

Government Financial Series:

How Long-Term Financial Planning Helps Save Critical Resources - Part 2



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Vice President
Assurance Services

September 28, 2016
The webinar will begin at 11 a.m. CT.



If you need CPE credit, please participate in all polls throughout the presentation.

Administration



A recording of today's webinar will be emailed for your reference or to share with others.

Administration



For best quality, call in by phone instead of using your computer speakers.

Administration



To ask questions during the presentation, use the questions box on the right side of your screen.

Administration



Please provide your feedback at the end of today's presentation.

Meet the Speaker

Benjamin Hart



Provides dual insights of a governmental CFO along with experience of governmental auditing for a public accounting firm

Brings extensive expertise in governmental budgeting, financial and internal controls, public sector leadership and more

Consistently earned the GFOA certificate for Excellence in Financial Reporting with his CAFRs

Incorporate Financial Perspective



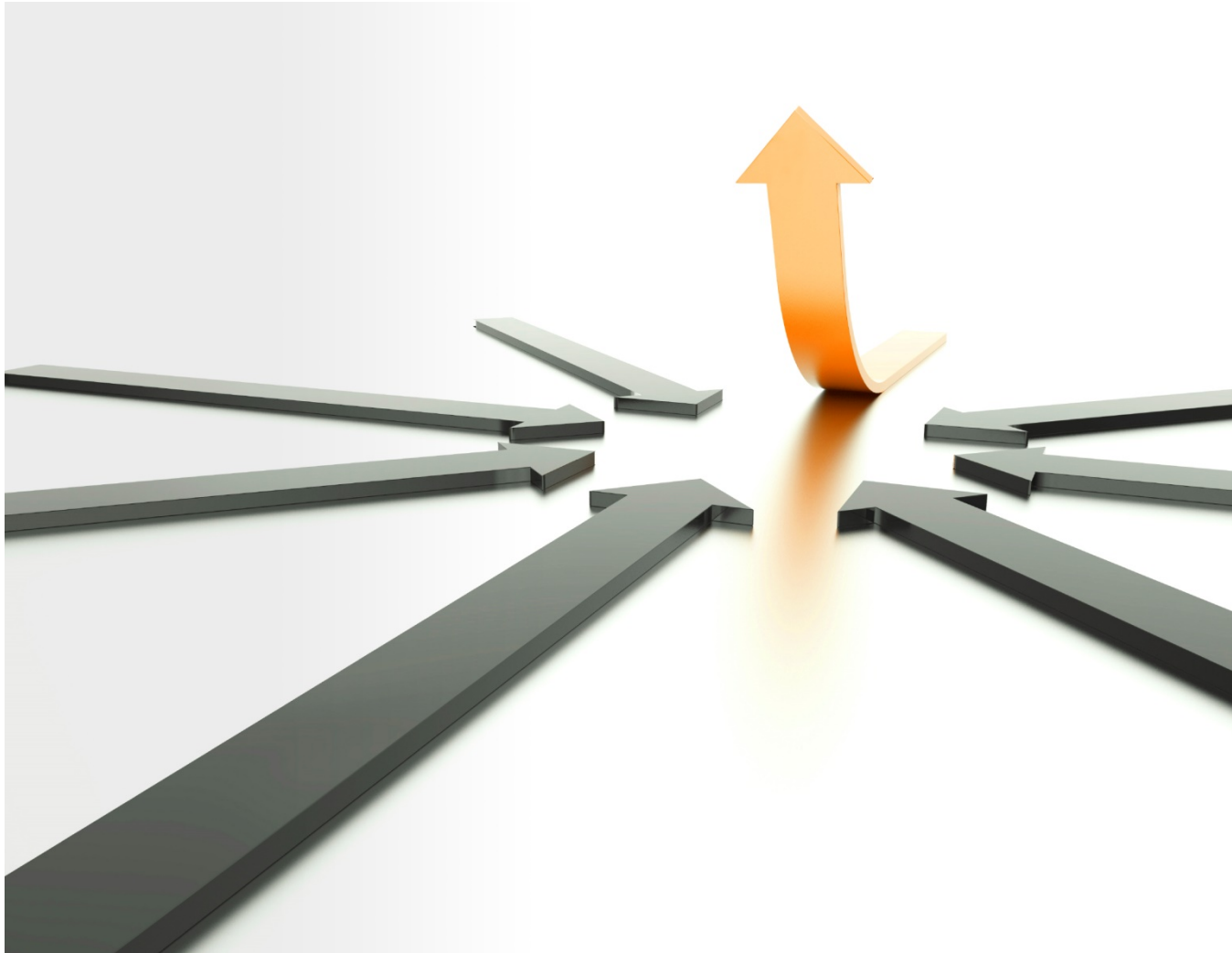
Stimulate Long-Term Thinking



Stimulate Big-Picture Thinking



Frame Specific Issue



Clarify Strategic Intent



Impose Discipline

BEST
PRACTiCE



Communicate to Citizens



Demonstrate Good Management



Essential Elements

5- to 10-year
time horizon

Include all
funds

Periodically
scheduled

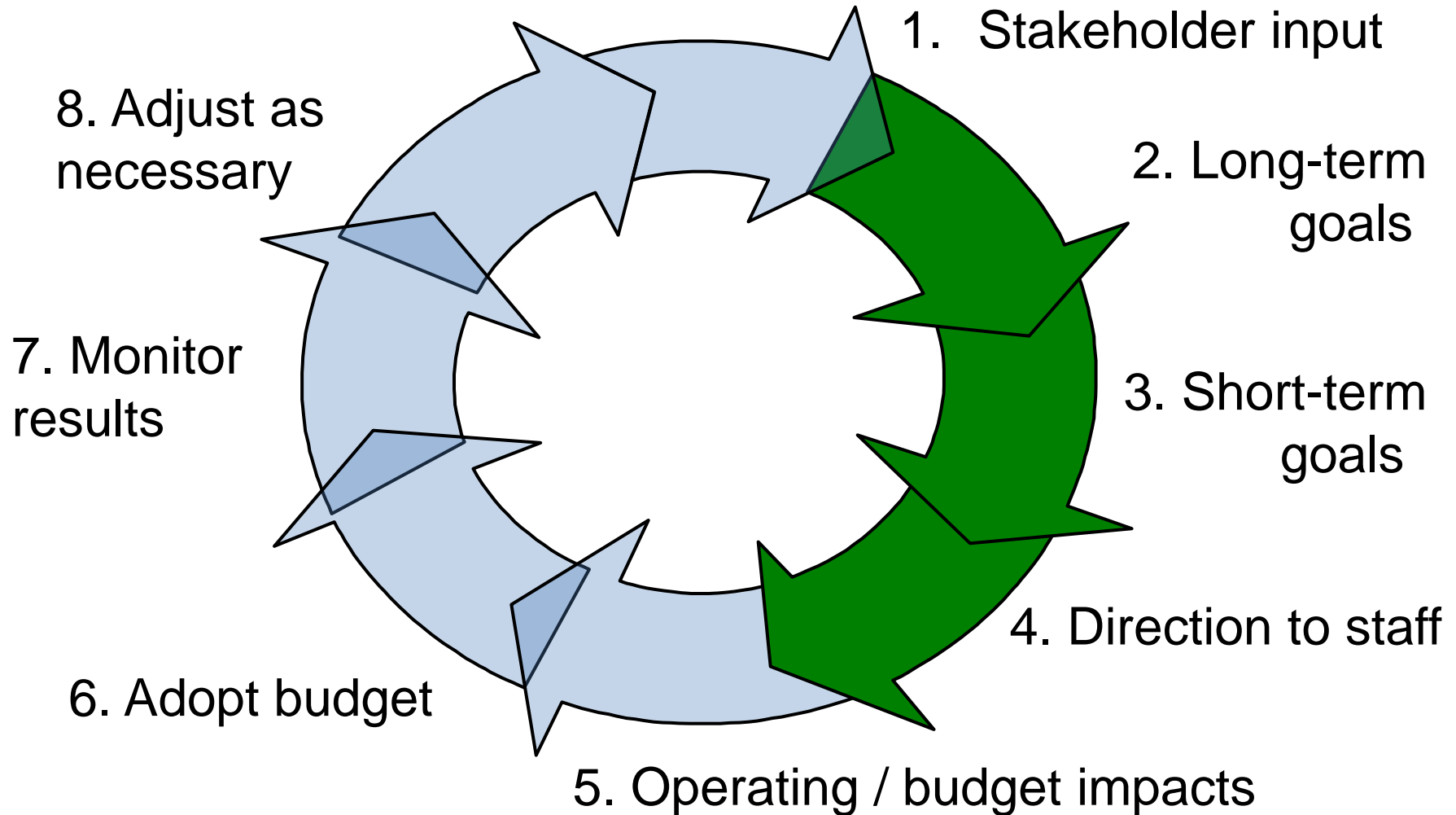
Data &
analysis-
based

Strategies to
reach financial
balance

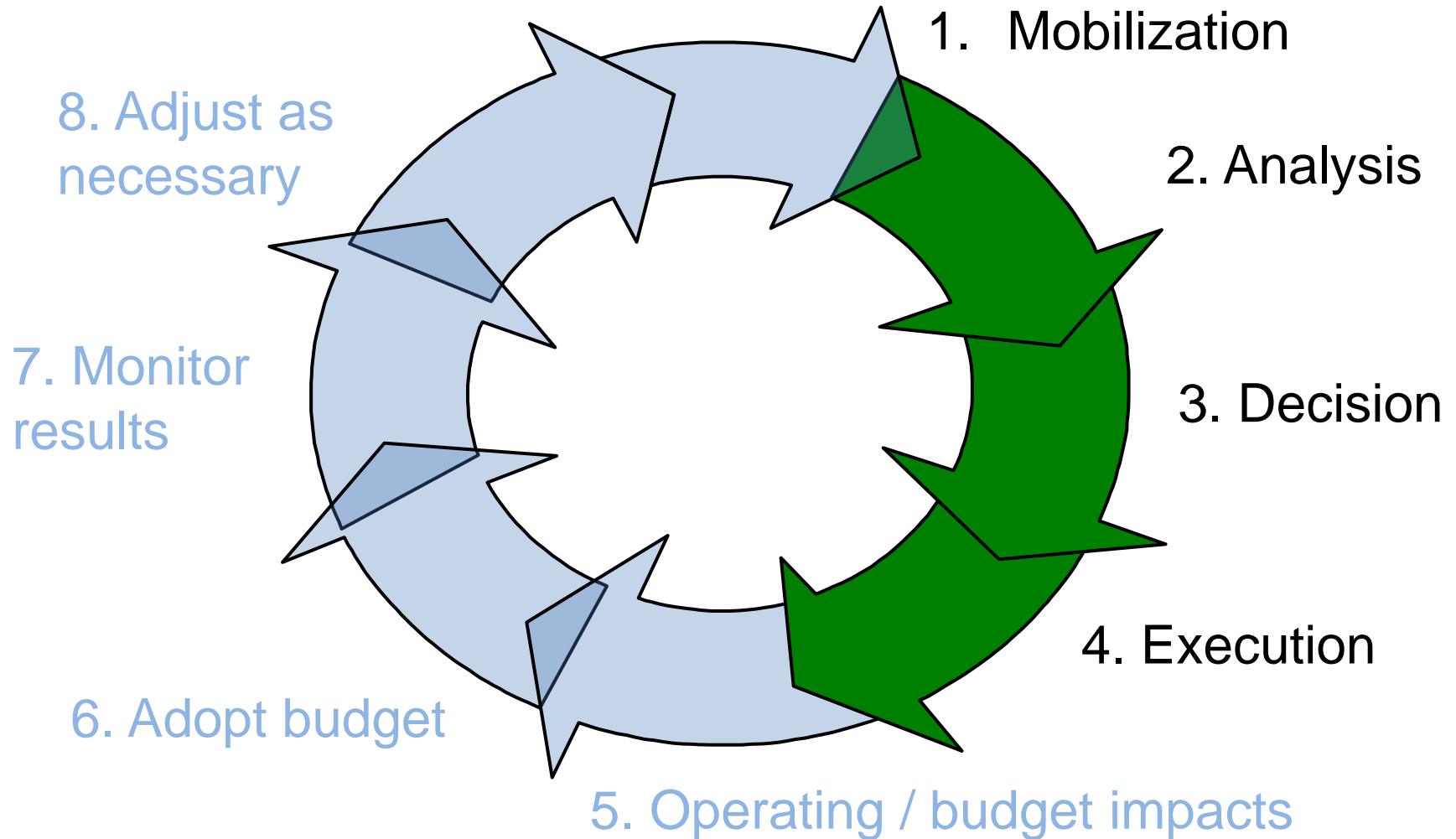
Monitoring &
reporting

Visibility to
electeds,
public

What are the Phases?



What are the Phases?



