



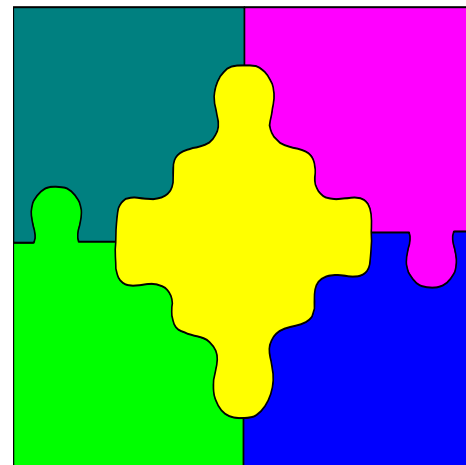
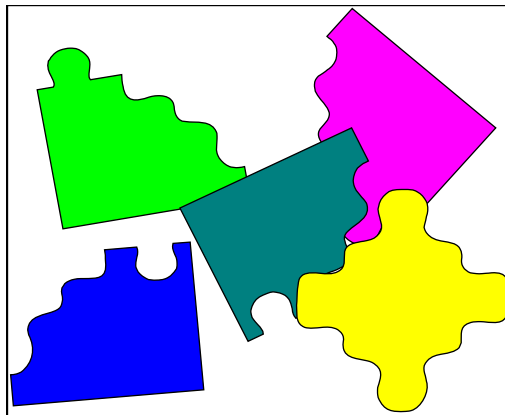
Telling Your Fiscal Story

Making ~~Effective~~ Cool Presentations

William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

Or getting from here to there



Presentation Overview

- Tips on making any presentation.
- Using these to tell your fiscal story.

“Big Picture” Tips

- Begin with the end in mind.
- Keep visuals simple.
- One idea per slide.
- Make sure it's readable.

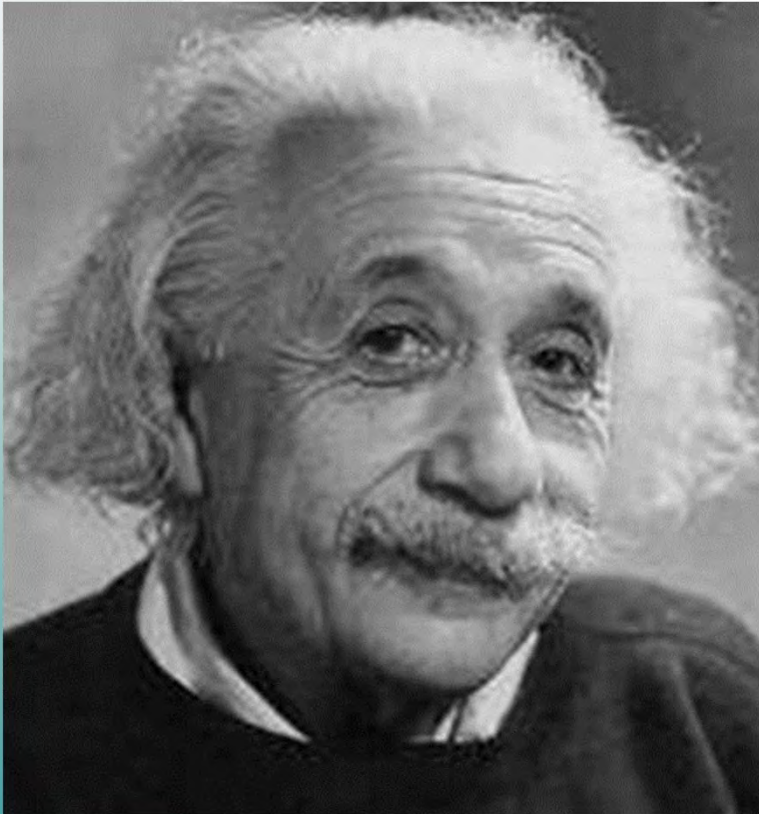


The Facts of Life

- Simple is hard.

**“I’d have written a
shorter letter but I
didn’t have the time.
... *Mark Twain***

Complex is easy, simple is hard.



Make everything as simple as possible, but not simpler. Any intelligent fool can make things bigger and more complex ... It takes a touch of genius - and a lot of courage - to move in the opposite direction.

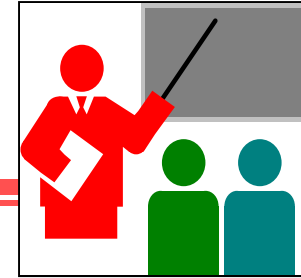
Remember Journalist's “W⁵H¹”

- Who?
- What?
- Why?
- When?
- Where?
- How?

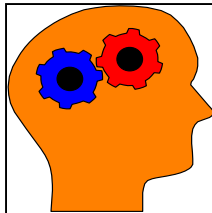
On Using Visual Aids

- Always remember that you are the presentation, not your slides.

So, why use them?



- Prepare for presentation
 - Organize your thoughts—way better than note cards
 - Stay focused
- Reinforce points ... we retain



- 25% of what we hear
- 45% of what we see
- 65% of what we see and hear

Types of Visual Aids



- Maps, photos
- Display boards
- Models, samples
- Hand-outs
- Black/whiteboards
 - *Walk and chalk*
- Flip charts
- Transparencies
- Slides
- Video
- e-projector

*Pros & cons
for each one*

Points for All of Them



- Have passion—be excited
- Preview what you are going to present
- Start with what you want
- Check-out the room
- Make sure stuff is set-up and works
- Have a back-up plan
- **Make sure it's readable**

More Points for All of Them



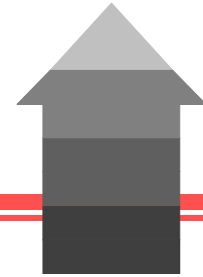
- Look at the graphic—or don't
- Stand—move around
- Be consistent in starting with verbs or nouns; statements or questions
 - And in using periods ... or not
- Avoid using numbers in lists—use bullets
- Use animation in building points
- **Make sure it's readable**

Even More Points



- Raise your own questions.
 - Or don't: back-up visuals.
- Stay on message—don't have visuals you aren't going to discuss.
- Be clean—use lots of white space.
- Avoid the dark.
- Never apologize.
 - You must have meant for it not to be readable, or you would have made it readable.
- **Make sure it's readable.**

The Most Important Point



- Make sure it's readable
 - Be guided by the 6x6 Rule
 - ❖ No more than 6 words per line
 - ❖ No more than 6 lines per visual
 - Stay with one topic per visual
 - ❖ Bias: One-line slide titles
 - ❖ Bias: Upper-lower case
 - ❖ Avoid too many font styles per slide (3 max)
 - Practical tip
 - ❖ 24-point font or larger

If you must show long text

- Don't read it first.
 - The audience can read it twice as fast as you can say it.



More if you must show long text

- And make sure it's readable.



Some Bright Ideas



- A picture is worth a 1,000 words
 - *But only if it's a good picture!*
- Some other tips
 - Clip art
 - Quotes
 - Newspaper headlines

How much would $\frac{1}{2}$ cent raise?

- About \$4.5 million annually



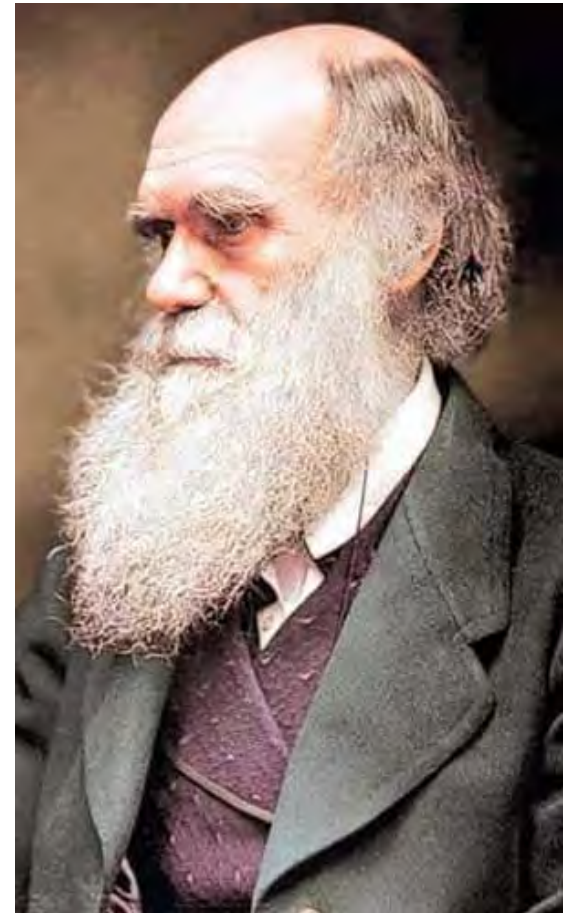


Prediction is very
difficult, especially
about the future.

Niels Bohr

The New Normal: Responding to Change

- *It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.*
 - Charles Darwin



Revenue Assumptions: A Caveat

- The revenue forecast reflects “cautious optimism.”
- This isn't guaranteed.



What's Most Likely to Change

- Cannabis Tax
 - Ramp-up may take longer
 - May be different than projected
 - Might not be allowed



Benchmark Study Results

SLO often does more, spends less than other cities, analysis shows



ONLINE
EXTRA

Visit sanluisobispo.com to read a copy of the city's fiscal responsibility study.

By LESLIE GRIFFY
The Tribune

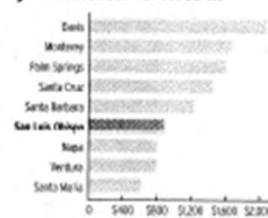
San Luis Obispo tends to spend less than similar California cities while providing better services, according to a report compiled by city officials at The Tribune's request.

The Tribune's Editorial Board, which oversees the newspaper's opinion and commentary, asked for the comparison data last fall when the city announced it would consider increasing the sales tax. The Tribune Editorial Board reasoned that the information would help voters assess how well the city uses its existing resources — and ultimately

Please see FINANCES, A6

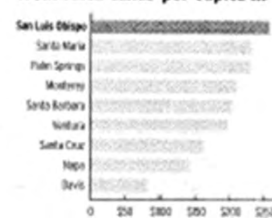
HOW SLO'S FINANCES COMPARE: EIGHT CALIFORNIA CITIES SERVE AS BENCHMARKS

SLO pays less per capita for governmental services ...



SOURCE: City of San Luis Obispo

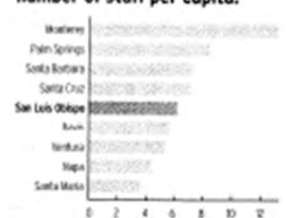
... but the city earns the most from sales taxes per capita ...



... and collects a lower ratio of revenues from fees ...



... while employing a mid-range number of staff per capita.



