop a Process for Preparing and Adopting a Budget

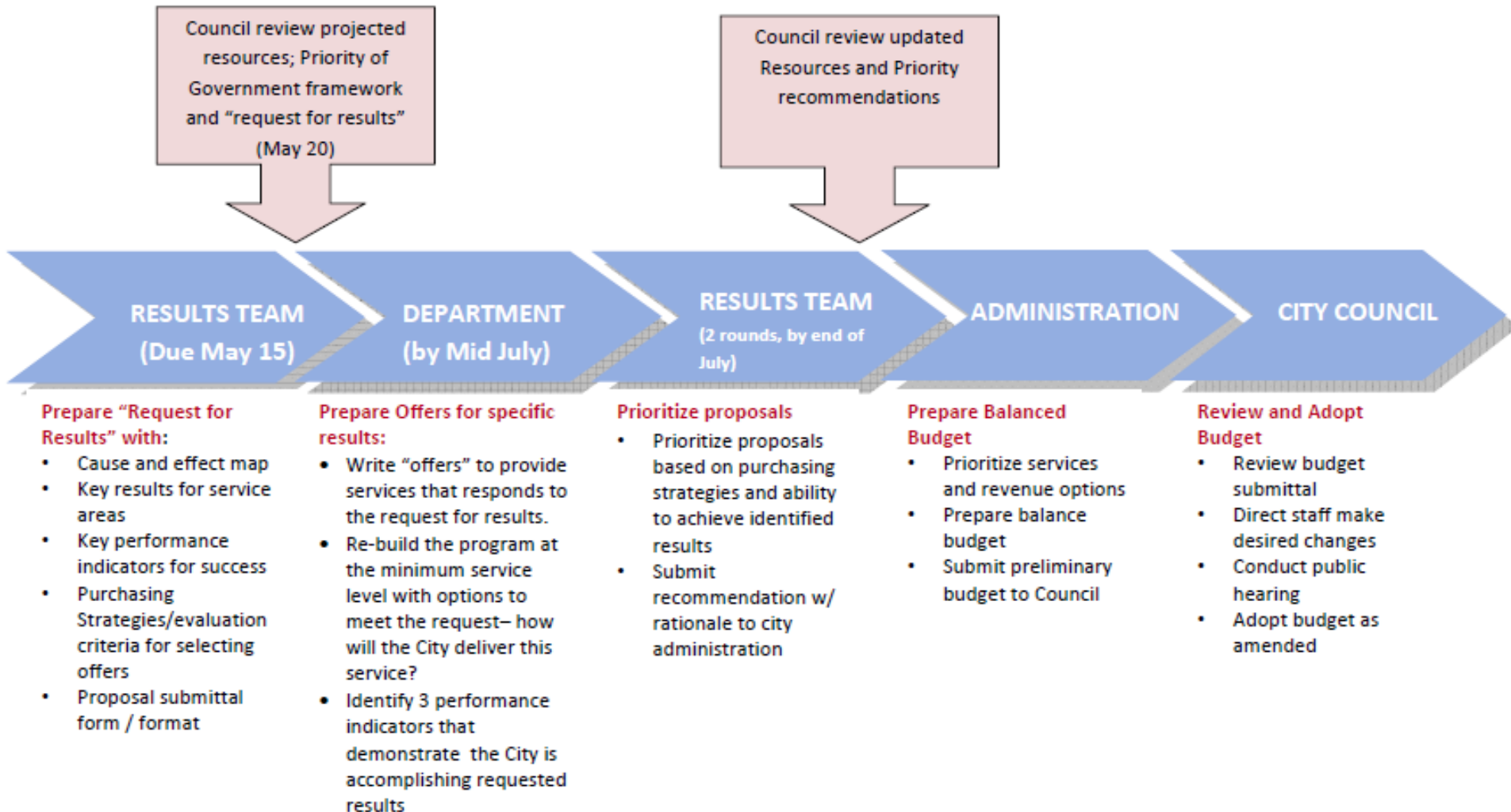
- **Practice**
 - **8.1 – Develop a Budget Calendar**
 - **8.2 – Develop Budget Guidelines and Instructions**
 - **8.3 – Develop Mechanisms for Coordinating Budget Preparation and Review**
 - **8.4 – Develop Procedures to Facilitate Budget Review, Discussion, Modification, and Adoption**
 - **8.5 – Identify Opportunities for Stakeholder Input**