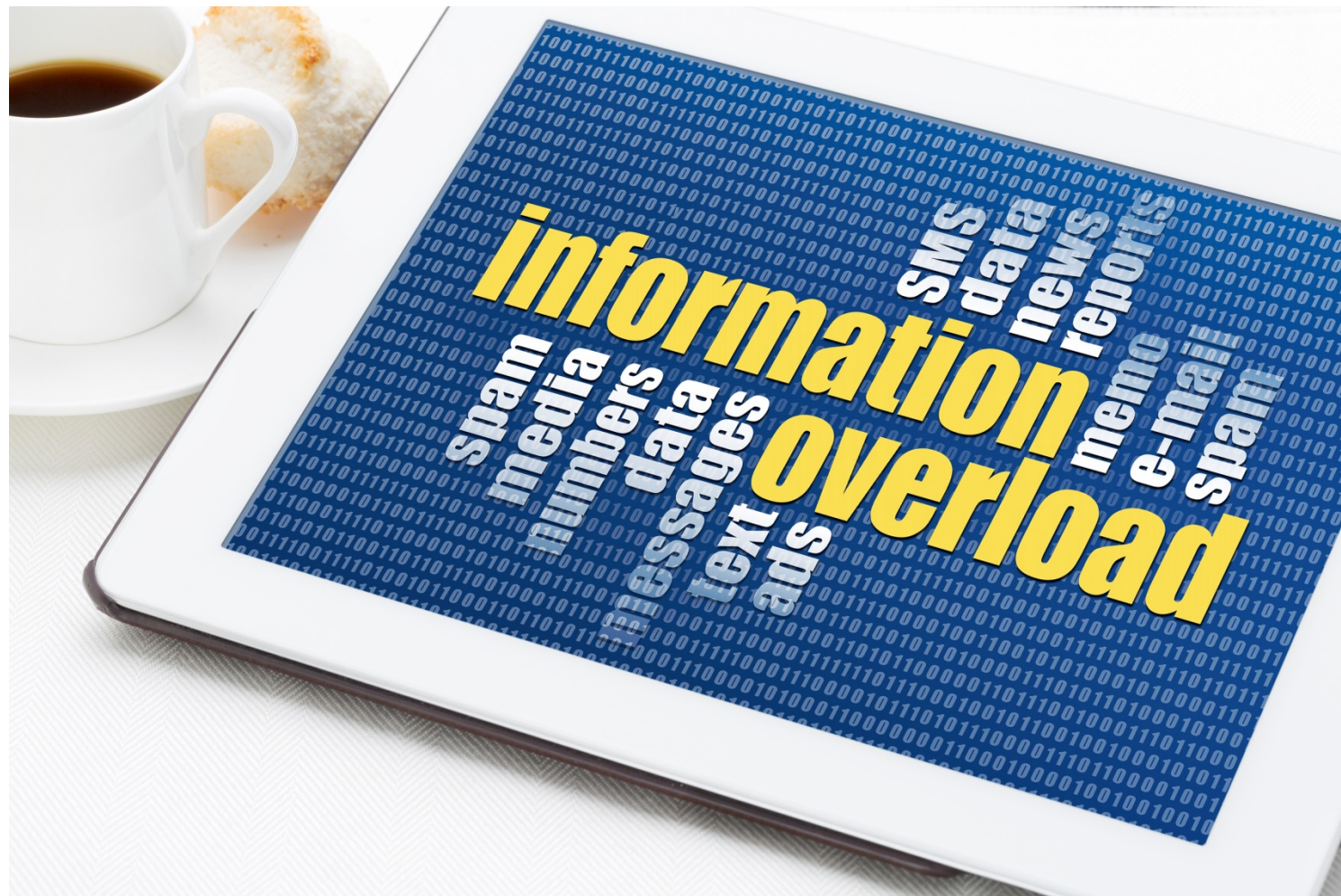


Polling Question #1

Learning Objectives

1. Understand how the elements of a long-term financial plan work together
2. Identify factors that should be included in an environmental scan, revenue and expenditure forecasting, budget monitoring and reporting
3. Learn key financial ratios and what they mean
4. Recognize the relationship between long-term financial planning and the entity's decision-making

The Fiscal Environment



The Fiscal Environment

1. Sufficiency
2. Flexibility
3. Vitality
4. Equity
5. Demand
6. Political environment



Revenue Forecasting

Techniques include:

1. Judgment
2. Historical trends
3. Regression analysis
4. Economic modeling
5. All of the above (hybrid)





Revenue Forecasting

GFOA Best Practices:

1. Explicit revenue model
2. Aggregate and dis-aggregate projections
3. Know the data
4. Collaboration
5. Technology
6. Revisit and refine

Expenditure Forecasting

Elements include:

1. Operating
2. Capital
3. Operating cost of capital
4. Long-term





Polling Question #2

Debt Analysis



Debt Analysis

Scope –

1. Definition – narrow vs. broad
2. Self-supporting vs. existing revenue
3. General or specific type

Perspective –

1. Inward-focused vs. outward-focused

Debt Analysis

Perspective –

Key measurements – Inward vs Outward:

General Government

1. Debt service % of non-cap. expenditures
2. Debt service % of general fund revenues
3. Statutory debt limitations
4. Net direct debt per capita
5. Net direct debt % of assessed value
6. Net direct debt % personal income

Debt Analysis

Perspective –

Key measurements – (continued):

Revenue Supported

1. Debt service coverage
2. Debt safety margin
3. Debt service % of net revenues

Debt Analysis





Polling Question #3



Financial Balance Analysis

Fund balance:

1. Contingency reserve
2. Non-recurring reserve
3. Long-term stabilization reserve

Financial Strategy Development

Approaches

1. Staff recommendations
2. Governing body-driven
3. Collaborative: Governing body & staff
4. Constituent prioritization
5. Advisory committees



Financial Strategy Development

Strategy types

1. Stop the bleeding
2. Doing the right “important” things
3. Service delivery alternatives
4. Adapt to legal environment
5. Economic development
6. Financial policies



Financial Strategy Development

Things to keep in mind

1. Magnitude of imbalance
2. Organizational structure
3. Legislative preference
4. Organizational culture
5. Experience
6. Political environment