TRIBUNE GRAPHIC

General Fund Fiscal Forecast

	1999-00	2000-01		FORECAST				
	Actual	Budget	Revised	2001-02	2002-03	2003-04	2004-05	2005-06
REVENUES & OTHER SOURCES				2001-03 Financial Plan				
Taxes								
Sales Tax - General	9,223,200	9,223,200	10,429,900	11,101,400	11,656,500	12,239,300	12,851,300	
Sales Tax - Proposition 172			220,900	231,900	243,500	255,700	268,500	
Property Tax			556,200	5,309,000	5,574,500	5,853,200	6,145,900	
Transient Occupancy Tax				4,512,700	4,783,500	5,070,500	5,374,700	
Utility Users Tax		3,103,100		3,465,700	3,605,400	3,750,700	3,901,900	
Business Tax	1,107,800	1,150,000	1,260,000	1,350,500	1,431,500	1,517,400	1,608,400	
Franchise Fees	1,089,600	1,076,100	1,133,200	1,226,400	1,275,800	1,327,200	1,380,700	
Real Property Transfer Tax	158,300	165,000	150,000	162,300	168,800	175,600	182,700	
Subventions & Grants								
Motor Vehicle In Lieu	2,244,800	2,244,800	2,269,400	2,382,000	2,627,100	2,758,500	2,896,400	
Gas Tax (Transfer In)	850,700	850,700	850,700	859,200	876,500	885,300	894,200	
Other Subventions & Grants	443,700	443,700	665,400	603,400	471,200	485,300	499,900	
Service Charges								
Development Review Fees	1,675,000	1,675,000	1,314,600		1,394,600	1,436,400	1,479,500	
Recreation Fees	837,900	837,900	871,700		943,300	981,300	1,020,800	
Transportation Impact Fees (Transfer)	400,000	400,000						
Other Service Charges	810,000	833,900	894,300		967,800	1,006,800	1,047,400	
Other Revenues								
Fines & Forfeitures	278,200	278,200	295,100		313,100	322,500	332,200	
Interest Earnings and Rents	950,700	950,700	641,700		549,500	566,700	583,200	
Other Revenues	51,900	51,900	52,000		56,300	58,600	61,000	
Total Revenues	31,597,300	31,547,900	33,779,800		36,938,900	38,691,000	40,528,700	
EXPENDITURES & OTHER USES								
Operating Programs	25,006,300	25,156,700	25,111,600		29,929,700	31,426,200	32,997,500	
Debt Service	1,209,000	1,806,200	1,806,200		1,806,200	1,806,200	1,806,200	
Capital Improvement Plan	5,921,400	5,061,500	5,465,200		4,400,000	4,563,100	5,009,500	
Total Expenditures	32,136,700	32,024,400	32,829,800		36,135,900	37,795,500	39,813,200	
Revenues Over (Under) Expenditures	(539,400)	(476,500)	700,400		803,000	895,500	715,500	
Available for New Initiatives					430,300	489,400	401,200	
Available for New Initiatives: 2001 Dollars					417,800	545,600	356,500	
FUND BALANCE, START OF YEAR				5,402,200	5,402,200	5,672,300	5,985,900	6,285,200
FUND BALANCE, END OF YEAR								
Designated @ 20% of Operating Costs	5,600,000	5,600,000	5,111,600	5,402,200	5,672,300	5,985,900	6,285,200	6,599,500
Undesignated	1,907,700	1,401,200	2,238,000	-	-	-	-	-
Total Fund Balance, End of Year	6,909,000	6,432,500	7,349,600	5,402,200	5,672,300	5,985,900	6,285,200	6,599,500

- For 1999-00, operating expenditures include \$1,061,100 in carryovers; 2000-01 expenditures have been reduced by this amount.
- Operating program expenditures for all years include General Fund transfers to the Golf Fund. For 2000-01, they also include estimated expenditure savings and MOA costs.

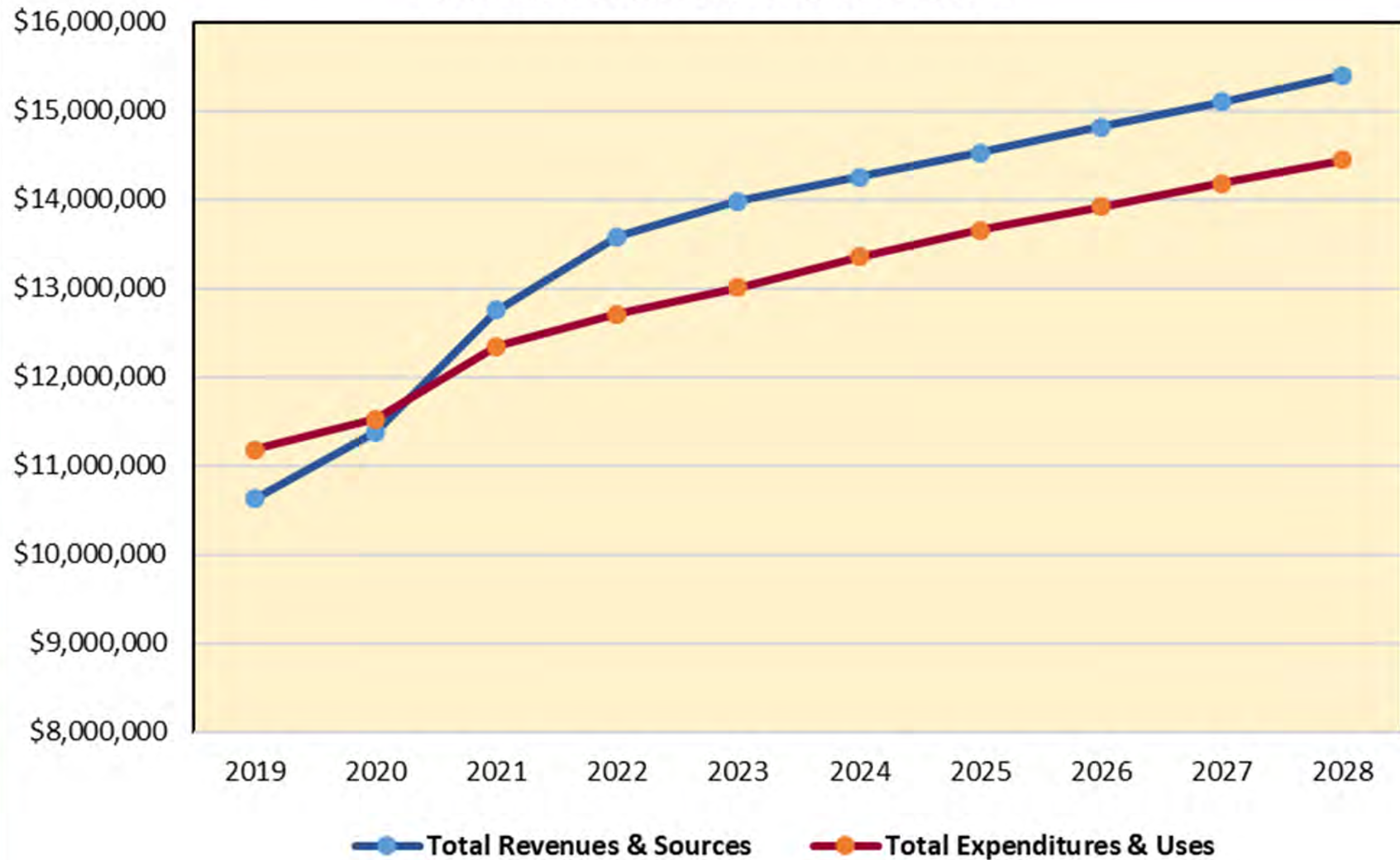
What's available to fund new initiatives after funding current services, maintaining existing assets and policy commitments

Forecast Summary

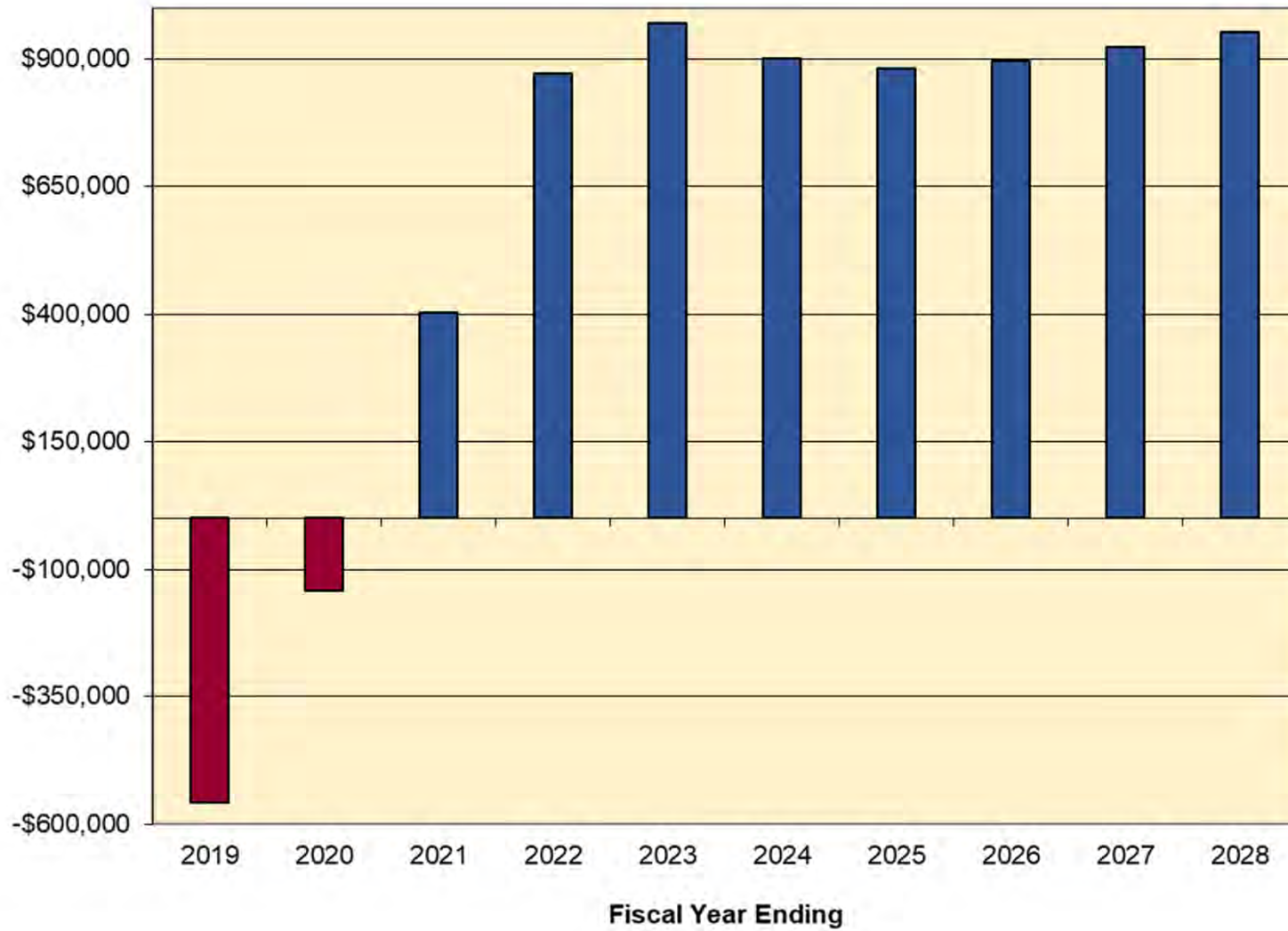
Fiscal Year Ending	2019	2020	2021	2022	2023
Revenues & Sources	\$78.7	\$80.1	\$81.7	\$83.8	\$86.0
Expenditures & Uses	86.2	89.0	91.8	93.7	95.8
Forecast Gap	(7.5)	(8.9)	(10.1)	(9.9)	(9.8)
Beginning Balance	0.6	(6.9)	(15.8)	(25.9)	(35.8)
Ending Balance	(6.9)	(15.8)	(25.9)	(35.8)	(45.6)

In millions

2018-28 General Fund Forecast: Sources and Uses *With New Cannabis Tax Revenues*



**2018-28 General Fund Forecast Surplus (Gap)
With New Cannabis Tax Revenue**



Some Last Thoughts

- Visuals should never stand on their own.
 - *Remember: You're the presentation.*
- Set-up the visual “punch line” before showing it.
- Don't think of this as a speech; it's a conversation (well, maybe . . .).
- Have three to five key points (one's better).
- Hand-outs: risky.
- Use the active voice.

