Budgeting 101-
Introduction to Local Government Budgeting

SCHOOL OF GOVERNMENTAL FINANCE
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INTRODUCTION

LET'S GET TO KNOW YOU!

How many years of budget experience do you have?

- < 1 year
- 1-3 years
- 3-5 years
- > 5 years

What type of budget experience do you have?

- State
- County
- City
- Town or Village
- Special District
- Other

WHAT IS A BUDGET?

A Budget is…

- A plan
  - Upcoming year
  - + 5 year plan for CIP
    - Shows estimated expenditures/expenses & how they will be financed
- MUST be balanced per FL Statutes
  - Want it to be structurally balanced
    - Operating revenues = operating expenditures/expenses
- Serves users in 4 ways:
  - Communications Device
  - Financial Plan
  - Operations Guide
  - Policy Document

Communications Device

- Internal communication between:
  - Departments
  - Finance and/or Budget
  - City Manager
  - City Commission/Council
- Externally
  - Stakeholders
    - Residents
    - Citizens
    - Creditors
    - Vendors
    - Other Organizations
- Transparency
  - Numbers
  - Justification & details

Object Code #	Category	Actual Amount 2022/23	Actual Amount 2023/24	Amended Budget 2024/25	Half Year Actual 2024/25	Commission Approval 2025/26
540030	Car Allowance	6,000	Department Directors receive $500/month for a car allowance			

Financial Plan

Object Code #	Category	Actual Amount 2022/23	Actual Amount 2023/24	Amended Budget 2024/25	Half Year Actual 2024/25	Commission Approval 2025/26

- Displays:
  - Anticipated revenues & expenditures/expenses
  - Actuals for prior years
  - Current adopted and/or amended budget

- Allowing for:
  - Trend analysis
  - Short comings analyzed
    - Leading to possible changes

Operations Guide

- Displays:
  - Positions funded in the budge
    - Organizational Charts
    - Position counts
    - Line item justifications

- Indicates:
  - Funds/Departments in the budget
    - Explaining their:
      - Functions
      - Responsibilities
      - Goals
      - Objectives
      - Performance measures

Comparative Budgeted Personnel Allocation Summary

City Commission

City of Aventura
City Commission
Fiscal Year 2025/26
Budget Justifications

Object

The City Commission is t
and ordinances to meet t
possible professional go
quality of life for all resid

City of Aventura
Office of the City Manager
Fiscal Year 2025/26
Objectives

1. Provide completed reports and recommendations on a timely basis upon which the City Commission can make policy decisions.
2. Prepare and submit budget to the City Commission by mid-July of each year.
3. Oversee customer service functions by all Departments to ensure timely response or resolution of citizen requests.
4. Coordinate, control and monitor the activities of all City Departments and operations.
5. Interact with community organizations and associations to increase public awareness of City's various programs, facilities and services.
6. Update 5-year Capital Improvement Program document and submit to the City Commission by June of each year.
7. Effectively administer the budget priorities and goals established by the City Commission.
8. Perform the functions of Director of Emergency Management to provide for an effective emergency response capability for all City operations.
9. Coordinate and oversee the Aventura City of Excellence School and the Don Soffer Aventura High School operations and prepare annual budg
10. Oversee capital projects.
11. Issue annual report to the public.
12. Update and enhance the City's website to become more user-friendly.
13. Maintain City provided web content and services while addressing departmental and customer needs on cityofaventura.com, aventuracharter.org and aventuracenter.org.
14. Maintain the City's intranet in order to provide routine and timely information to City staff.
15. Coordinate an efficient communications strategy to deliver consistent messaging across the City's websites, email, print and social media to the City's customers.
16. Create, produce and coordinate the distribution of the City's periodical publications including newsletters and the annual report.