Annual Budget Process



Element 8

Develop a Process for Preparing and Adopting a Budget





Element 8

Develop a Process for Preparing and Adopting a Budget

CITY OF Lynnwood
OFFICIAL WEB SITE

City Hall

CITY HALL

- Employment
- Departments / Staff
- Contacts
- Executive
- Administrative Services
- Performance Management System
- Stakeholder Input
- Broad Goals
- Short Term Goals - Areas of Emphasis
- Short Term Goals - Strategic Plans
- Direction to Staff**
- Operating / Capital
- Requests - Budget Process
- Adopt Budget / CFP - Biennial Budget
- Monitor Results - Financial Reports
- Adjust as Necessary
- Parks, Recreation & Cultural Arts
- Public Works
- Fire Department
- Police Department
- Economic Development
- Municipal Court
- Human Resources
- Mayor Don Gough
- City Council
- Boards, Commissions & Committees
- Legal Codes
- City Finances

DIRECTION TO STAFF

[Performance Management System](#)

City of Lynnwood – Performance Management

Direction to Staff: Macro Workshop and Financial Policies

The City adopts a biennial budget. The budget is adopted each even numbered year in accordance with [RCW 35.34](#) and [Lynnwood Municipal Code 2.72](#)

Staff members develop the budget using guidance provided by the Mayor and Finance Director.

The guidance includes the adopted financial policies of the City. These policies are reviewed each even numbered year by the City Council and are routinely updated to keep them current.

Financial Policies of the City of Lynnwood - [Resolution 2005-04](#) (last updated April 2005)

The Council conducts an annual review of the City's financial results and condition. The Council, Mayor and staff review the prior year's audited annual financial report, current year budget status and prospects for the future. This is a required element of our budget process per LMC 2.72.

View the presentation from the latest [Mid-Year Financial Review](#)

The review of the City's Financial Policies and other budget review and development discussions occur at the annual "Macro Budget Workshop". This workshop provides a unique opportunity for the City to look at the "big picture" of the City's needs and fiscal programs. The Council typically devotes a full three-hour meeting to this purpose.

The presentation from the [2004 Macro Budget Workshop](#)

SERVICES



Element 9

Develop and Evaluate Financial Options

- **Practice**
 - **9.1 – Conduct Long-Range Financial Planning**
 - **9.2 – Prepare Revenue Projections**
 - **9.2a – Analyze Major Revenues**
 - **9.2b – Evaluate the Effect of Changes to Revenue Source Rates and Bases**
 - **9.2c – Analyze Tax and Fee Exemptions**
 - **9.2d – Achieve Consensus on a Revenue Forecast**
 - **9.3 – Document Revenue Sources in a Revenue Manual**
 - **9.4 – Prepare Expenditure Projections**
 - **9.5 – Evaluate Revenue and Expenditure Options**
 - **9.6 – Develop a Capital Improvement Plan**



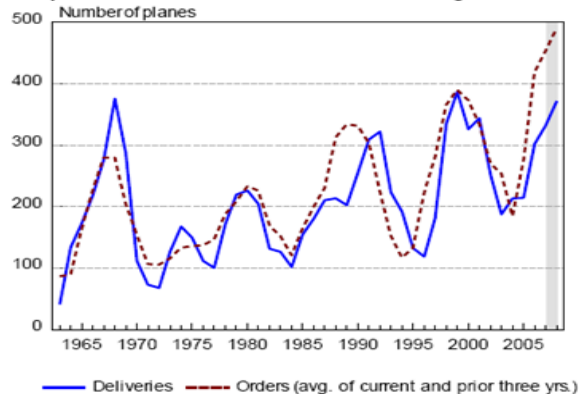
Element 9

Develop and Evaluate Financial Options

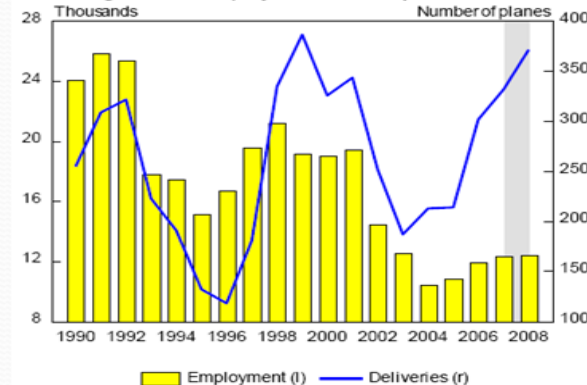
Economic Situation

- Doug Pederson report – airplanes

Airplane Deliveries and Orders from Boeing Renton Plant



Boeing Renton Employment and Airplane Deliveries



Renton City Council Presentation



Element 9

Develop and Evaluate Financial Options

Economic Situation

- Expenses (base line):
 - Salaries and Wages – 3.5% (COLA, steps, longevity)
 - Retirement – 44.24% (70.5% in 2007)
\$975,000 increase in 2008 (1.2% of total budget)
\$1.8m 2 year increase (146%)
 - Debt service increase for Landing infrastructure
 - 2% discretionary account adjustment