“The passive voice is the voice of the bureaucrat.”
. . . Granville Toogood

Wrap-Up



- Archie's tips for a great presentation
 - Two "Secrets"
 - ❖ Competence
 - ❖ Likeability

How to be competent and likable

■ Competence

- Think before you speak
 - ❖ Pauses are okay
 - ❖ Nathan Myhrvold
- Be memorable – in a good way
 - ❖ Never repeat a negative accusation
 - ❖ Tell stories

■ Likeability

- What you say, how you say it
 - ❖ Respond to questions as you wished they were asked
- How you look
 - ❖ Posture
 - ❖ Body language
 - ❖ Facial expression



Putting this in place in telling your fiscal story

Ten tips for cool
(or at least better!)
fiscal story presentations

Three Beginning Thoughts

■ What's the context?

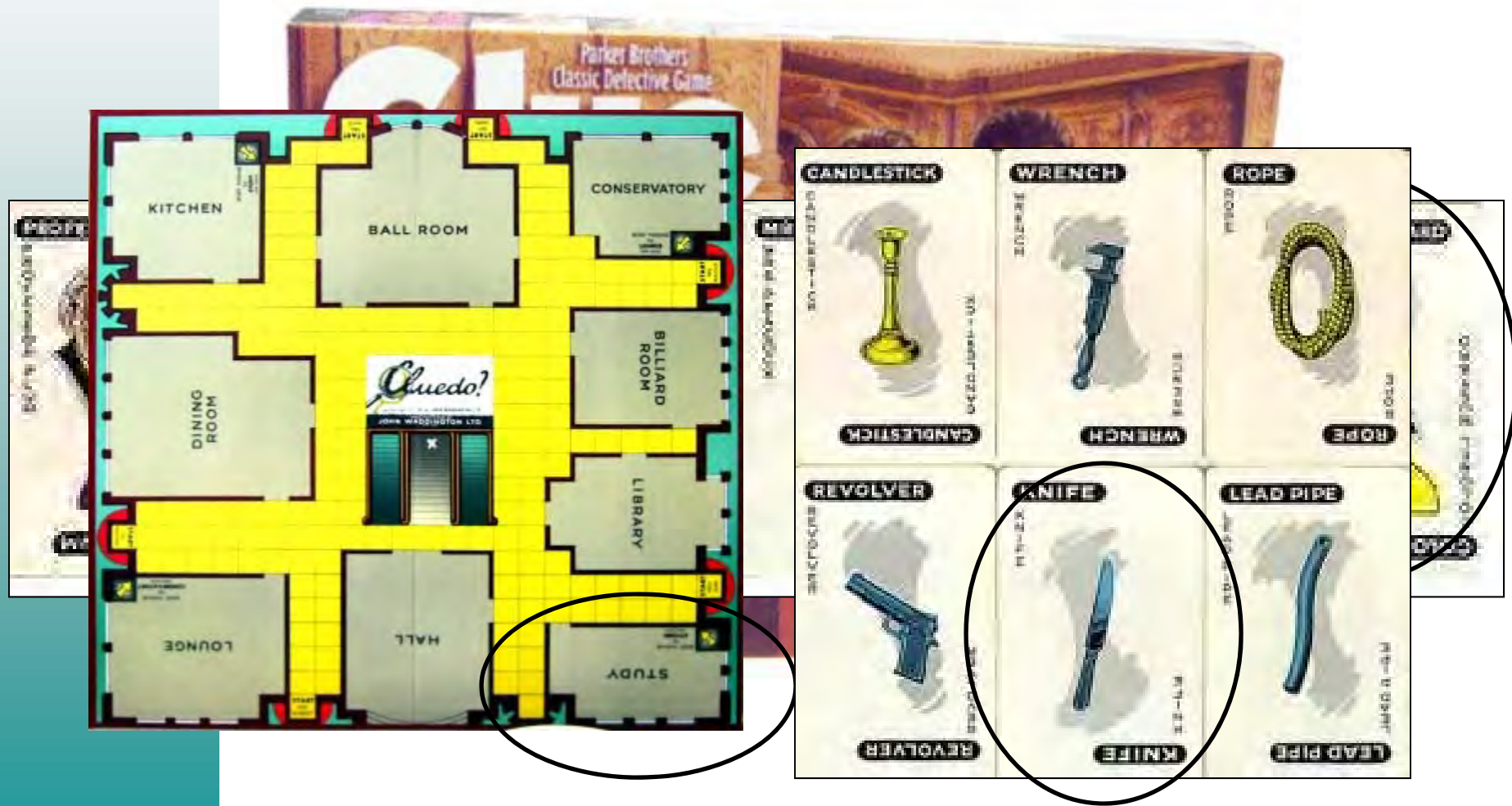
- Budget preparation process?
- After budget adoption?
- Actual results for the year?
- Interim results?
- Rate increase? New fees?
- General overview?

■ Who's the audience?

- What are they likely to be interested in?
- Learning opportunity?

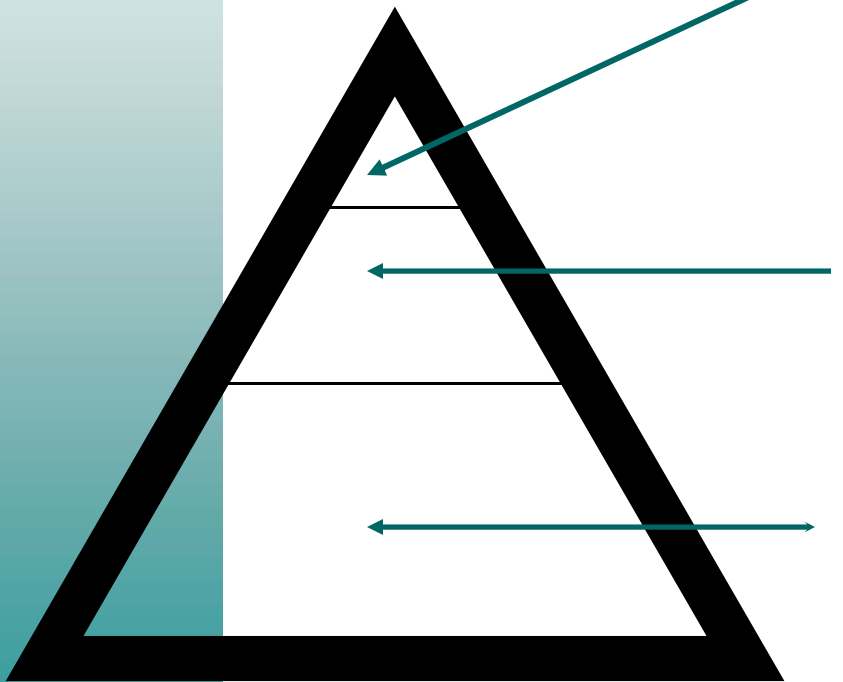
■ What do you want?

Fiscal Stories and Mystery Novels



The Data Triangle

Three Chapters in Your Fiscal Story



- Narrative
 - Short, punchy
 - What's it mean?
- Summary Charts
 - The fewest things that explain the most stuff
- Raw Data
 - Timely, accurate
 - Exhibit, on file or on-line

① Communicating Complex Numbers

- Regardless of size, local government finances can be very complicated.
 - Often more so than the private sector.
- Best way of communicating complex numbers?
 - Don't. Communicate what they mean.

Corollary

- There's no good news or bad news.
- Only unexpected news.

② Link Goals/Outcomes with Resources

- Whether intentional process or otherwise, budgets tell us what's going to get done in the coming year (or two).
 - *And perhaps more tellingly, what won't get done.*
- Your budget story should lead with top goals for the year and how the budget allocates resources for these.
- Depending on your circumstances, might also be important to identify key areas of unmet needs.

③ Financial Challenges Facing You

- Highlight fiscal challenges in preparing a balanced/sustainable budget.
 - Steps you took in meeting them.
- Could include results of:
 - Longer-term forecasts.
 - Top budget balancing actions reflected in the Budget.
 - Future challenges remaining ahead of you.
 - ❖ *Pensions?*
 - ❖ *Retiree health care?*
 - ❖ *Unmet CIP needs?*

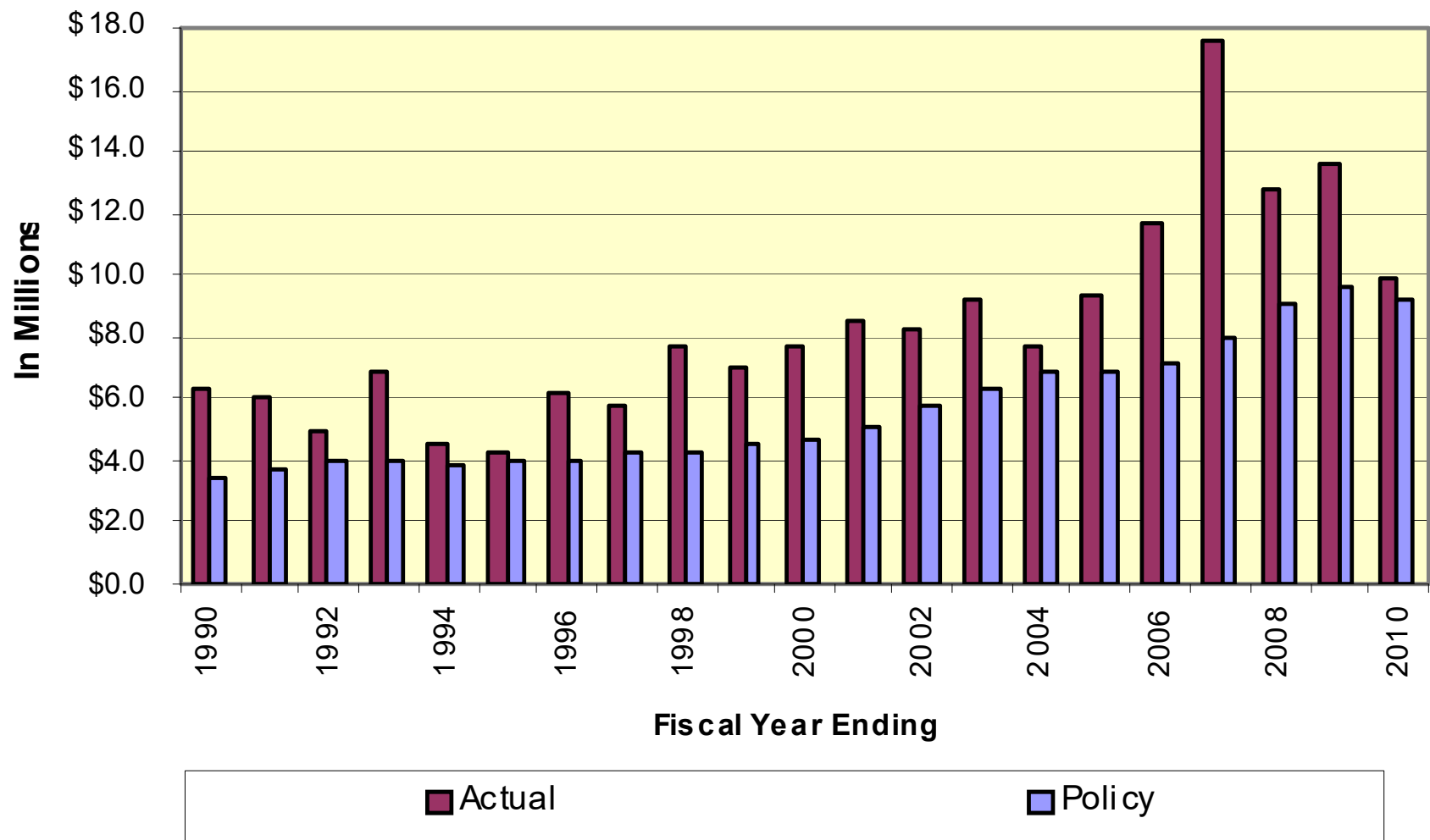
④ Key Fiscal Policies

- Focus on key ones relevant to the topic
 - Balanced budget
 - Reserves
 - Revenue/debt service ratios
 - Rate increases
 - User fees
- Importantly: how actual stacks up to these