Performance Measures and Scorecard

	Performance Measures	City Manager's Objective(s)	Actual 2022/23	Actual 2023/24	Projected 2024/25	Estimate 2025/26	City Priority/Goal
Workload Measures	Citizen Requests & Inquires	3, 5	266	281	275	280	Safety & Security Education Service & Financial Stability Transportation Culture & Recreation & Environmental
	Commission Requests	1	104	147	150	155	
	Community Meetings Attended	5	48	66	40	45	
	Agenda Back up Items Prepared	1	80	90	100	115	
	No. of Newsletters & Reports Issued	N/A	N/A	NA	NA	NA	
	Annual Budget & CIP Prepared	2, 6 & 7	2	2	2	2	
	School Budget	9	2	2	2	2	
	Capital Projects	6 & 10	15	15	20	20	
	School Advisory Committee Meetings	5	12	12	12	12	
	% of time www.cityofaventura.com is available	12	99%	99%	99%	99%	
	% of time www.aventuracharter.org is available	13	99%	99%	99%	99%	

Policy Document

- Legally adopted
  - Resolution
    - 1 reading
  - Ordinance
    - 2 readings

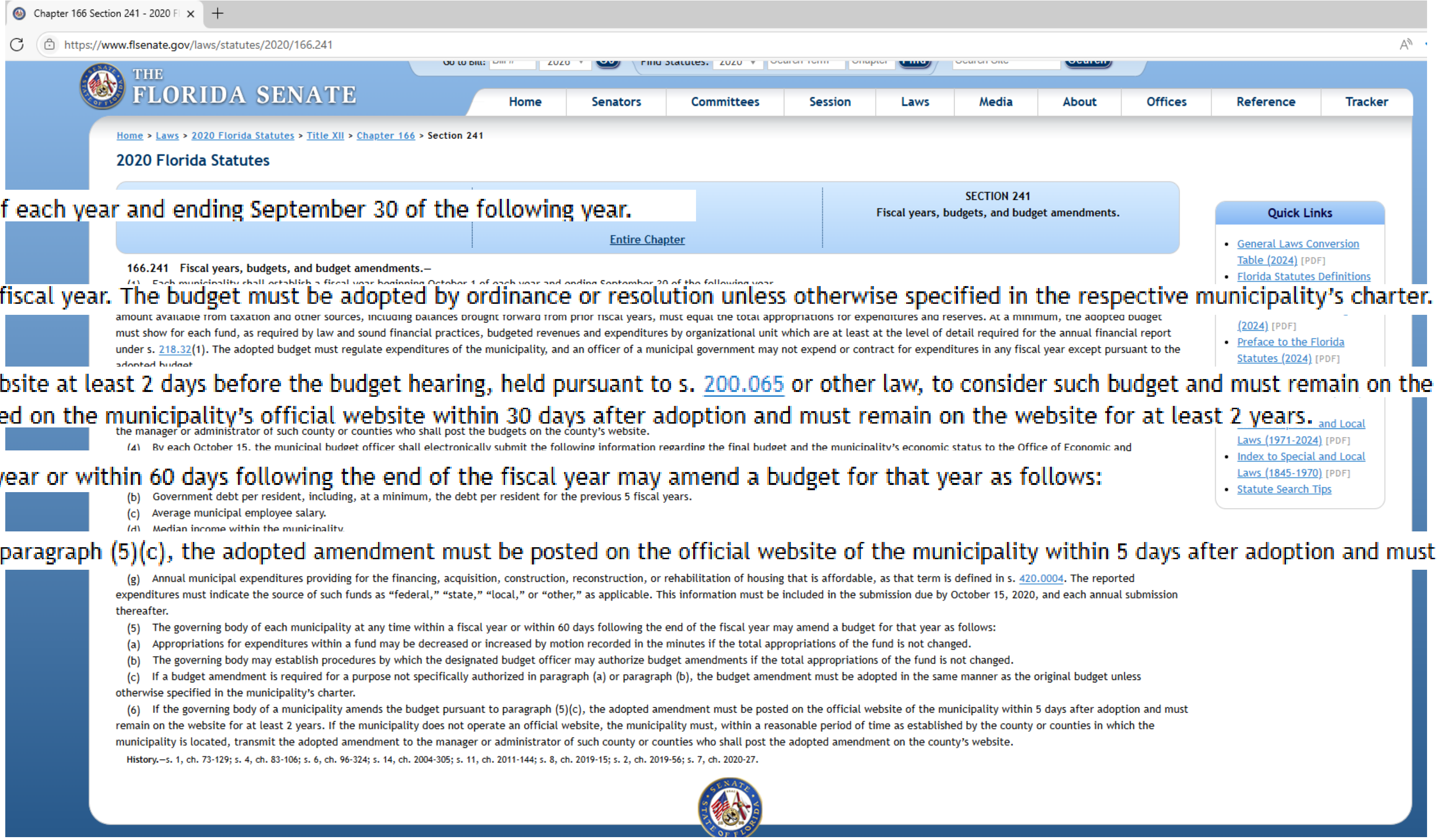
- To be followed for:
  - Responsible spending
  - Financial decision making
  - Operations
  - Direction & expectations
  - Contains financial policies

