



**CML's 95<sup>th</sup> Annual Conference**  
**June 20 - 23, 2017**  
**Breckenridge, Colorado**

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---


---

**Preconference Session:  
 Finance & Budgeting 101  
 for Elected Officials**

*June 20, 2017 2:30-4:30pm*

*Presenter: Jeff Hansen  
 Finance Director  
 City of Golden*

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---


---

---

**Today's Objectives**

- Keep you awake
- Make this interactive
  - Ask Questions!!!
- Hopefully you learn something
  - Either from me or each other

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---


---

---

## Outline

- Finance
  - Basics of Governmental Accounting
- Budget
  - Budget Basics
  - Typical Budget Process
  - Budget Oversight
  - Other types of Budget Processes

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---


---

---


---

## Basics of Governmental Accounting

- Not-for-profit perspective
  - Accountable to citizens/bondholders
- Rule Making/Oversight
  - GAAP
  - GASB
  - GFOA
  - State Statutes
  - City Charter/Municipal Code



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---


---

---

## Fund - Defined

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants, however, the Council/Board may establish other funds to help control and manage spendable resources for particular purposes (i.e. Recreation Center Fund). All of the municipality's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Basics of Governmental Accounting

- Fund Accounting
  - "Separate Checkbooks"
  - Fee/Cost of Service Relationships
- Fund Types
  - Governmental
    - General, Special Revenue, Capital Projects, Permanent
  - Proprietary
    - Enterprise, Internal Service
  - Fiduciary
    - Trust, Agency, Pension



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## City of Golden Fund Structure

- **General Fund**
  - Primary Revenues
    - Sales & Use Tax, Property Tax
  - Primary Functions
    - Public Safety (Police, Fire)
    - Public Works (Streets)
    - Parks & Rec (Outdoor Rec, Parks, Forestry, RV Park, Bldg Maintenance)
    - General Administration (Council, Manager, Clerk, Communications, Finance, HR, Court, Planning, Economic Development)



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## City of Golden Fund Structure

- **Special Revenue Funds**
  - Conservation Trust Fund
    - Lottery Funds
    - Development/Improvement of Parks, Open Space, Trails
  - GDGID Fund
    - Dedicated Property Tax
    - Purchase, construction and improvements of parking lots/garages



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## City of Golden Fund Structure

### ➤ Capital Projects Funds

#### ➤ Sales & Use Tax Fund

- Dedicated Sales & Use Tax (1%)
- Infrastructure, Facilities, Capital Equip
  - Curb, Gutter, Sidewalks
  - Traffic Calming, Major Street Projects, Bridges
  - Public Art Program
  - Fire Trucks, Police & Fire Equipment
  - Community Center Equipment/Capital Improvements
- Capital Related Debt Service



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## City of Golden Fund Structure

### ➤ Capital Projects Funds (cont.)

#### ➤ Capital Programs Fund

- State Highway Users Tax, Fund Transfers
- Used for Street Improvements



#### ➤ Open Space Fund

- County Open Space Tax
- Open Space Purchases, Trail Development



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## City of Golden Fund Structure

### ➤ Enterprise Funds

#### ➤ Water Fund

- Environmental Quality, Treatment, Maintenance, Water Rights, Storage, Capital, Debt Service



#### ➤ Wastewater Fund

- Environmental Quality, Maintenance, Treatment, Capital

#### ➤ Drainage Fund

- Maintenance, Capital, Debt Service



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

# City of Golden Fund Structure

## ➤ Enterprise Funds (cont.)

- Community Center Fund
- Splash Aquatic Park Fund
- Fossil Trace Golf Course Fund
- Cemetery Operations Fund
- Rooney Rd Sports Complex Fund
- Museums Fund



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

---

---

---

---

# City of Golden Fund Structure

- Internal Service Funds
  - Fleet Management Fund
  - Information Technology Fund
  - Insurance Fund
  - Medical Benefit Fund
  - Workers Comp & Unemployment Ins Fund
- Fiduciary Funds
  - Volunteer FF 457
- Permanent Fund
  - Cemetery Perpetual Care Fund



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

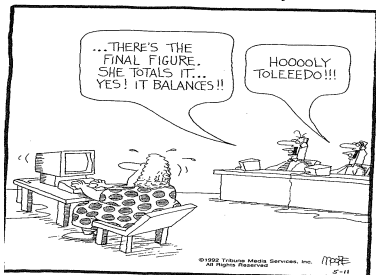
---

---

---

---

## IN THE BLEACHERS *By Steve Moore*



Accounting play-by-play



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

---

---

---


---

**Budget Basics**

Balanced Budget:  
**Sources of Funds = Uses of Funds**

Sources: Beginning Projected Reserves plus Budgeted Revenues

Uses: Budgeted Expenditures plus Ending Projected Reserves



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

---


---

---

---

**Budget Basics**

- Reserve Philosophy
  - Policy on Ending Reserves
    - How much
    - Course of action if over/under
  - Varies by Entity and Fund/Fund Type



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

---


---

---

---

**Budget Basics**

- Legal Level of Control
  - Fund, Department, or Line Item
  - Dictates amount of Council involvement



The contents of this presentation reflect the view of the presenter, not of CML.