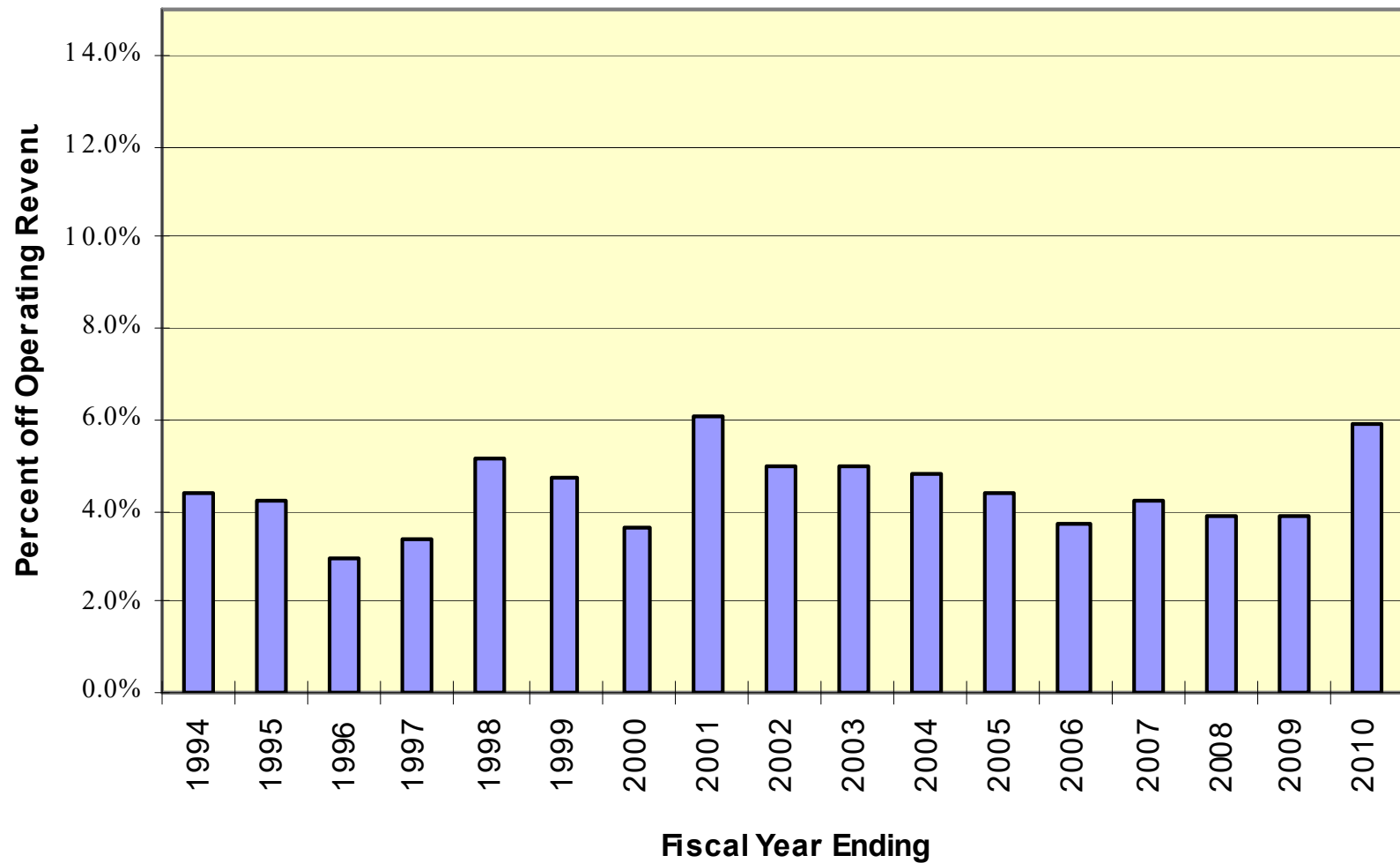
Why?

- Help demonstrate strong fiscal stewardship
 - Shows you have clearly articulated policies to begin with (a good thing!).
 - And follow them.

Unassigned General Fund Balance



Ratio of General Fund Debt Service to Revenues



On the other hand ...

- If actual is less than policy levels, then an opportunity to:
 - Discuss why this is the case.
 - Your plan for restoring them to policy levels.

⑤ Pareto Principle

- Focus on the fewest things that explain the most amount of stuff.
 - Pareto Principle (otherwise known as the 80/20 rule).
- This means focusing on your top revenues and expenditures.
 - In most cities, likely that top five General Fund revenues account for 75% to 80% of total revenues
 - So focus on these.

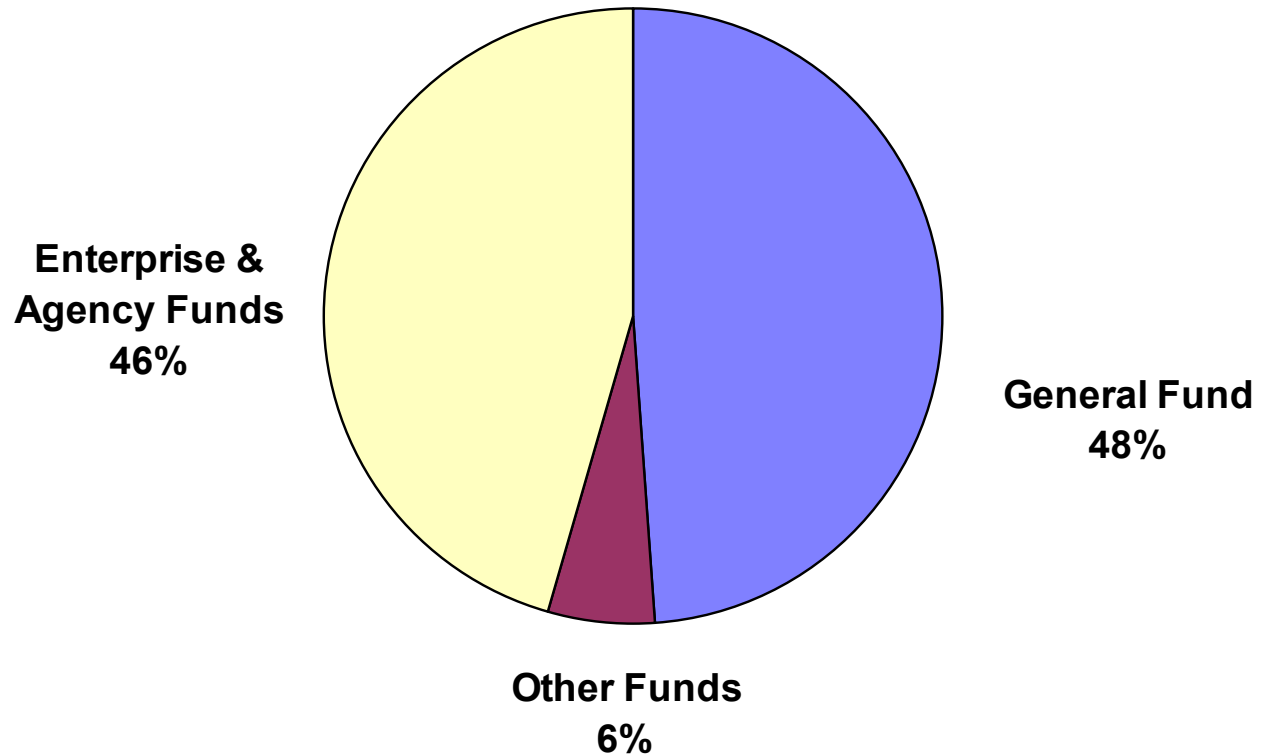


City Example

Fiscal story can often be presented in five simple graphics showing where funds come from and where they go.