Focus on Sustainability

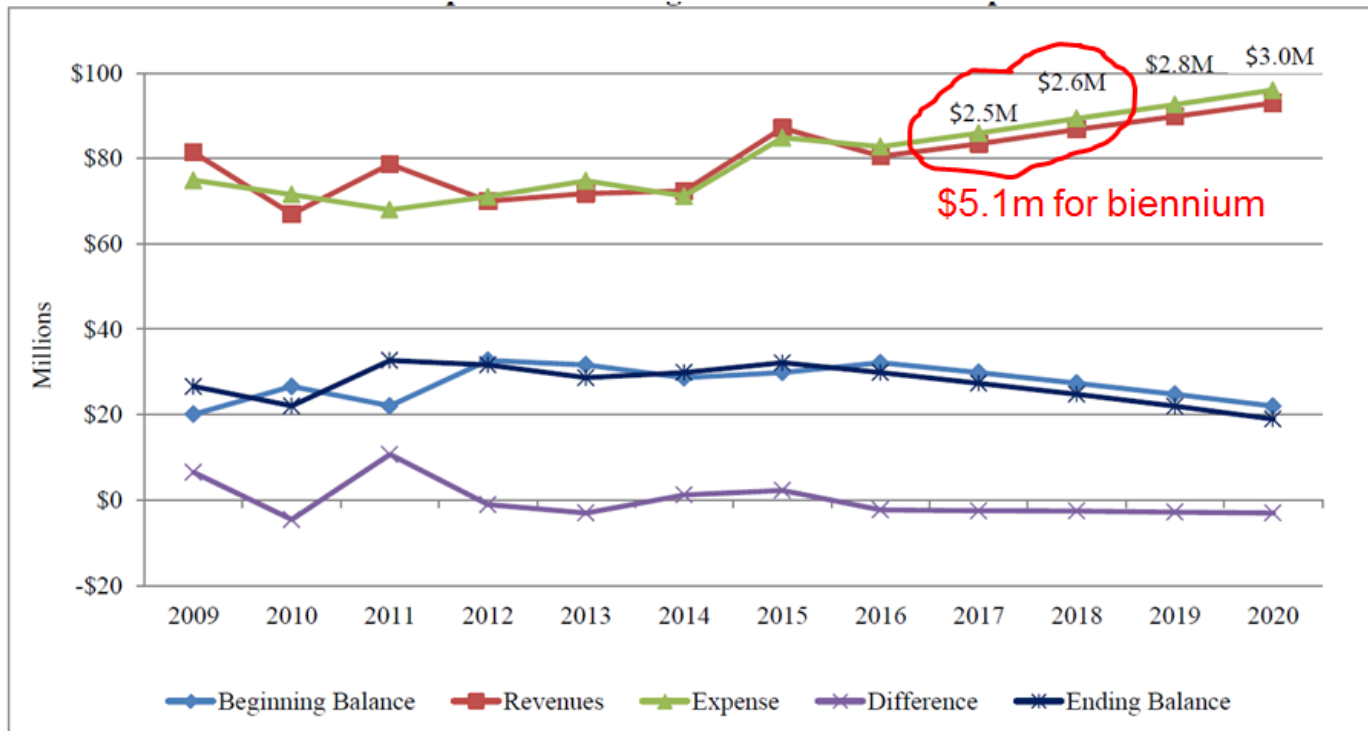


Element 9

Develop and Evaluate Financial Options

Long Range Financial Forecast – General Fund

REVISED: October 2015



Does include operating impacts from capital improvements



Element 10

Make Choices Necessary to Adopt a Budget

- **Practice**
 - **10.1 – Prepare and Present a Recommended Budget**
 - 10.1a – Describe Key Policies, Plans and Goals
 - 10.1b – Identify Key Issues
 - 10.1c – Provide a Financial Overview
 - 10.1d – Provide a Guide to Operations
 - 10.1e – Explain the Budgetary Basis of Accounting
 - 10.1f – Prepare a Budget Summary
 - 10.1g – Present the Budget in a Clear, Easy-to-Use Format
 - **10.2 – Adopt the Budget**