CITY OF AVENTURA ORDINANCE NO. 2024-18

AN ORDINANCE OF THE CITY OF AVENTURA, FLORIDA, ADOPTING THE ATTACHED TENTATIVE OPERATING AND CAPITAL BUDGET, AS REVIEWED AND APPROVED BY THE CITY COMMISSION AT THE REVIEW MEETING HELD ON JULY 18, 2024 AS THE CITY OF AVENTURA FINAL BUDGET FOR THE 2024/2025 FISCAL YEAR, PURSUANT TO SECTION 4.05 OF THE CITY CHARTER; AUTHORIZING EXPENDITURE OF FUNDS ESTABLISHED BY THE BUDGET; PROVIDING FOR BUDGETARY CONTROL; PROVIDING FOR PERSONNEL AUTHORIZATION; PROVIDING FOR GIFTS AND GRANTS; PROVIDING FOR AMENDMENTS; PROVIDING FOR PROCEDURES REGARDING ENCUMBRANCES AND THE RE-APPROPRIATION OF UNEXPENDED CAPITAL APPROPRIATIONS; ESTABLISHING THE COMMITTED FUND BALANCE FOR CAPITAL RESERVE; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHY DO WE BUDGET?

Florida Statutes



(1) Each municipality shall establish a fiscal year beginning October 1 of each year and ending September 30 of the following year.

(2) The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance or resolution unless otherwise specified in the respective municipality's charter.

(3) The tentative budget must be posted on the municipality's official website at least 2 days before the budget hearing, held pursuant to s. 200.065 or other law, to consider such budget and must remain on the website for at least 45 days. The final adopted budget must be posted on the municipality's official website within 30 days after adoption and must remain on the website for at least 2 years.

(5) The governing body of each municipality at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year as follows:

(6) If the governing body of a municipality amends the budget pursuant to paragraph (5)(c), the adopted amendment must be posted on the official website of the municipality within 5 days after adoption and must remain on the website for at least 2 years.

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TRIM Compliance Process

Truth in Millage (TRIM)

In 1980, the Florida Legislature passed the Truth in Millage (TRIM) Act. This law is designed to inform taxpayers which governmental entity is responsible for the taxes levied and the amount of tax liability taxpayers owe to each taxing authority. The property appraiser sends this information, known as the TRIM notice, to the property owner.

Truth in Millage establishes the statutory requirements that all taxing authorities levying a millage must follow, including all notices and budget hearing requirements. The TRIM requirements also provide for maximum millage levies for counties, municipalities, and independent special districts. These requirements are prescribed by chapter 200 of the Florida Statutes.

Property Tax Oversight provides the following resources to aid local officials in their duties as they administer the TRIM process.