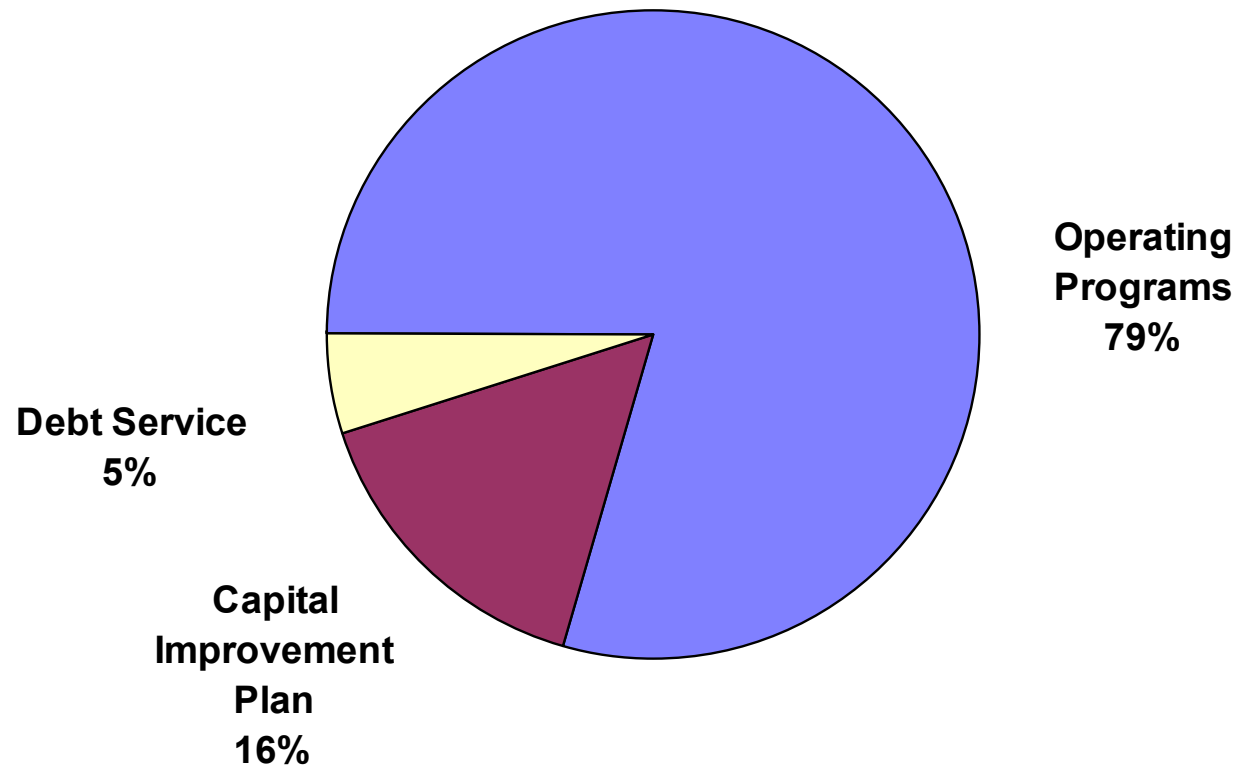
Total Funding Sources

Expenditures By Fund - \$73.5 Million



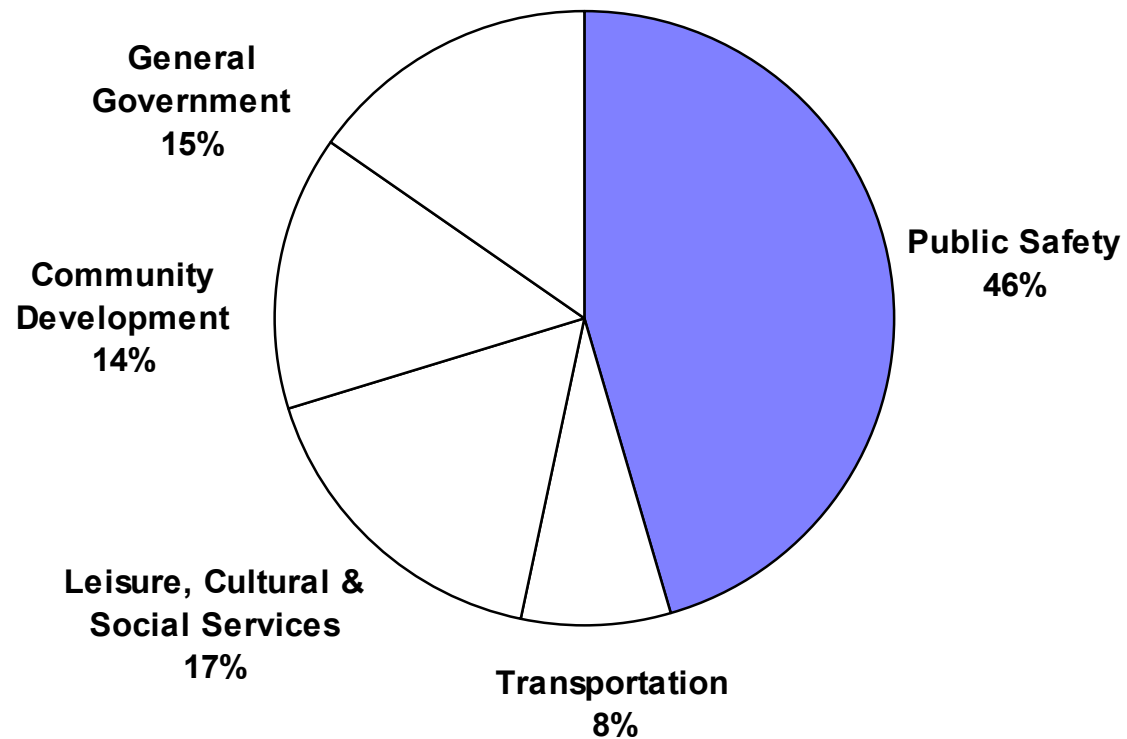
General Fund Expenditures

General Fund Expenditures and Uses - \$35.8 Million



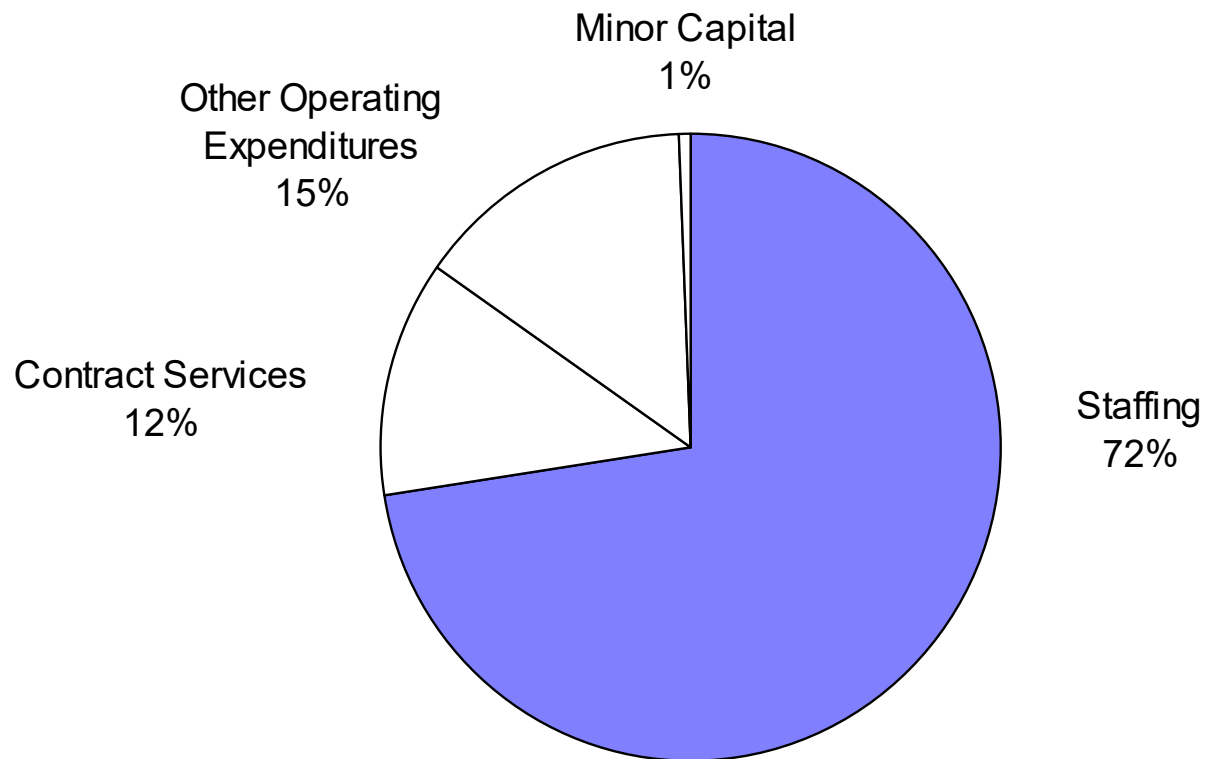
General Fund Operating Costs

General Fund Operating - \$28.2 Million



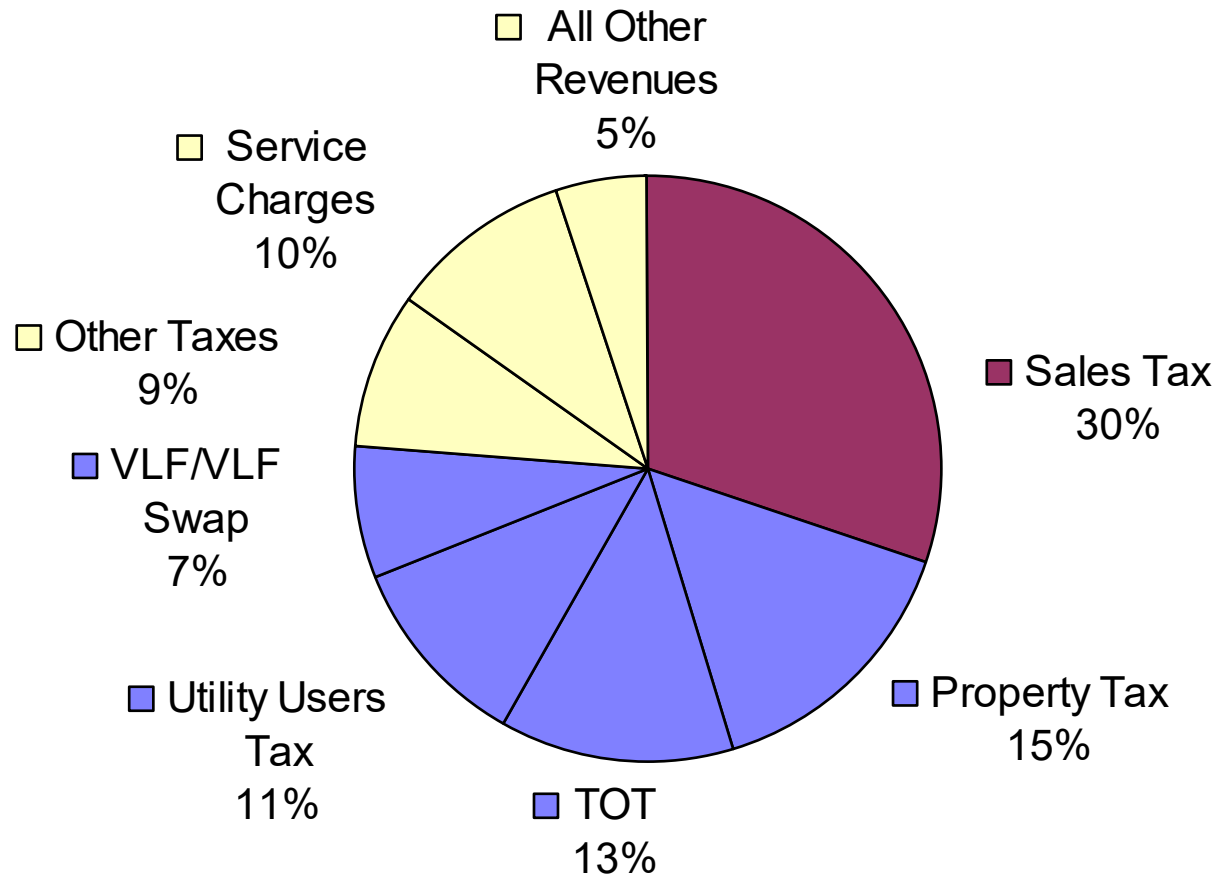
