


CITY OF WESTERVILLE

**Budgeting for Excellence
in the Public Realm**

Budget Development

Fiscal Policies

**Capital Improvement
Planning**

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Agenda

- GFOA Best Practices
- Fund Balances & Financial Policies
- Fiscal Policies Driving Sustainability
- Budget Development Processes
- Capital Projects & Debt Management



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Budget Process Defined

Government Finance Officers Association Best Practices from the National Advisory Council on State & Local Budgeting:

The budget process consists of activities that encompass the development, implementation and evaluation of a plan for the provision of services and capital assets.



Mission of the Budget Process





Government Finance Officers Association Best Practices from the National Advisory Council on State & Local Budgeting:

To help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.



Key Characteristics of the Budget Process

Government Finance Officers Association Best Practices from the National Advisory Council on State & Local Budgeting

-  Incorporates a long-term perspective
-  Establishes linkages to broad organizational goals
-  Focuses budget decisions on results and outcomes
-  Involves and promotes effective communication with stakeholders



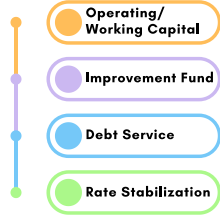
Factors Affecting Budget Sustainability

- Regional, National & Global Economic Trends
- Events: Tomado, Flood, Wind Storm, Social Unrest
- Inflation
- Delivery Lead Times
- Employee Retention Wage Pressure
- Interest Cost

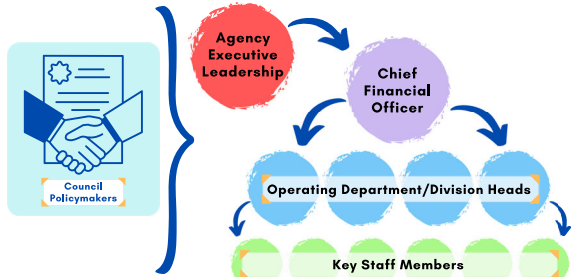


Fiscal Policies Driving Sustainability

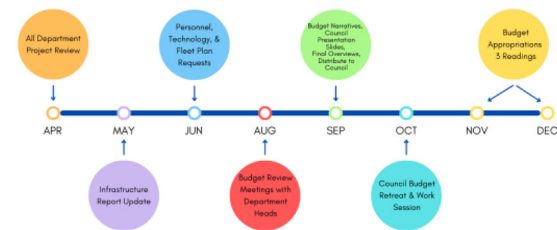
- General Fund
Unencumbered Cash = 50% of expenses & transfers
- Enterprise Funds – Multiple Components



Budget Decision Makers



Budget Calendar



Tax Budget

- Amount Requested of Budget Commission Inside/Outside Millage
- Revenues & Expenditures by Fund
- Debt Service by Issue – Detail of Voted Debt Service Needs

- Legal Advertisement of Tax Budget
- Public Hearing at Council Meeting
- Budget Commission Provides Resolution With Rates and Amounts



tax budget



Revenue Forecasting General Fund -- Top Five

- Income Tax
- Property Tax
- State & Local Intergovernmental Revenues
- Permits, Fees, Fines
- Investments



Revenue Forecasting

- Income Tax
 - Trendlines over five years
 - Projections based upon tax classification (Individuals, Net Profits and Withholding)
 - Assume growth stabilization every 4-5 years
 - Factor in Economic Development's Insights



Revenue Forecasting

Property Tax

Assume no increase in assessed valuations

State & Local Government Fund Distributions

Estimates provided by the Counties

Investments

Five-year revenue projections from investment consultant



Revenue Forecasting -- Utilities

Utilities

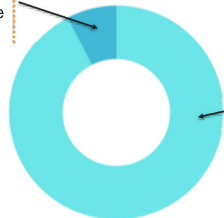
- Consumption -- Consider developments, trends and planned rate changes
- Capacity Charges – Water & Sewer
- Charges for Services – Electric
- Refuse
- Stormwater



Revenue Forecasting -- Other Funds

Gas Tax & Motor Vehicle Licensing Tax

State Highway Maintenance & Repair Fund #221 (7.5%)



Street Maintenance & Repair Fund #220 (92.5%)



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Revenue Forecasting – Other Funds

Permissive Motor Vehicle License Tax

- Motor Vehicle License Fee Fund #222
- (Planning, Constructing Improving, Maintaining Public Roads, Highways & Streets)

Cable Franchise Fees


- Cable TV Franchise Fee Fund #270





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Revenue Forecasting – Other Funds Continued

Hotel Tax
6% Excise Tax

Hotel Tax Revenue Fund #245	Hotel Tax Custodial Fund #715
4.5%	1.5%
	



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Budgeting for Expenditures -- Categories

- Personal Services
- Supplies & Materials
- Professional Services
- Capital
- Operating Transfers
- Advances & Repayment of Advances



Budgeting for Personal Services

- Budget by Individual – Based upon current rate, taking into consideration the median % of increase within the department or next step increase, or next union contract rate increase.
- Factor in the recommended increases to the minimum & maximum compensation
- Add new positions as approved by the CMO (Strategic Plan)
- Third Party Administrator provides percentages of increase for: medical, dental, vision, life, short-term disability and worker's compensation insurances
- Plan for retirement payouts



