

GFOAT Budget 101 Webinar

Introductions



John Zagurski
Finance Director, City of Northlake
Treasurer, GFOAT



Karen Rhodes-Whitley
Budget Director, City of Plano
Co-Chair Program Committee



Aaron Rector
Director of Administrative Services,
City of Keller
Co-Chair Program Committee

BUDGET 101- Agenda

- Budget Overview
 - Budget Strategies
 - Budget Roles & Environment
 - Budget Calendar
- What We Budget
 - Fund Types
 - Revenue Types
 - Expenditure Categories
- Forecasting Techniques
- Revenue Projections
 - Property Tax
 - Sales Tax
 - Other Revenue
- Expenditure Projections
 - Salary & Benefits Projections
 - Operating Expenditures
- Capital Improvement Program

Why Budget?

**It's the
Law**

**Hearings
and
Notices**

Inspection

**Authorized
by
Ordinance**

**Structurally
Balanced**

Budget Development: Types of Budgets

**Traditional, or
line item
budgeting**

**Target based
budgeting**

**Program based
budgeting**

**Zero Based
Budgeting**

**Priority Based
Budgeting**

Hybrid Approach
• Most municipalities

Key Actors and Their Roles

BUDGET ROLES

Budget
Office

City
Manager

Department
Heads

City Council

Citizens

Phases of the Budget Cycle

Budget Preparation: January - June

- Prepare Strategic Plan with City Council
- Establish Budget Focus
- Financial Forecast - 3, 5, or 10 year
- Revenue Estimates
- Develop Proposed Budget
- Preliminary Appraisal Roll Information Received

Budget Approval: July - September

- City Manager Recommended Budget & CIP submitted to Council
- Work with Counties on TNT Rates
- City Council reviews and approves budget & tax rate
 - Adoption of the Budget & CIP first
 - Tax Rate second

Execution & Implementation: October thru December Really all Year Long

- Periodic reporting and monitoring
- Publish and submit Budget & CIP
- Plan for Tax Rate Election if over Voter Approved Rate

Annual Audit: January

- The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position of the City and have been prepared in accordance with U.S. generally accepted accounting principles and governmental accounting standards.

Fund Accounting Basics

- Focuses on funding source and acceptable uses
- The use of funds determined by entity
 - Implement when legally or logistically needed
- The number of funds determined by entity
 - Minimize when possible
- Audit includes all funds, even if “rolled-up”
- Budget includes budgeted funds + others as wanted

Overall Fund Types

Governmental

- Funds through which most governmental functions of the City are financed Ex. General Fund, Debt Fund