General Fund Operating Costs

General Fund Operating - \$28.2 Million

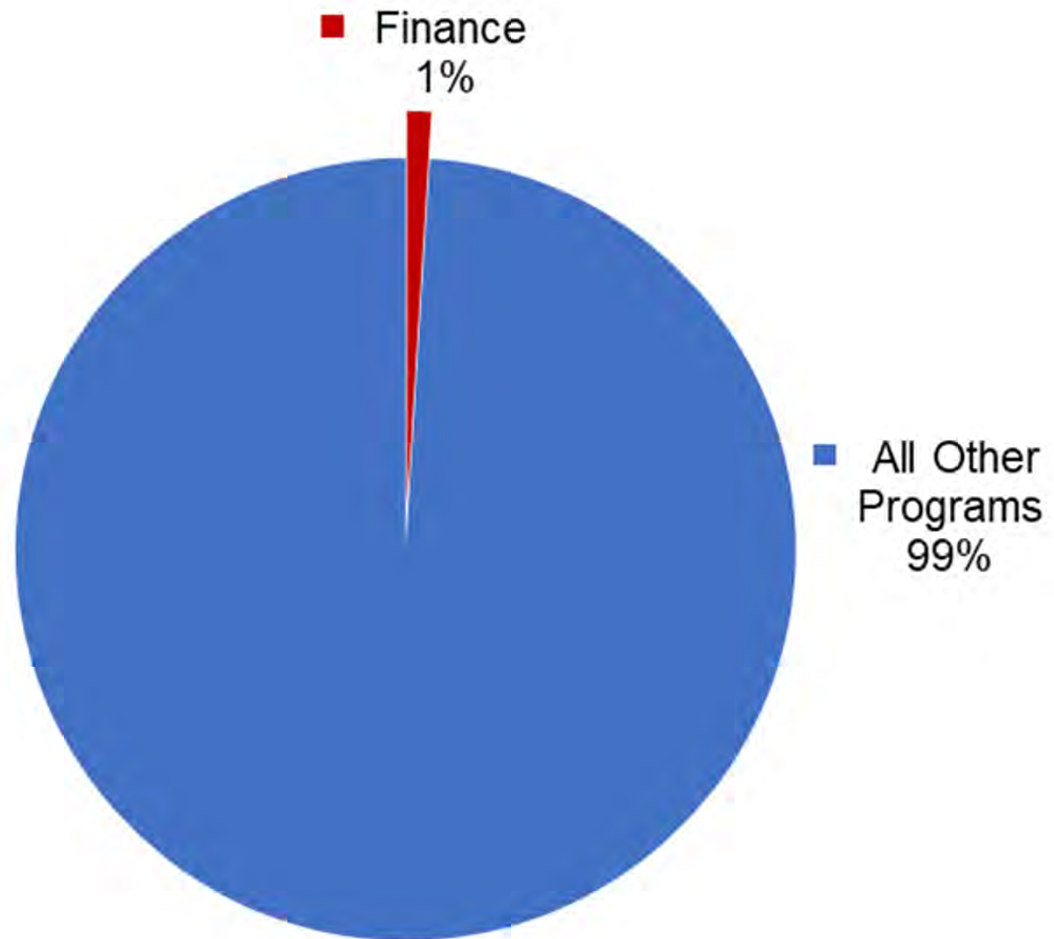


General Fund Revenues

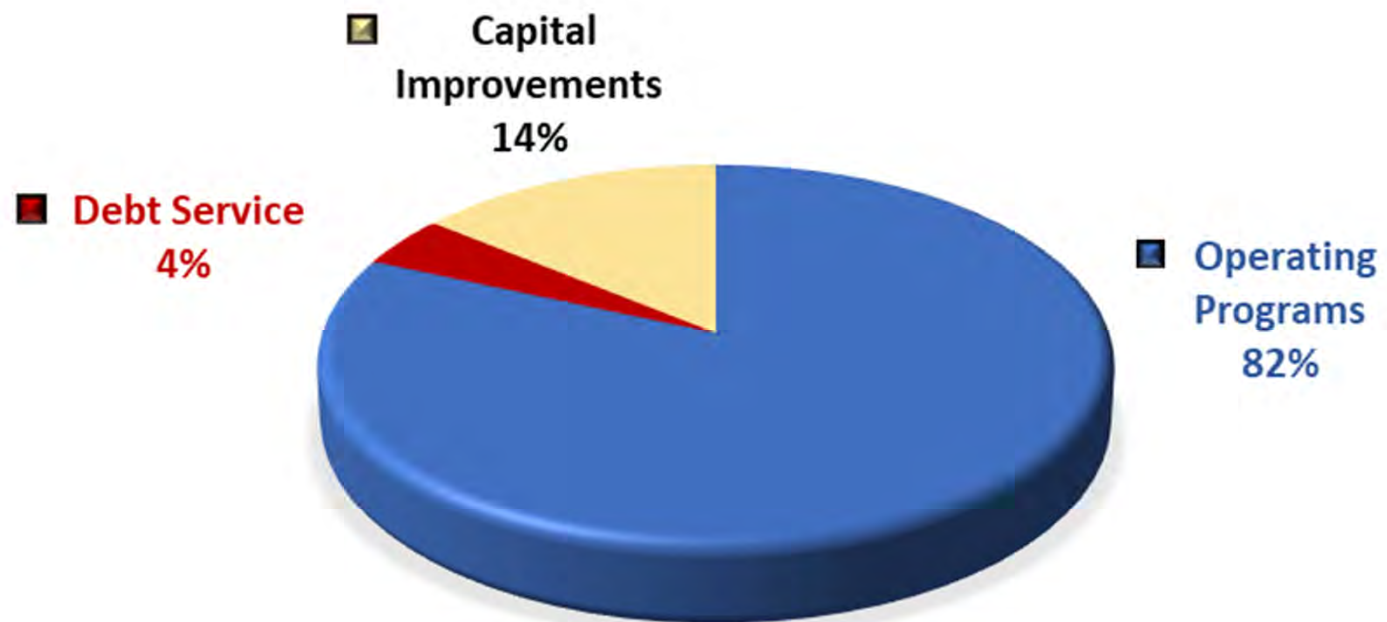
General Fund Revenues - \$33.1 Million



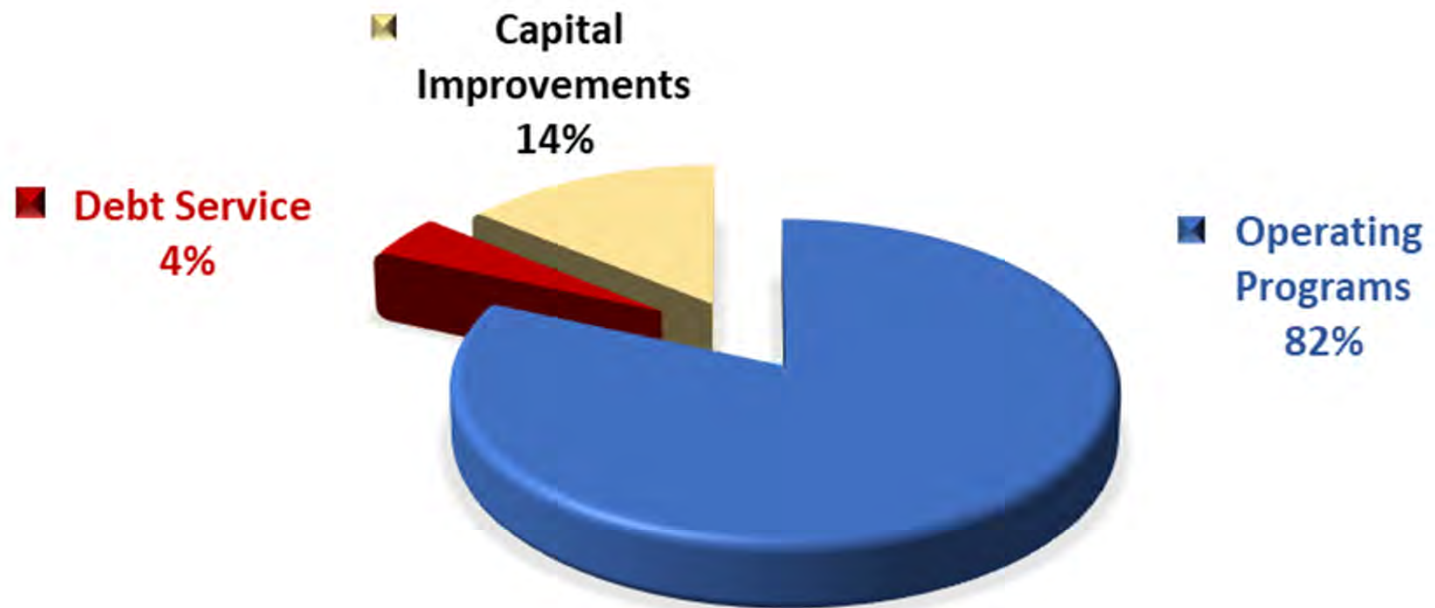
Expenditures by Function: \$12.2 Million



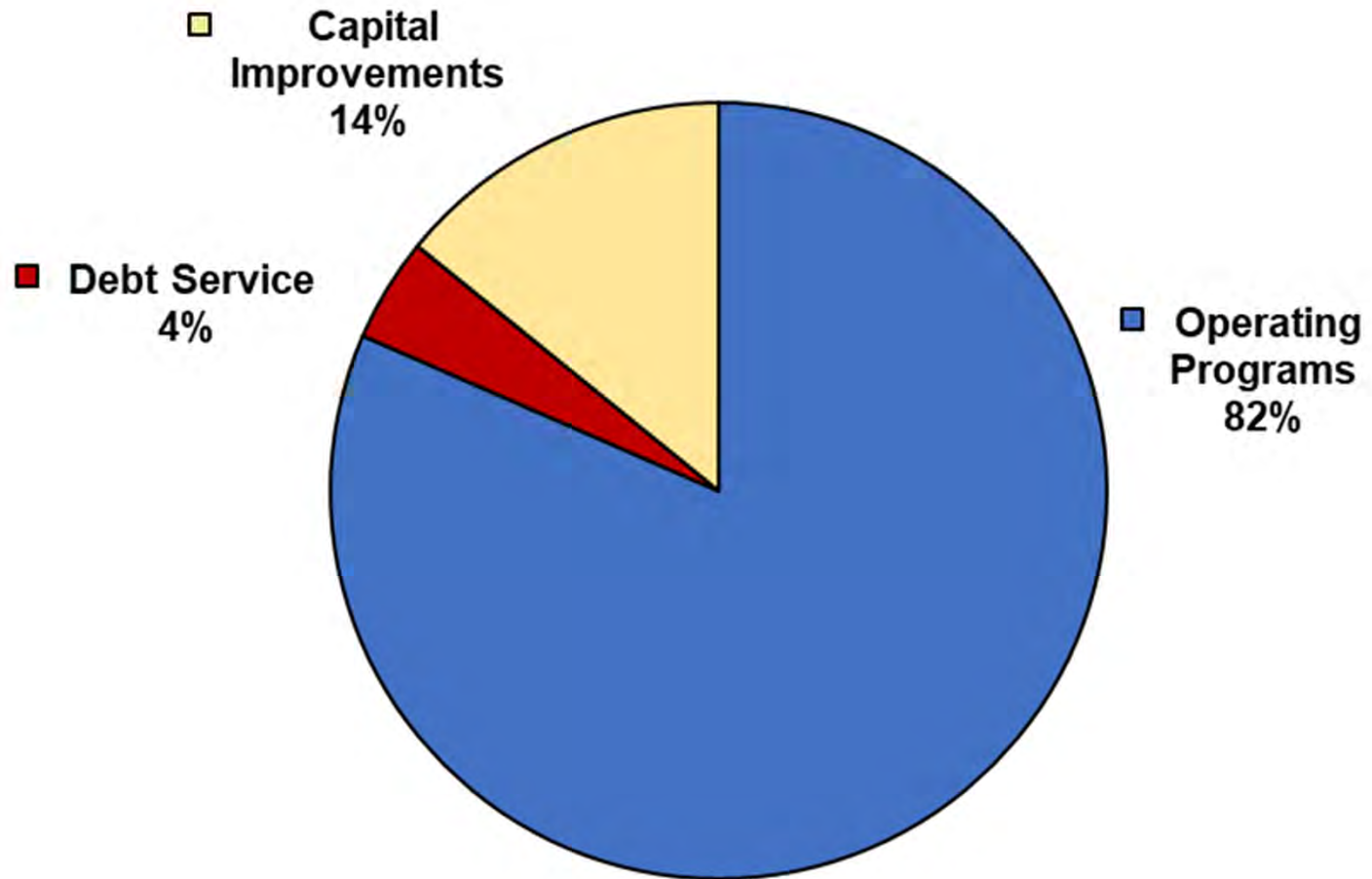
General Fund Expenditures by Type: \$12.2 Million