TRIM Process Map

TRIM Forms

Resolutions/Ordinances

Certifying Compliance to the Department

2024 Top Infractions and Violations

TRIM Compliance Contacts

FLORIDA DEPARTMENT OF REVENUE

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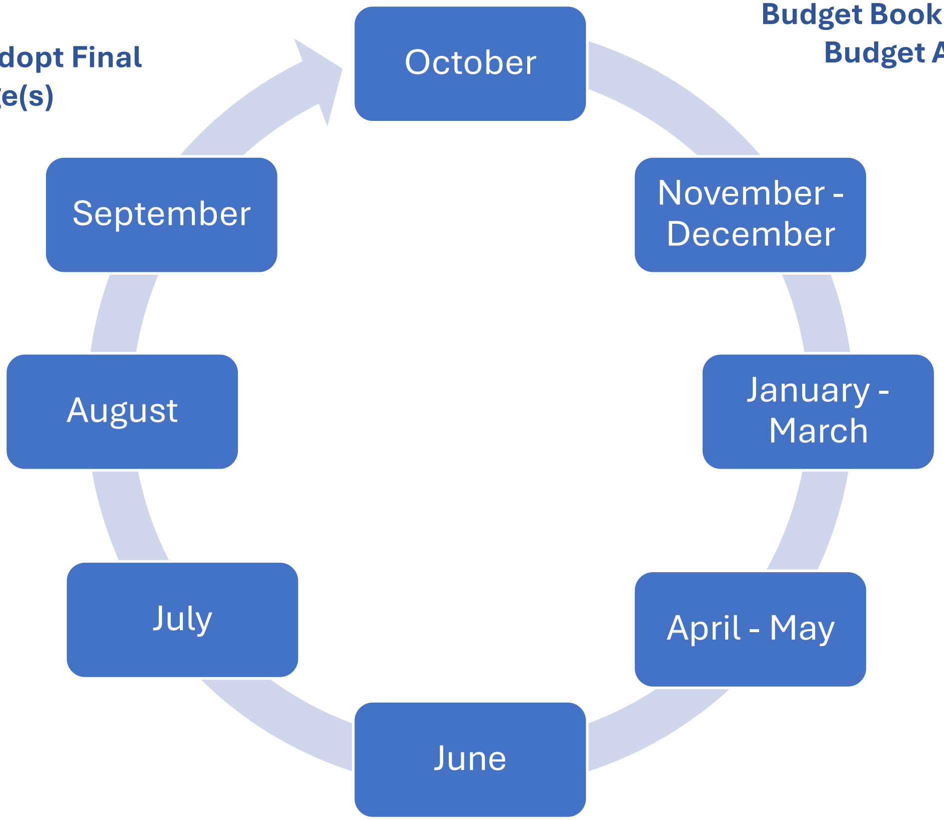
The Budget Process



Fiscal Year Starts

Prepare and Submit Budget Book for GFOA Budget Award

Review Strategic Plan & Performance Measures - Set Parameters for the upcoming Fiscal Year

Budget & CIP Training provided to departments

Departmental budget requests submitted and reviewed

Executive Budget Meetings

Finalize budget projections and compile draft budget

Budget Workshops

June 1st - Property Appraiser provides estimated Taxable Values

Compile/present the Preliminary Budget

July 1st - Property Appraiser provides certified Taxable Values

Set Maximum Millage and other non-ad valorem rate(s)`

Property Appraiser mails TRIM notices

1st Public Hearing – Adopt Tentative Budget & Millage(s)

2nd Public Hearing – Adopt Final Budget & Millage(s)

Fiscal Year Ends

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The Budget Process – Creating the Budget

- Parameters for the upcoming fiscal year
  - Review strategic plan and performance measures
  - Modifications to current methods
  - Budget expectations
  - Proposed wage adjustments
  - Proposed internal service charges
  - Other directives from Executive Management
  - Preliminary budget calendar
- Strategic priorities
  - Meet with elected officials to get input on budget expectations and priorities for the upcoming budget

The Budget Process – Creating the Budget

- Budget & CIP Training provided to departments
  - Directives and expectations for the departments
    - Review budget calendar and due dates
    - Executive management/Board directives

  - Provide resources for new and experienced team members
    - How to enter the budget/CIP entries
    - How to analyze/review their budget
    - Important contacts

The Budget Process – Creating the Budget

- Revenue projections
  - Analyze prior year and year to date revenues to compile upcoming year's revenues

- Property values
  - Analyze current market and new construction/revitalization
  - Property Appraiser estimates
    - June 1st - Estimated Taxable Values
    - July 1st - Certified Taxable Values
    - October 1st – Final Taxable Values

- Conservative projections are recommended

The Budget Process – Creating the Budget

- Departmental Budget requests submitted & reviewed
  - Analyze requests for reasonableness
  - Ensure budget parameters and directives were followed
  - Document any discrepancies

- Executive budget meetings
  - Departments' opportunity to provide overview of their budgets and discuss any operational concerns or special needs
  - New personnel requests
  - Preliminary approval for budget requests