---

---

---

---

---

---

---

---

## Typical Budget Process

- Council Goals/Priorities
- Revenue Projections
- Operating Budget
- Capital Planning & Budget
- Council Review
- Public Input (throughout the process)
- Adoption

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

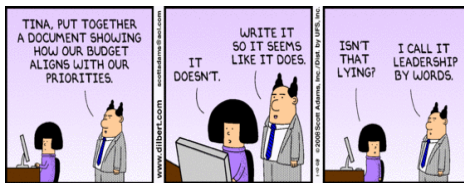
---

---

---

---

## Council Goals/Priorities



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Council Goals/Priorities

**Best and most important time for Council involvement and input**

- General goals/direction
- Specific projects
- Community needs

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Revenue Projections

- Needs to be a separate, independent part of the process
  - Initial draft early in the process
  - Adjust only if justified based on current year trends or proposed fee increase
- **DO NOT ARTIFICIALLY INCREASE REVENUE PROJECTIONS TO BALANCE THE BUDGET!!!!!!!!!!**

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

---

---

## Revenue Projections

- Current Year Projections
- Budget Year Projections
  - Trends
  - Assumptions
    - Inflation
    - Rate/Fee increases?
  - One Time Revenues
- Revenue Manual

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

---

---

### SALES TAX REVENUE

**Distribution:** General Fund 66.79%, Sales and Use Tax Capital Improvement (SUT) Fund 33.35%

**Source:** Visitors, residents and employees in Golden.

**Collection:** In 1979, the citizens of Golden voted to install a 2% sales and use tax. In 1991, the citizens voted to increase the sales and use tax rate to 3%, with the extra 1% to be earmarked for capital improvements. Sales tax is charged on certain services and all retail purchases including food.

As a home rule city, Golden collects and administers its own sales and use tax. Businesses remit tax to Golden on a monthly, quarterly or annual basis. Taxes collected are due to the City by the 20th of the month following collection. The City has established a lockbox for the efficient and secure deposit of sales and use tax monies. Returns are mailed directly to the bank, eliminating processing float. The City utilizes a number of enforcement procedures to collect from delinquent accounts including taxpayer education, delinquency notices, personal phone contact and visits, audits, summons to municipal court and seizures.

Five Year Trend:



Sales tax revenues have rebounded from the economic recession and shown strong, continued growth during the recovery. In 2016, revenues are 4.2% above budget and 6.1% over 2015 through September sales. Projections for 2016 are to end the year at 3% over the 2016 budget, or 5.3% over 2015.

**Forecast:** 2017 \$15,400,650 2018 \$15,862,650

**Rationale:** Based on continued growth in tourism, increased population, and some increased inflation, sales tax revenues are projected to continue to show a healthy increase, although leveling off some compared to the last 5 years. The forecast anticipates a 3% growth in Sales Tax for both 2017 and 2018.

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

---

---









## Budget Oversight

- Budget Sub-Committees
  - Councilors
  - Citizen group
  - Combination
- Budget Amendments
  - Why?
  - When?

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

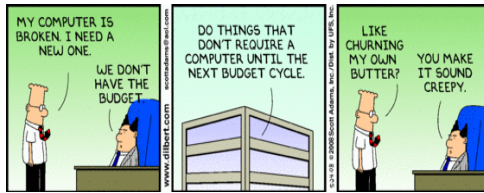
---

---

---

---

## Budget Amendments



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Budget Amendments (Take 2)



The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Types of Budget Processes

- Annual vs Biennial
- Zero Based
- Incremental
- Priority Driven
- Outcome Based

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Annual vs Biennial Budgets

- Annual – Entire process every year
  - Time consuming and labor intensive
- Biennial – majority of process every other year
  - Adopt budget for both years
    - Likelihood of formal budget amendments in year 2
  - Adopt budget for current year only
    - Year 2 adjustments for significant changes

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Zero Base Budgeting

- Start from scratch each year
  - “Justify your entire existence”
- Pros – includes prepared alternative levels of service/funding
- Cons – labor intensive and time consuming process, information overload, not amenable to fixed mandates, encourages dog & pony shows – who wins/loses?

The contents of this presentation reflect the view of the presenter, not of CML.




---

---

---

---

---

---

---

---

## Incremental Budgeting

- Start with prior year budget
  - Allowance for \$ or % increases without justification
  
- Add new staff, capital and/or programs as funds allow

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

## Incremental Budgeting

- Pros – efficient use of time, not labor intensive, easy to calculate new budget, avoid conflict/competition between departments
- Cons – allocates budget where it may not be needed, takes budget away from other areas of need, doesn't always work well with changing Council goals/priorities, may promote use it or lose it mentality

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

## Priority Driven Budgeting

- Focus on programs and services, not departments
- Public Process
  - Community priorities
  - Competitive process

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

## Priority Driven Budgeting

➤ Prioritize Services

Police

Patrol

Traffic Enforcement

School Resource

SWAT

Drug Task Force

Public Works

Snow Plowing

Street Sweeping

Traffic/Street Signs

Street Maintenance

Street Lights

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

## Priority Driven Budgeting

- Pros – Effective in flat/declining revenues, true cost of doing business, transparency, accountability
- Cons – Mandates may not be community priorities, subsequent years, changing priorities, uncertainty in workforce, support services

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

## Outcome Based Budgeting

- Desired Outcomes identified
- Costs provided to achieve outcomes
  
- Pros – allows for private sector to bid on certain outcomes, works well with sufficient revenues
- Cons – line item detail not provided, costs could be inflated

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

So, what's the best method of budgeting???

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---



The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---

Questions???

Jeff Hansen  
Finance Director  
City of Golden  
303-384-8020  
jhansen@cityofgolden.net

The contents of this presentation reflect the view of the presenter, not of CML.



---

---

---

---

---

---

---

---