General Fund Expenditures by Type: \$12.2 Million



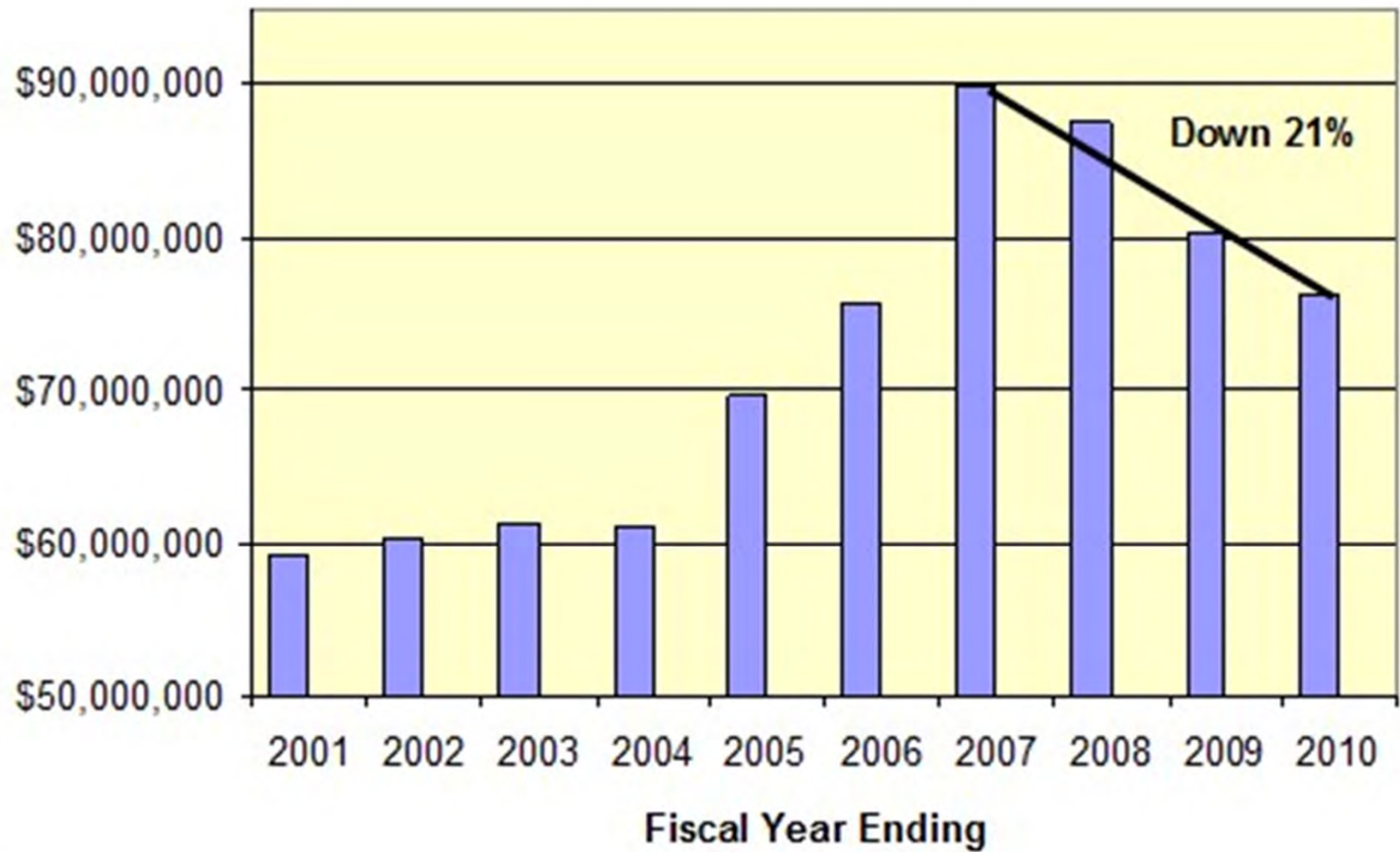
General Fund Expenditures by Type: \$12.2 Million



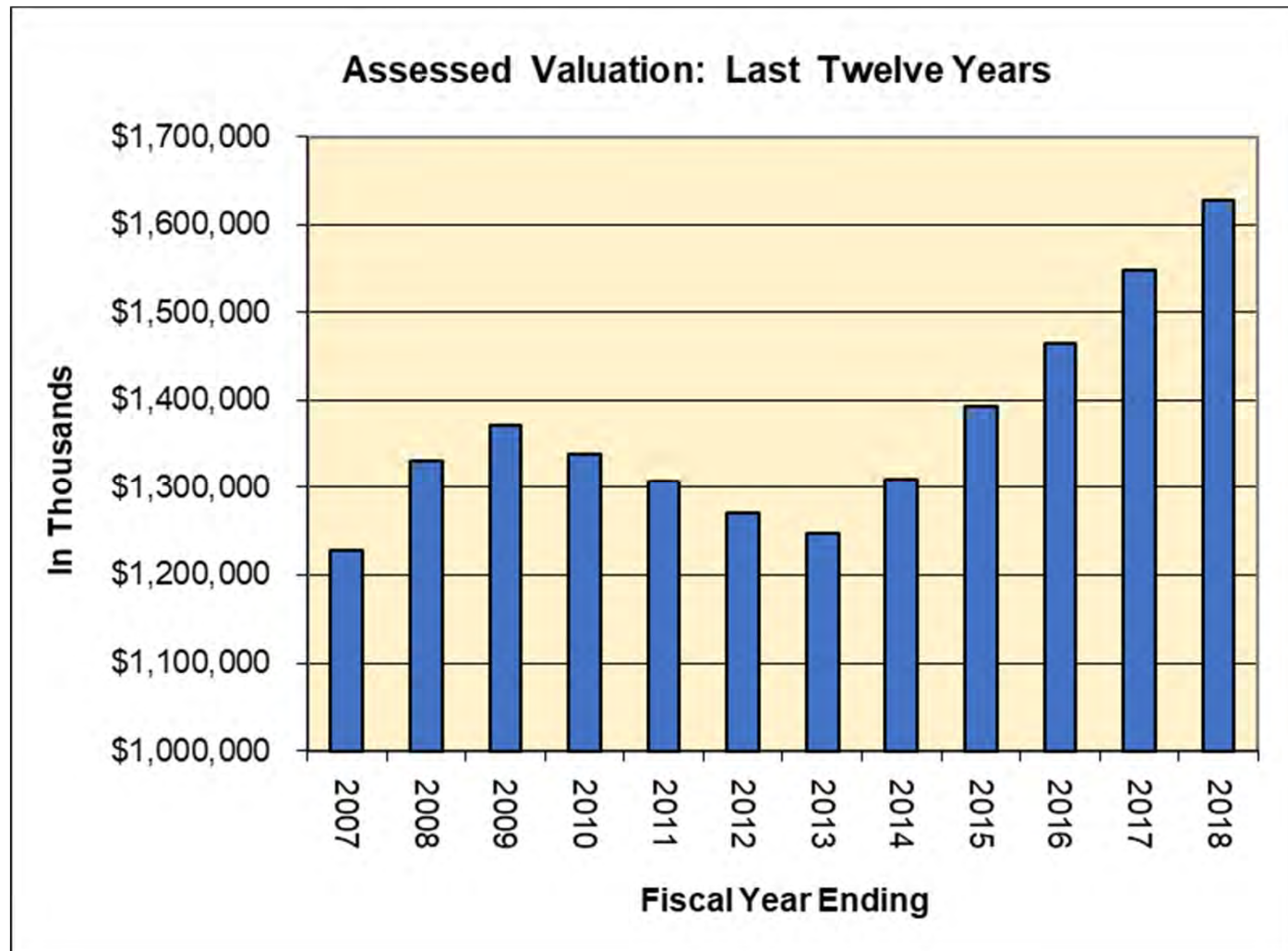
⑥ Where You've Been

- In some cases, it may be helpful to show where you've been.

General Fund Revenues: Last Ten Years



Or where you are now





Using Charts and Graphs



To tell any story,
not just a financial one.