The Budget Process – Budget Review

- Budget workshops with Elected Officials
    - Economic outlook
    - Budget overview
    - Department budget presentations
    - Capital Improvement Plan
    - Presentation of property values

- Public outreach and citizen engagement
    - Budget advisory boards
    - Budget surveys

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The Budget Process – Approval Process

- Budget adoption
  - July - Set maximum millage rates and complete DR-420s
  - August – TRIM notices mailed to property owners
  - September
    - First Budget Public Hearing
    - TRIM Advertisements
    - Final Budget Public Hearing
    - Certify TRIM Compliance – Florida Department of Revenue

The Budget Process – Budget Publishing

- Local Government Financial Reporting due October 15th
- Adopted Budget posted to the Municipality’s website due within 30 days of adoption
- GFOA Budget Award submission due within 90 days of adoption

The Budget Process – Budget Implementation

- Monitoring the budget
  - Monthly/Quarterly reports
  - Revenue/Expenditure analysis

- Amending the Budget
  - Based on individual government’s requirements
  - Adopted via Resolution or Ordinance
  - Amendments must be posted to official website

- What's in the Budget?
- Revenue Projections
- Expenditure Types and Planning

1. Local governments serve as the frontline of public service delivery.
2. Budgets translate community priorities into financial plans.
3. Effective budgeting balances resources with needs.

What’s in the Budget?

1. **Operating Budget (Day-to-Day Services)**

   Covers ongoing expenses needed to keep services and operations running on a daily basis.

2. **Capital Budget (Long-Term Projects)**

   Focused on major infrastructure investments that have long-term value and usage.

3. **Special Funds (Dedicated Revenue Streams)**

   These are restricted funds collected for specific purposes and can't be used for general operations.

The Operating Budget

The **Operating Budget** is the **annual financial plan** that covers the **routine, day-to-day operations** of local government.

- It ensures **essential public services** continue running smoothly throughout the year.
- Covers salaries, supplies, utilities, contracts
- Recurring, annual services

Time Frame

- Typically covers **1 fiscal year**
- Monitored and reported **monthly or quarterly**
- Must be **balanced** – revenues must match or exceed expense

Category	Details
Personnel Costs	Salaries, overtime, pensions, health insurance, training
Utilities & Supplies	Water, electricity, gas, office supplies, fuel for vehicles
Department Operations	Police patrols, garbage pickup, parks maintenance, street cleaning
Contracted Services	IT support, janitorial services, legal counsel, external auditors
Maintenance	Routine maintenance for roads, buildings, parks, vehicles
Administrative Costs	Insurance, communication services, elections, software licenses

Examples of Operating Costs:

Service Area	Examples
Public Safety	Police & fire departments, EMS, 911 dispatch, animal control
Public Works	Street repairs, snow removal, waste collection, storm drainage
Parks & Recreation	Sports leagues, swimming pools, community centers, after-school programs
Libraries & Culture	Library staff, cultural events, museum partnerships
Health & Welfare	Local clinics, public health outreach, senior services
Government Operations	Council meetings, legal services, HR, IT, finance & budgeting

Why the Operating Budget Matters

- Keeps vital services running 24/7
- Reflects the **core responsibilities** of local government
- Must be **transparent**, **accountable**, and **efficient**
- Directly affects **quality of life** for residents

The Capital Budget

The **Capital Budget** is the part of the local government's budget dedicated to **long-term investments in infrastructure and major assets**.

It includes **big-ticket items** with a **useful life of more than one year**.

One-time, long-term investments - Roads, buildings, technology systems, utilities

Category	Examples
Infrastructure	Roads, bridges, highways, street lighting
Public Buildings	City halls, libraries, fire stations, schools
Transportation	Bus systems, transit hubs, bike lanes, sidewalks
Utilities & Water	Water treatment plants, sewer systems, stormwater infrastructure
Parks & Recreation	New parks, sports facilities, green spaces
Technology Investments	Data centers, citywide internet, smart traffic systems
Fleet & Equipment	Fire trucks, Police vehicles, public transit vehicles

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Time Frame & Characteristics

- Covers **multi-year** projects (often 5–10 years)
- Projects are **planned, funded, and implemented** in phases
- Funded separately from operating budget
- Expenses are often **non-recurring** but high in cost