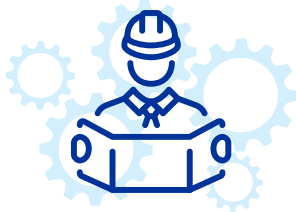
Budgeting for Supplies & Services

- Departments provide estimates based upon prior years' utilization of appropriation and planned needs in the upcoming years



Budgeting for Professional Services

- Departments provide estimates based upon prior years
- Council's strategic outcomes may require additional professional services
- Upcoming capital projects

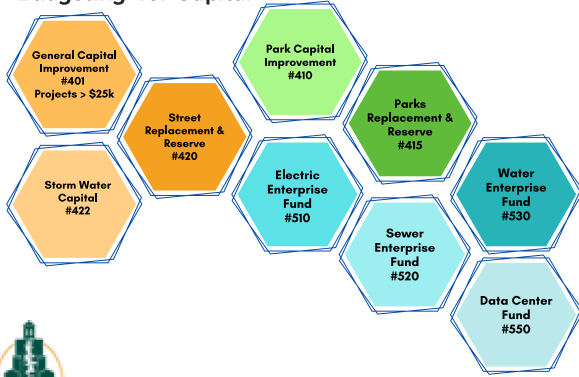


Group Discussion -- ARPA

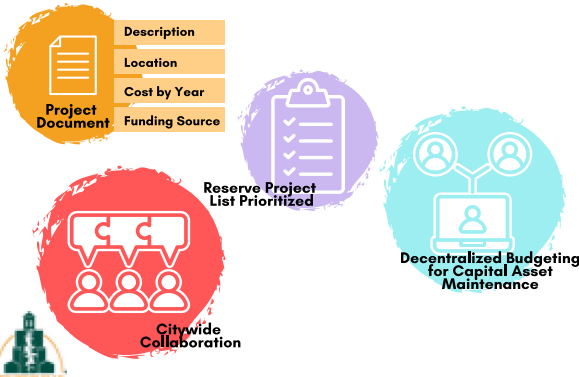
- Did your community receive American Rescue Plan Act (ARPA) funds from the Federal government?
- Have these been expended?
- How did your community spend these funds?



Budgeting for Capital

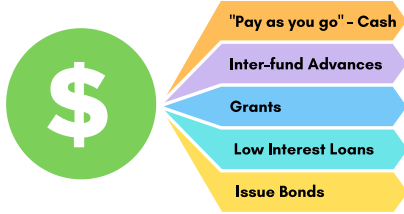


Budgeting for Capital -- Continued



Capital Financing & Debt Policies

What are the options to raise capital to pay for projects?



Debt Projections

Interest Rate

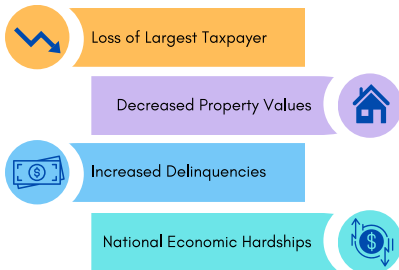
Capacity Parameters

- Constitutional – 10 Mill Overlapping Debt Limitation
Relates only to unvoted GO Debt Service
- Statutory – 10.5% of Assessed Value for all GO Debt
5.5% of Assessed Value for only Unvoted GO Debt
- Council Debt Policy – Maximum of 40% of GCIF Revenues



STRESS TEST THE BUDGET

• Potential Stresses:



STRATEGIC PLAN / GOALS

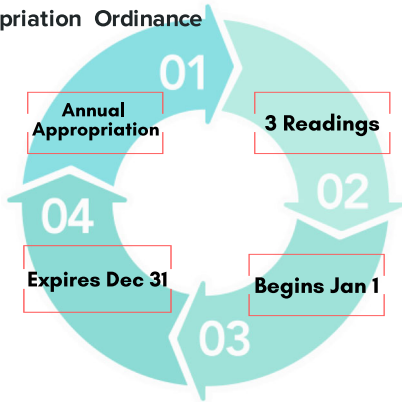
- Provide narrative identifying key fiscal criteria tied to achieving the Agency's goals



Council Review of Five-Year Plan



Appropriation Ordinance



Publicly Post the Budget



Resources from GFOA

- Fund Balance Guidelines for the General Fund
<https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>
- Achieving a Structurally Balanced Budget
<https://www.gfoa.org/materials/achieving-a-structurally-balanced-budget>
- Recommended Budget Practices from the National Advisory Council on State and Local Budgeting
<https://www.gfoa.org/materials/recommended-budget-practices-from-the-national-advisory>
- Working Capital Targets for Enterprise Funds
<https://www.gfoa.org/materials/working-capital-targets-for-enterprise-funds>
- Adopting Financial Plans
<https://www.gfoa.org/materials/adopting-financial-policies>



Thank you for your time!

Questions?

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