People who find you on Facebook

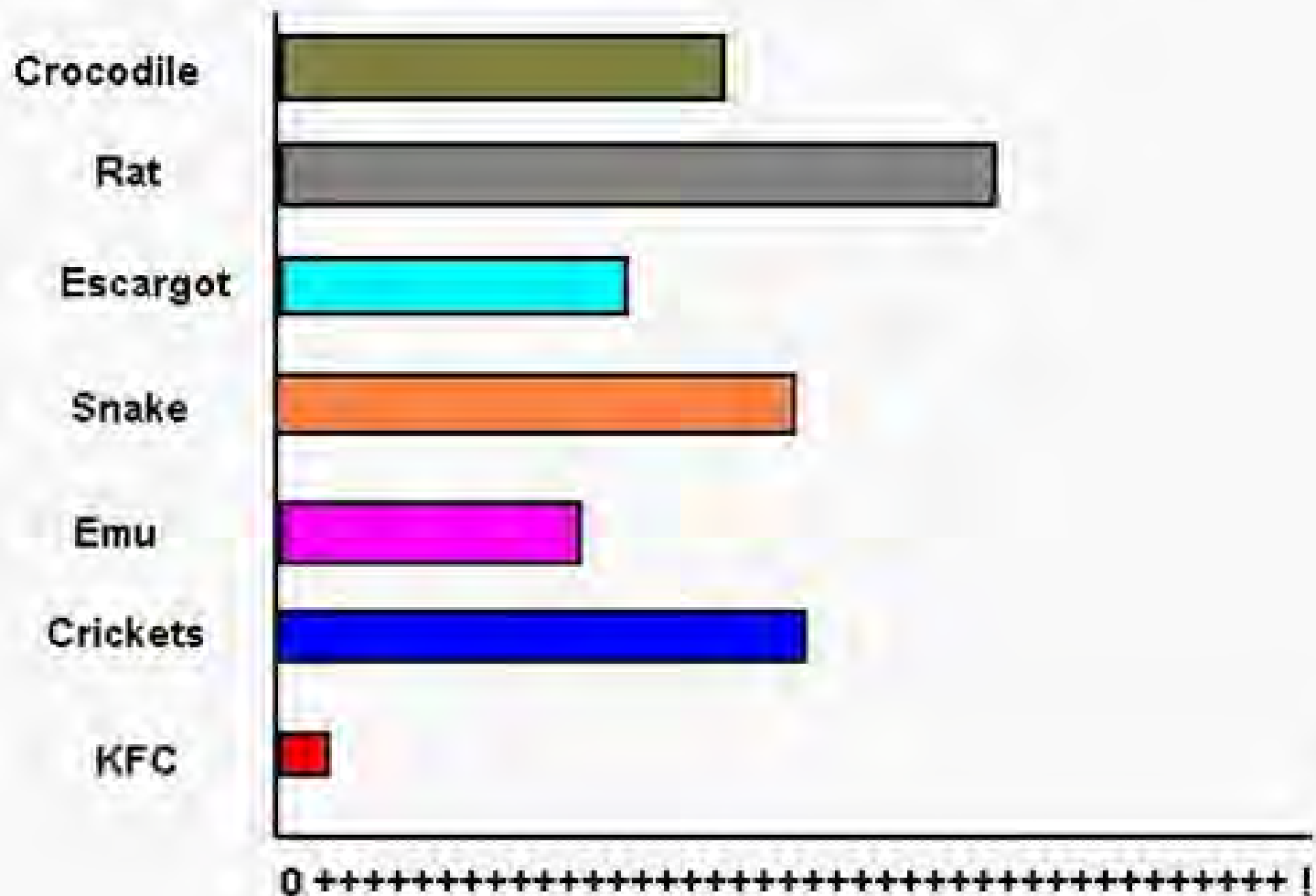


GraphJam

Time Spent with Adobe



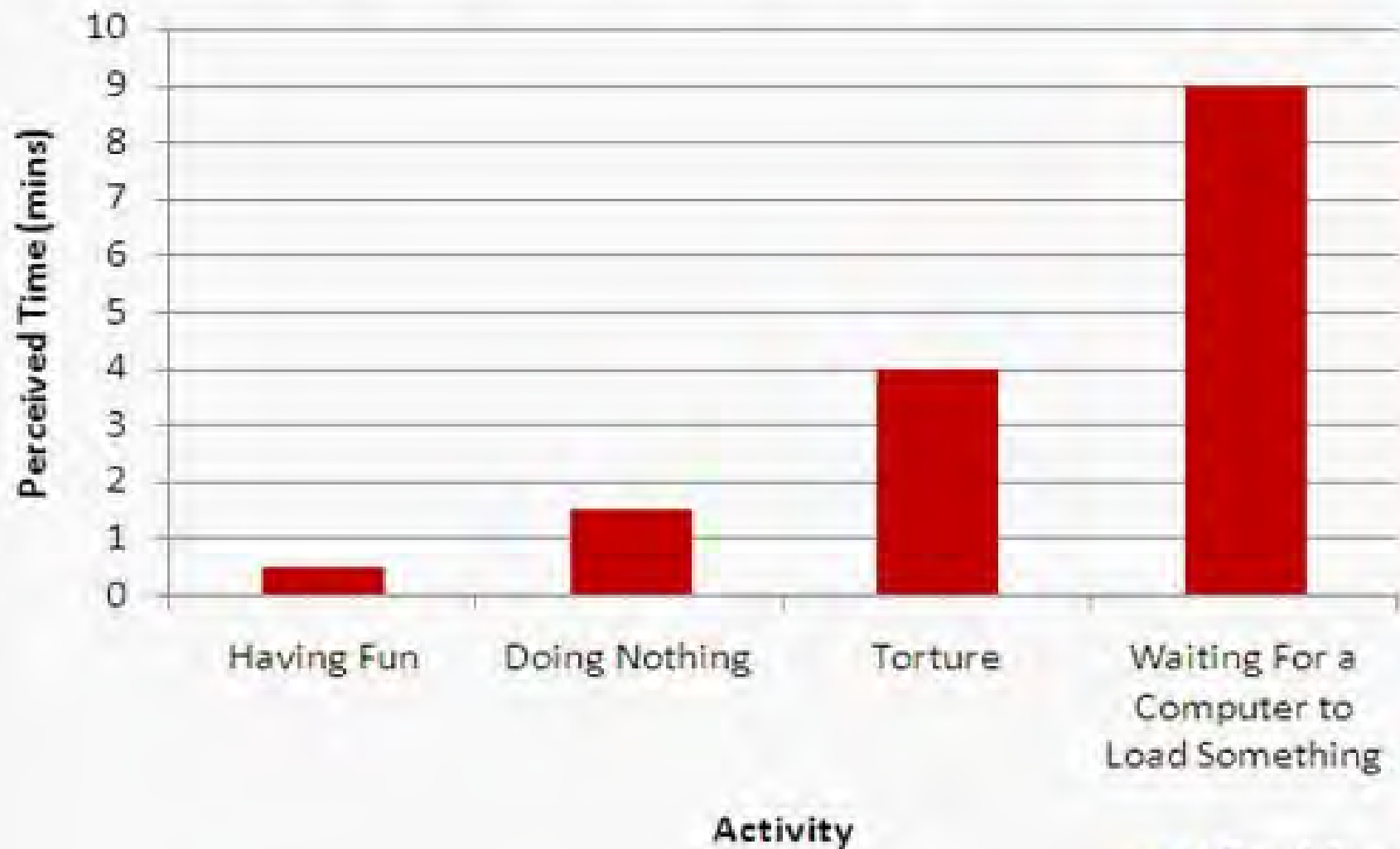
Things that Reportedly Taste Like Chicken



Chickeny..ness

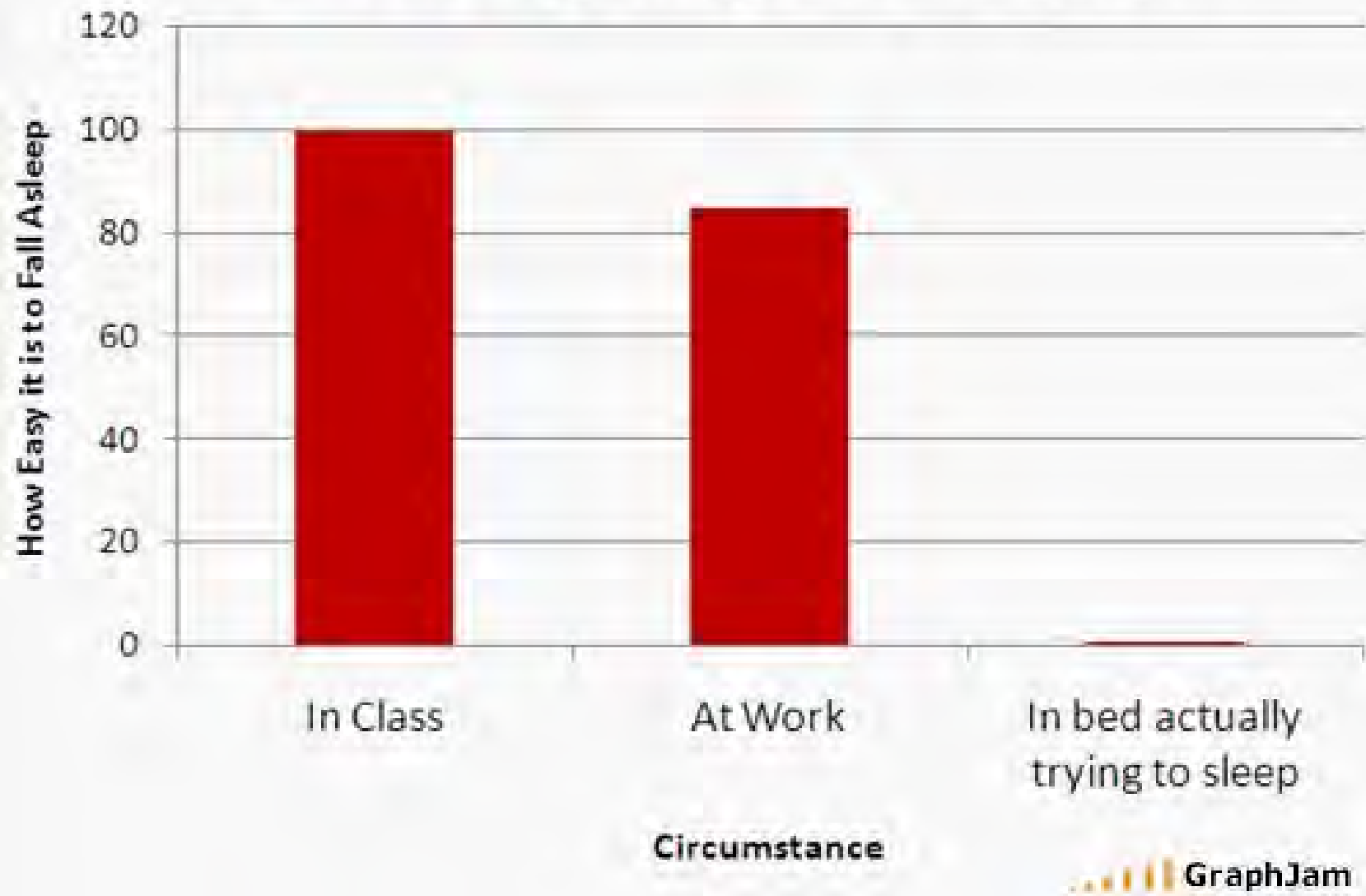
GraphJam

Time Perception of 1 Minute



GraphJam

When Falling Asleep Feels the Easiest



⑦ Tell your story (in a compelling way)

- Know the fiscal story you want to tell.
 - *And tell that one.*
 - ❖ What's the plot?
 - ❖ Who are the characters?
 - ❖ Why do we care what happens to them?
 - ❖ What's the moral?

What's the Better Headline?

- “City hikes rates 33%”
- “City customers to see a 10% jump in rates each year for the next three years”
- “City customers to pay \$55 more a year”
- “City customers to pay an extra 15 cents a day for reliability”

⑧ Zen Data, Part I

- Data has no meaning unless placed in some context, usually in comparison with something else:
 - Others
 - Time
 - Expectation

Variance Analysis

- What did you expect?
 - How does the actual result compare with what you expected?
 - Why is it different?
 - What's it mean?

Changes in General Fund Balance

Revenues	34,077,500
Expenditures *	25,845,400
Other Sources (Uses)	(7,654,100)
Sources Over (Under) Uses	578,000
Beginning Balance	7,970,100
Available Ending Balance	\$ 8,548,100

Changes in General Fund Balance

	Budget	Actual	Variance	
			Amount	%
Revenues	35,100,500	34,077,500	(1,023,000)	-3%
Expenditures *	25,900,200	25,845,400	54,800	0%
Other Sources (Uses)	(7,650,400)	(7,654,100)	(3,700)	0%
<i>Revenues Over (Under) Expenditures</i>	<i>1,549,900</i>	<i>578,000</i>	<i>(971,900)</i>	
Beginning Balance	7,970,100	7,970,100	-	
Available Ending Balance	9,520,000	8,548,100	(971,900)	-10%

Changes in General Fund Balance

	Budget	Actual	Variance	
			Amount	%
Revenues	32,991,100	34,077,500	1,086,400	3%
Expenditures *	26,244,500	25,845,400	399,100	2%
Other Sources (Uses)	(7,734,300)	(7,654,100)	80,200	1%
Revenues Over (Under) Expenditures	(987,700)	578,000	1,565,700	
Beginning Balance	7,970,100	7,970,100	-	
Available Ending Balance	6,982,400	8,548,100	1,565,700	22%

* Includes encumbrances

General Fund Revenues

	Budget	Actual	Variance	
			Amount	%
Sales tax	9,794,000	9,516,400	(277,600)	-3%
Property tax	4,737,400	4,799,800	62,400	1%
Utility users tax	3,202,300	3,425,200	222,900	7%
TOT	3,905,100	3,920,200	15,100	0%
VLF Swao	2,269,400	2,297,700	28,300	1%
Business tax	1,265,000	1,275,200	10,200	1%
Dev review fees	1,746,100	2,044,800	298,700	17%
Franchise fees	1,133,200	1,211,800	78,600	7%
Recreation fees	887,900	1,002,300	114,400	13%
Interest earnings	950,000	1,156,700	206,700	22%
FEMA grant		282,500	282,500	- -
Other revenues	3,100,700	3,144,900	44,200	1%
TOTAL	32,991,100	34,077,500	1,086,400	3%

General Fund Operating Program Expenditures

By Function	Budget	Actual	Variance	
			Amount	%
Public Safety	12,503,100	12,256,900	246,200	2%
Transportation	1,763,100	1,709,700	53,400	3%
Leisure, Cultural & Social Serv	4,309,800	4,213,300	96,500	2%
Community Development	4,037,800	3,701,200	336,600	8%
General Govt	4,307,300	3,964,300	343,000	8%
Total Programs	26,921,100	25,845,400	1,075,700	4%
Est Savings	(676,700)		(676,700)	
TOTAL	26,244,400	25,845,400	399,000	2%

⑨ Zen Finance, Part II

- One of a finance officer's top responsibilities is to effectively tell the agency's fiscal story to the organization, governing body and the community.
- Key to success is translating the numbers into what they mean in making your community a good place to live, work and play.

10 Last Tips

- Focus on “top level” results
 - Balanced strategy for addressing top priorities while living within resource limits.
 - Reducing subsidies for new development mitigates cuts otherwise in police, fire, street and parks.
 - Needed resources for safe, reliable water supplies.
 - Responsible stewardship of the environment through effective collection, treatment and reuse of wastewater.
- Be passionate about what you’re presenting
 - Never apologize for revenue increases or cost cuts.
 - Be proud of what you are recommending.

❖ *If you aren’t, who is?*

Questions & Answers