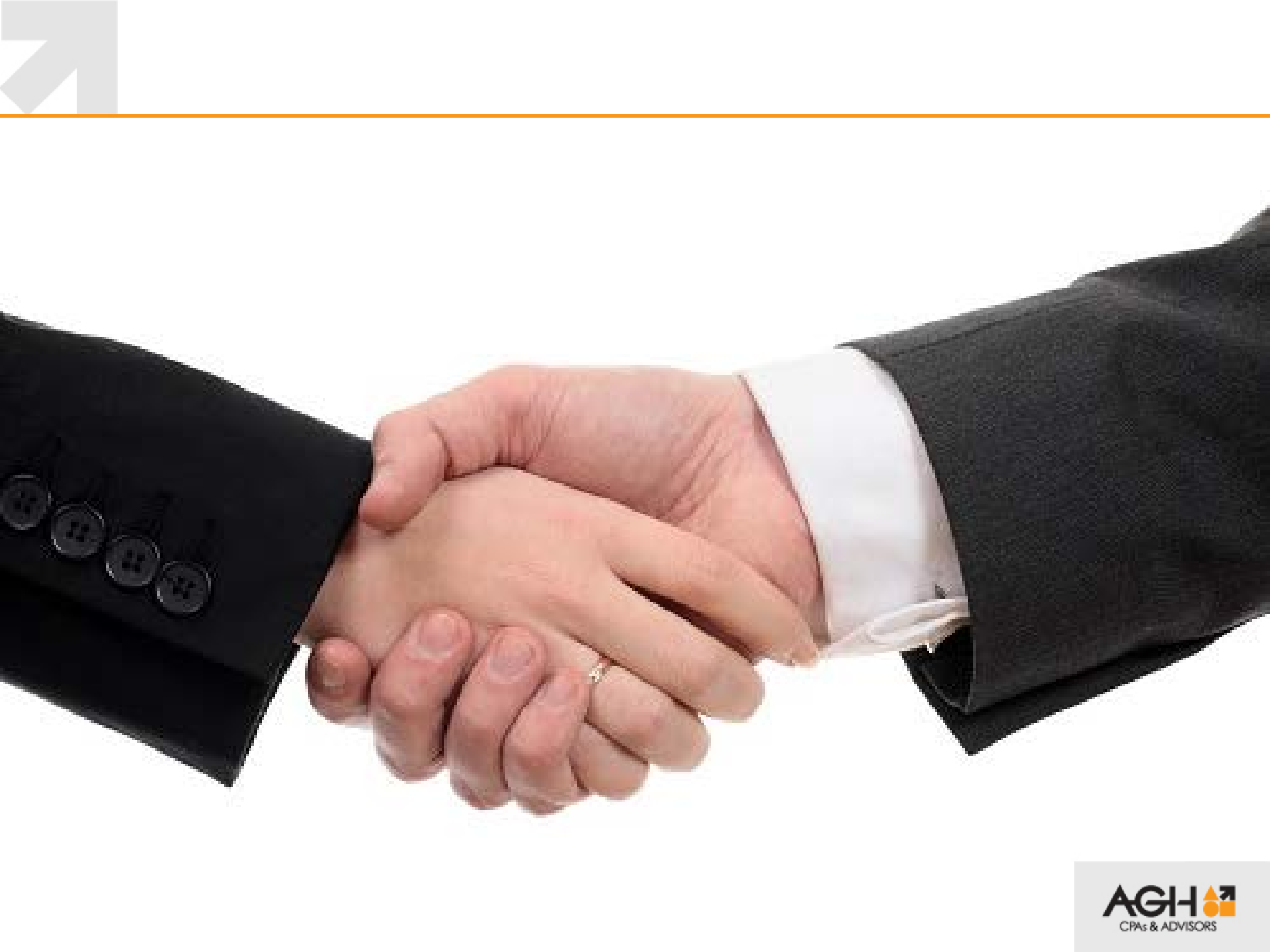
Financial Strategy Development

GFOA Practices

1. Tie financial strategies to priorities.
2. Scale solutions to imbalances.
3. Improve service and reduce cost.
4. Board policy as guide
5. Spend money to save money.
6. Involve operations departments.
7. Be fair to employees.
8. Extend capabilities through collaboration.



Polling Question #4



Thank you! Questions?



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For questions *not* related to the webinar's content,
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