Element 10

Make Choices Necessary to Adopt a Budget

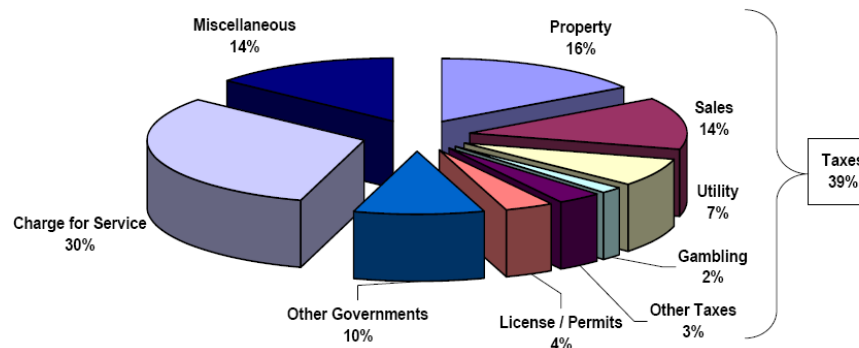
Major Revenues

Revenue / Economic Review

As a non-charter code city, the City of Renton has statutory authority to levy or assess all revenues generally available to all classes of cities and towns in Washington State. This section analyzes the major revenues utilized and available to the City.

Revenues by Type – All Funds

Includes General Government, Dedicated Funds, Capital Projects, Utilities, Golf Course and Internal Funds



Revenues by Type – General Government Funds

Includes General Fund (Police, Fire, Administration, Economic Development, Public Works),



Element 10

Make Choices Necessary to Adopt a Budget

2007 Budget Highlights

Benefits
Retirement System

The most significant benefits change was the change in retirement system contributions established by the State of Washington. The cities in Washington are part of the statewide retirement system (with a few exceptions) and therefore pay into that system at rates set by



the State. The State has adjusted its funding based on its ability to pay. With the recent improvement in the economy, the State is able to increase contributions to the fund and this changes the rates for all of us mandated to participate in the fund. As a consequence, contributions to the retirement system will increase by an average of 44.5% in 2007 or over \$635,000 increase in General Government alone. This is anticipated to continue in 2008 with another 44% increase resulting in an increase over two years of just over \$1.8 million.

Health Insurance

The cost of employee health insurance is also an area of increase each year. In 2007, we anticipate a rate increase of 10%. The change in budget will be less as changes in the personnel composition will result in actual costs in 2007 are projected to be only 6.14% above 2006 budget.

Departments

The General Government budget is composed of numerous departments providing services to the community and internal services to other City