How It's Funded

Source	Explanation
General Obligation Bonds	Repaid over time through taxes; requires voter approval in some cases
Revenue Bonds	Repaid with income from specific projects (e.g., toll roads, utilities)
Grants	Federal/state infrastructure or transportation grants
Capital Reserve Funds	Set aside from previous surpluses
Public-Private Partnerships (P3)	Joint investments with private sector for shared projects

Why It Matters

- Supports **economic development** and growth
- Addresses **aging infrastructure**
- Enables cities to adapt to **population changes** and **climate challenges**
- Improves **public safety, mobility, and quality of life**

Capital Budget vs Operating Budget

	Capital Budget	Operating Budget
Purpose	Build and improve assets	Fund daily services and operations
Time Frame	Multi-year (long-term projects)	Annual (usually 1 fiscal year)
Examples	Road construction, new library	Police payroll, street cleaning
Funding Source	Bonds, grants, special funds	Taxes, fees, intergovernmental transfers
Accounting	Often tracked as assets & depreciated	Tracked as yearly expenses

Special Funds

Special Funds are financial accounts used to **track revenue and expenditures for specific purposes**, separate from the General Fund.

These funds are legally or administratively **restricted** to certain uses and cannot be spent freely on unrelated services.

Restricted by law or policy

Examples:

- Gas taxes → road projects
- Impact fees → new development services
- Enterprise funds → utilities

Purpose of Special Funds

- **Ensure accountability** and transparency
- Comply with **state/federal laws** or **voter mandates**
- Protect revenue for **critical or self-supporting programs**
- Avoid co-mingling of general and restricted funds

Common Types of Special Funds

Fund Type	Purpose / Examples
Transportation Funds	Gas taxes, toll revenue used for roads, transit, bike lanes
Utility Enterprise Funds	Water, sewer, garbage billing – self-funded operations
Parks & Recreation Funds	Facility rental fees, special taxes used for park maintenance
Special Education or School Funds	Earmarked local/state grants for specific education programs
Housing Trust Funds	Developer fees dedicated to affordable housing initiatives
Environmental Funds	Stormwater fees, green energy incentives, conservation projects
Court or Legal Funds	Fines and fees reserved for court improvements or legal services

🔒 Key Characteristics

- **Legally restricted**: Can only be spent on their designated purpose
- **Tracked independently** in the financial system
- May be required by:
  - State or federal regulations
  - Local ordinances
  - Ballot initiatives or bonds

Why Special Funds Matter

- Promote **fiscal discipline** and program sustainability
- Increase **public trust** by ensuring funds go where intended
- Allow better **budget planning** and performance evaluation for specific services
- Reduce pressure on the General Fund

Revenue Projections (Overview)

Revenue Projections estimate how much money a local government will collect during a fiscal year.

- These estimates are critical for developing a **balanced and realistic budget**.
- Must be **conservative** and **based on trends, economic indicators, and historical data**
- Affected by:
  - Economic conditions (e.g., inflation, job growth)
  - Legislative changes (e.g., new tax laws, funding formulas)
  - Property reassessments and construction activity
- **Overestimating** revenues risks budget shortfalls
- **Underestimating** may lead to unnecessary cuts or missed opportunities

Major Sources of Local Government Revenue

Source	Description
🏠 **Property Taxes**	Tax on assessed value of real estate (levied on residential, commercial and industrial properties). Largest single revenue source for most local governments (typically 50%+).
🛍️ **Sales Taxes**	Tax on retail goods and services; varies by jurisdiction; sensitive to economy.
💡 **Fees & Charges**	Revenue from utility bills (water and sewer), permits, business licenses, parking fees, etc.
🏛️ **Intergovernmental Transfers / State, Federal Aid & Grants**	Grants and funding from state and federal governments for specific programs like education, transportation, or health. Often restricted in use
📝 **Fines, Licenses & Other**	Court fines, parking tickets, pet licenses, investment income, special events.
🔒 **Other Sources**	Interest income, investment earnings, special assessments.