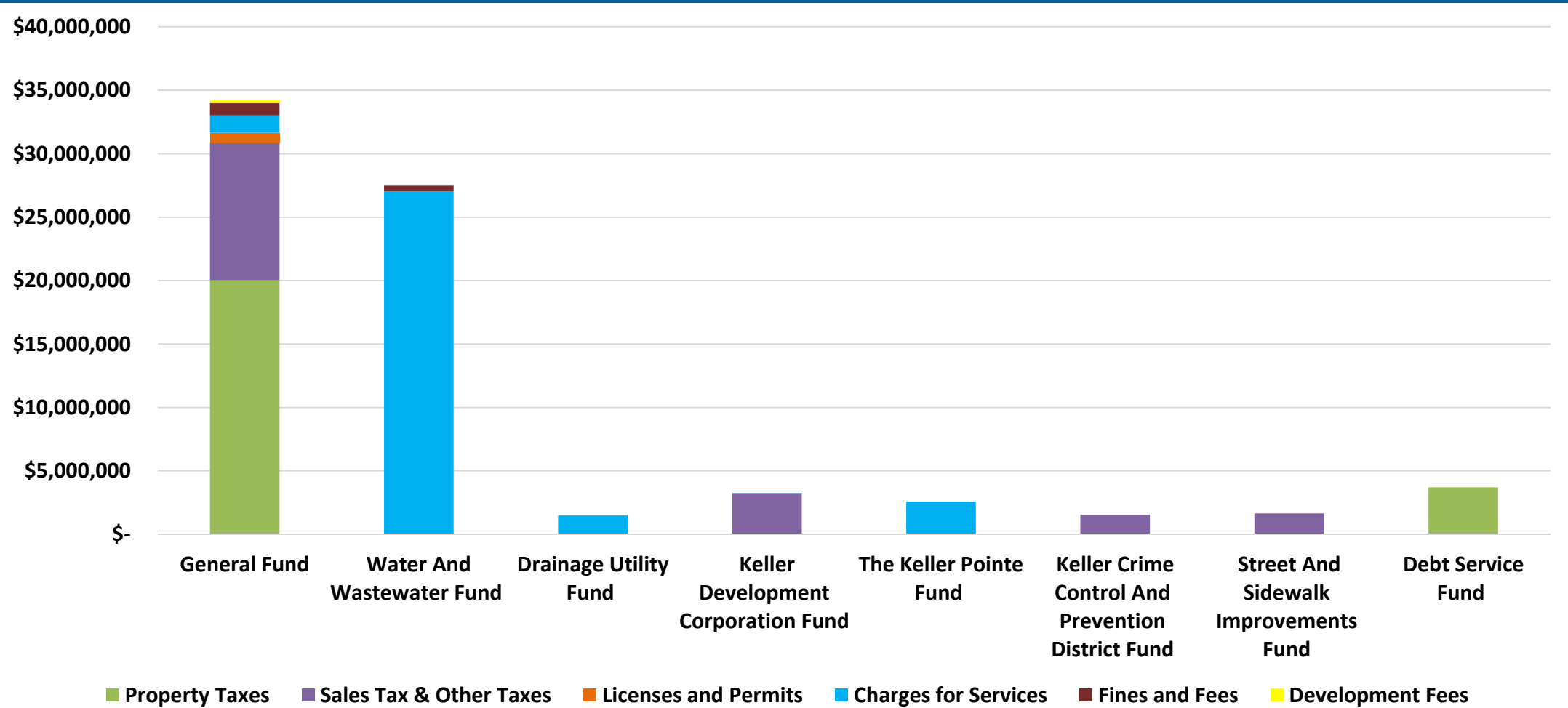
Proprietary

- Operations that are financed in a manner similar to private business enterprises Ex. Water and Wastewater Fund

Fiduciary

- Contain resources held by a government but belonging to individuals or entities other than the government Ex. Employee Health Trust

Example - Revenues by Type and Fund



Levels of Forecasting

Technique	Definition
Naïve forecasting	Projecting revenues based on based on the most recent, typical (or normal) period. Alternatives include using: <ul style="list-style-type: none">• The absolute change from the last period• The percent change from the last period• The value of the last similar period
Judgmental forecasting	Making forecasts based on one's expertise, intuition, and knowledge about the revenue source.
Expert forecasting	Process of producing estimates based on informed opinion of experts, such as economists, demographers, market researchers, etc.

Revenue Projections

Expenditures Projections

Capital Improvement Program

What is a CIP

Capital Improvement Project: Construction, major maintenance and improvement projects. Includes infrastructure upgrades and replacement

- Capital Improvement Plan: A 5 to 10 Year Plan
 - Update Annually – Not “One and Done”
 - Approved by Council
 - Future Capital Improvement Projects



What qualifies as a Capital Improvement Project?



**MAINTAINS/
IMPROVES A CITY
ASSET**



**NEW
CONSTRUCTION**



EXPANSION



RENOVATION



REPLACEMENT



**USUALLY
COMPLETED OVER
MULTI-YEARS**

Words of Wisdom from the Panelists



“If You Fail to Plan,
You Plan to Fail”

Benjamin Franklin

Contact Information

Karen Rhodes-Whitley	John Zagurski	Aaron Rector	Martie Simpson
Budget Director	Director of Finance	Dir. Of Administrative Services	Executive Director
City of Plano	Town of Northlake	City of Keller	GFOAT
972-941-7472	940-242-5706	817-743-4026	254-223-0885
Karenr@plano.gov	jzagurski@town.northlake.tx.us	arector@cityofkeller.com	martie@gfoat.org