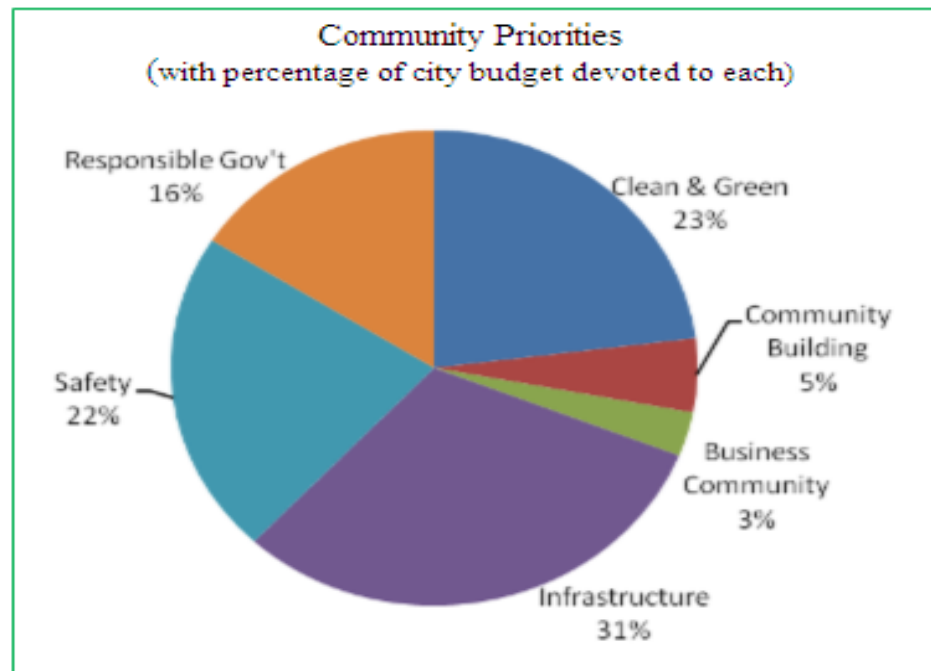


Element 10

Make Choices Necessary to Adopt a Budget

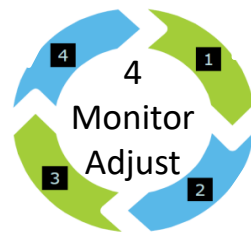
Performance Dashboard

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.

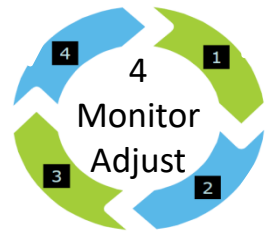
PRINCIPLE 4: EVALUATE PERFORMANCE AND MAKE ADJUSTMENTS



Element 11

Monitor, Measure and Evaluate Performance Practices

- Monitor, Measure, and Evaluate:
 - 11.1 Program Performance
 - 11.1a Stakeholder Satisfaction
 - 11.2 Budgetary Performance
 - 11.3 Financial Condition
 - 11.4 External Factors
 - 11.5 Capital Program Implementation

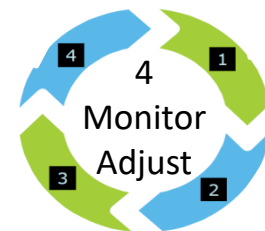


Element 11

Monitor, Measure and Evaluate Performance Practices

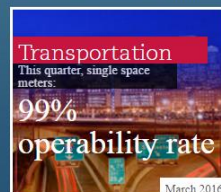
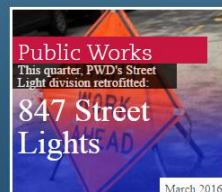
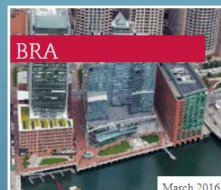
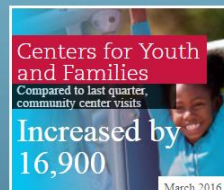
- Most common methods performance measures, customer surveys, financial benchmarks, output measures, adherence to established timelines.

[Boston About Results \(BAR\)](#)



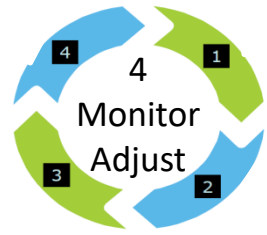
Boston About Results

Performance Management



Element 12

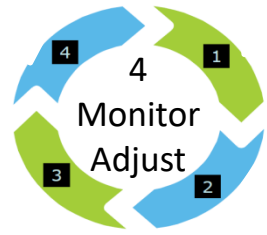
Adjust the Budget



- Last step in the NACLSB Budget Process
- Once performance has been evaluated, it may be appropriate to re-distribute resources to reflect commitment to priorities.
 - Example
 1. The City is not meeting its' established ambulance response time.
 2. Need more ambulances/staff.
 3. Requires more financial resources.

Element 12

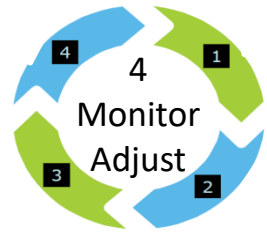
Adjust the Budget



- A consistent financial reporting system ensures that potential issues are identified early.
- Adjust the budget – handling revenue and expenditure adjustments; forecast changes.
- Rules for when appropriations are exceeded.