Expenditure Types and Planning

- **Education:**
  - Largest expenditure area in many places; funds K–12 schools, libraries, and sometimes community colleges.
- **Public Safety:**
  - Police, fire departments, emergency medical services to maintain community safety.
- **Public Works & Infrastructure:**
  - Roads, bridges, public transit, sanitation, and waste management.
- **Health & Human Services:**
  - Public clinics, mental health services, social welfare programs.
- **Parks, Recreation, and Culture:**
  - Parks maintenance, recreational programs, cultural activities.
- **Utilities & Environmental Services:**
  - Water supply, wastewater treatment, stormwater management, environmental conservation.
- **General Administration:**
  - Government operations, elected officials' offices, legal services, finance departments.

Expenditure Budget Structure

- **Operating Budget:**
  - Covers daily expenses like salaries, utilities, office supplies, routine maintenance.
  - Usually approved annually.
- **Capital Budget:**
  - For long-term investments such as building schools, roads, or water treatment plants.
  - Often multi-year planning and funding through bonds or loans.
- **Debt Service:**
  - Payments on borrowed funds, including principal and interest.
- **Special Revenue Funds:**
  - Funds restricted for specific purposes, like stormwater or parks.
- **Reserves:**
  - Emergency funds to cover unexpected costs or revenue shortfalls.

Expenditure Types

Local governments plan their expenditures across multiple categories to ensure **financial sustainability**, **service delivery**, and **legal compliance**.

This involves careful coordination between **operating needs**, **capital investments**, **debt repayment**, and **financial reserves**.

- Operating – salaries, supplies
- Capital – infrastructure & assets
- Debt Service – loan/bond repayment
- Reserves – rainy day funds & stabilization

Major Types of Expenditures

Expenditure Type	Description
💼 **Operating**	Day-to-day services like public safety, sanitation, parks, and administration.
🏗️ **Capital**	Long-term investments in infrastructure and facilities (roads, buildings, etc.).
💳 **Debt Service**	Repayment of principal and interest on loans, bonds, or other borrowed funds.
💰 **Reserves**	Funds set aside for emergencies, economic downturns, or future liabilities.

Types of Governmental Funds

Fund Type	Purpose
General Fund	Main operating fund; pays for core services like police, fire, admin.
Enterprise Funds	Self-supporting services (e.g., water, sewer) funded by user fees.
Special Revenue	Restricted-use funds (e.g., gas tax for roads, park fees).
Capital Projects	Tracks funding and expenses for major capital projects.
Debt Service Fund	Used exclusively to manage debt payments.
Internal Service	Funds for services used internally (e.g., IT, fleet maintenance).

Summary & Key Takeaways

Local government budgets allocate resources critical for community well-being.

Property taxes and fees fund essential services like education, safety, and infrastructure.

Budgeting is a complex, multi-step process balancing priorities and fiscal constraints.

The budgeting process involves planning, review, and public input.

Forecast Revenues accurately to match expenditures

Balance short-term needs (operations) with long-term goals (capital investment)

Maintain **reserves** for flexibility and creditworthiness

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What is a Balanced Budget?

A **balanced budget** occurs when:

Total Sources of Funds = Total Uses of Funds

This means:

- All **spending is supported by available resources**
- No reliance on deficit financing

➤ **Why It Matters:**

- Promotes **fiscal sustainability**
- Ensures **public confidence**
- Often a **legal requirement** for local and state governments

Total Sources of Funds

(Where does the money come from?)

➤ **Formula:**

Total Sources = Beginning Funds Balance (BFB) + New Revenues

Beginning Funds Balance (BFB)

Definition: Unspent funds carried forward from the previous year

- Considered the "starting cash" for the new fiscal year
- Can result from:
  - Underspending
  - Higher-than-expected revenues

- **BFB = Available cash + Investments**

Example: A city ends the year with $3 million left unspent. That becomes part of next year's budget.