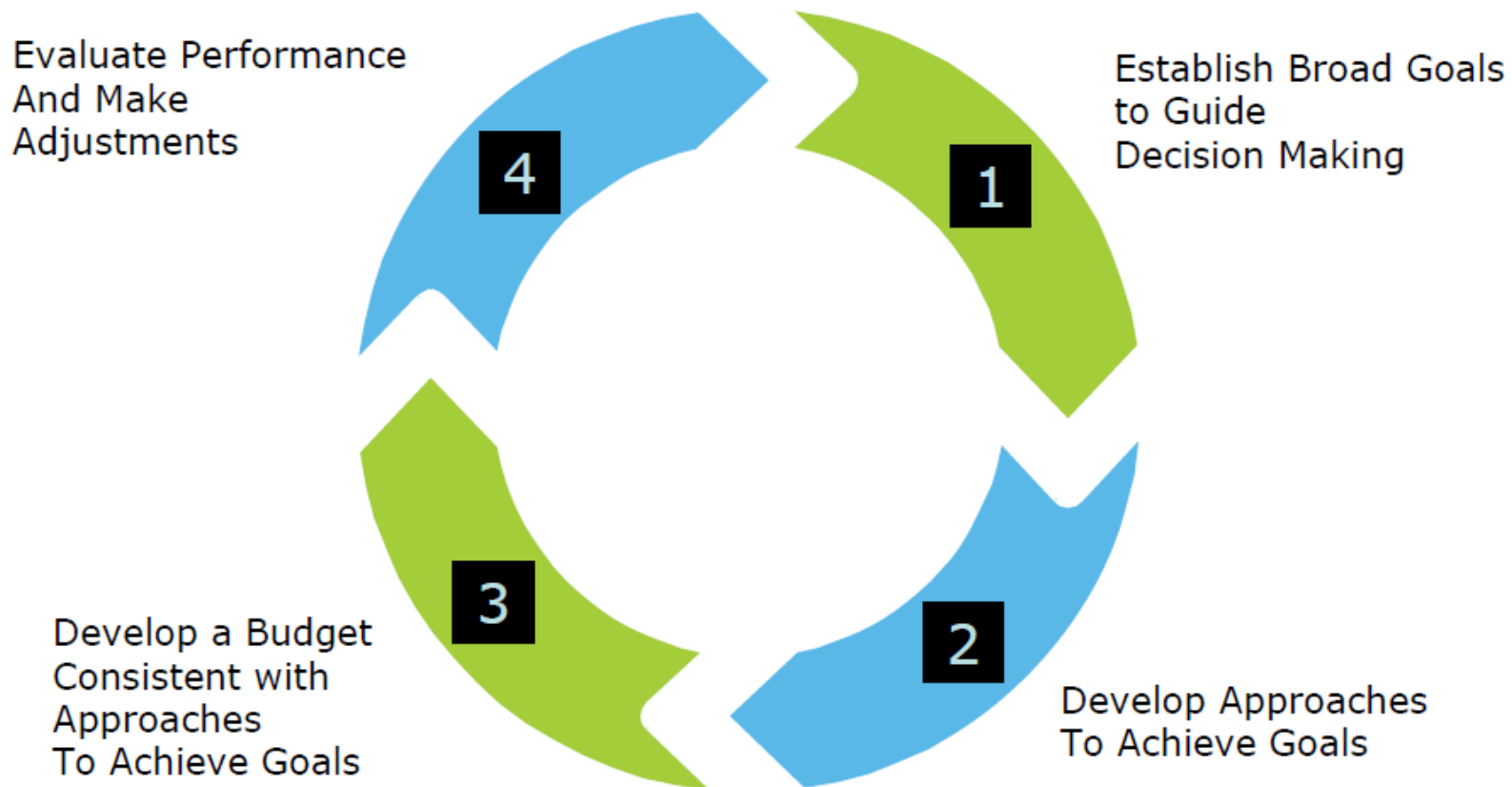
Element 12

Adjust the Budget



- A consistent financial reporting system ensures that potential issues are identified early.
- Adjust the budget – Adjust Policies, Plans, Programs, and Management Strategies – Adjust Broad Goals.
- Just because you’ve adjusted the budget doesn’t mean you are finished - the cycle is non-stop and is not necessarily aligned with your budget timelines/cycle.

The NACSLB Process is Ongoing



Summary

Element 1 – Assess Community Needs, Priorities, Challenges, and Opportunities

Element 2 – Identify Opportunities and Challenges for Government Services, Capital Assets, and Management Practices

Element 3 – Develop and Disseminate Broad Goals

Element 4 – Adopt Financial Policies

Summary

Element 5 – Develop Programmatic, Operating, and Capital Policies, and Plans

Element 6 – Develop Programs and Services that are Consistent with Policies and Plan

Element 7 – Develop Management Strategies

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

Summary

Element 9 – Develop and Evaluate Financial Options Practices

Element 10 – Make Choices Necessary to Adopt Budget

Element 11 – Monitor, Measure, and Evaluate Performance Practices

Element 12 – Make Adjustments as Needed

The NACSLB Process is Ongoing