New Revenues

Revenues expected during the fiscal year. These are broken into categories:

Ad Valorem Taxes

- Based on **property value**
- Common example: **Property taxes**
- Revenue fluctuates with changes in:
  - Assessed property values
  - Millage rate (tax rate per $1,000 of property value)

Example: 3.500 millage rate on a $450,000 Taxable Property Value =

3.500 x (450,000/1000) = $1,575

Other Revenue Sources

- **Charges for Services**: Utility bills, recreation fees
- **Licenses & Permits**: Building permits, business tax receipts
- **Fines & Forfeitures**: Parking tickets, code enforcement fines
- **Intergovernmental Transfers**: Federal/state grants, revenue sharing
- **Franchise Fees**: Paid by utility companies for access to public right-of-way
- **Investment Income**: Earnings on idle cash

Non-Ad Valorem Revenues

- Not tied to property value
- Often flat rates or fees

Examples:

- ➢Solid waste collection fee
- ➢Stormwater utility fee
- ➢Special assessments
- ➢$200/year fire assessment fee per property

Total Uses of Funds

(Where does the money go?)

➤ **Formula:**

Total Uses = Operating Expenditures + Reserves

Operating Expenditures

Day-to-day costs of running the organization. Includes:

- **Personnel Costs**: Salaries, wages, benefits, retirement contributions
- **Operating Costs**: Utilities, fuel, office supplies, contracts
- **Recurring services**: Public safety, sanitation, maintenance

Example: Paying firefighters, buying patrol cars, repairing roads

Capital Improvements

Long-term investments that enhance community infrastructure or assets. Funded through capital budgets or general funds.

Examples:

- Building a new fire station
- Paving roads
- Water and sewer system upgrades
- New parks and public facilities

Usually part of a 5-Year Capital Improvement Plan (CIP)

Reserves

Money set aside for:

- **Contingencies/emergencies**: Natural disasters, lawsuits, economic downturns
- **Planned future needs**: Vehicle replacement, technology upgrades
- **Legally required reserves**: Based on bond covenants or financial policy

Example: 15% of the General Fund may be set aside as an emergency reserve

Balanced Budget Equation

Beginning Funds Balance + New Revenues = Operating Expenditures + Reserves

The equation ensures that **planned spending does not exceed available resources.**

- *If uses exceed sources → budget deficit*
- *If sources exceed uses → surplus or additional reserves*

Why Balanced Budgets Are Important

Financial Health

- Prevents overspending
- Ensures essential services can continue
- Improves bond ratings

Transparency & Accountability

- Helps residents understand how public funds are managed
- Builds trust in government

Compliance

- Many state and local governments are required by law to adopt a balanced budget
- Auditors and oversight agencies review for compliance

Budgeting Strategies

Different governments or organizations choose different budgeting **methods** depending on their goals, resources, and legal requirements.

- Zero based, performance based, etc.
- Common challenges - Revenue shortfalls
- Rising costs (pensions, healthcare, inflation)
- Balancing competing priorities
- Funding mandates from higher levels of government and strategic budgeting methods

Zero-Based Budgeting (ZBB)

Every department starts from *zero* and must justify **all expenses**, not just changes from the previous year.

- **Goal**: Eliminate outdated or unnecessary spending.
- **Pros**:
  - Forces accountability
  - Can uncover inefficiencies
- **Cons**:
  - Time-consuming
  - Requires strong data and staff capacity

Best for: Tight budgets or when major changes are needed.

Performance-Based Budgeting

Links funding to **measurable results or outcomes** (KPIs).

- **Focus**: Efficiency, effectiveness, and value for money
- **Examples**:
  - Reducing response time for emergency services
  - Increasing graduation rates
- **Pros**:
  - Encourages transparency and results
- **Cons**:
  - Requires reliable performance data
  - Hard to measure outcomes in all areas

Best for: Strategic goals, continuous improvement

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Incremental Budgeting

Based on last year's budget, with adjustments (usually small increases or cuts).

- **Pros**:
  - Simple and predictable
  - Easy to implement

- **Cons**:
  - Can lock in inefficiencies
  - Doesn't encourage innovation

Most common in stable environments

Priority-Based Budgeting

Aligns funding with **strategic goals and community values**.

- Departments rank programs by value and importance.

- **Pros**:
  - Encourages alignment with long-term plans
  - Transparent decision-making

- **Cons**:
  - Subjective unless clear evaluation criteria are set

Best for: Strategic planning & long-term visioning

Common Budgeting Challenges

Revenue Shortfalls

- **Causes:**
  - Economic downturns
  - Reduced property values or sales tax
  - Loss of state/federal aid

- **Strategies:**
  - Diversify revenue streams
  - Adjust user fees
  - Use reserves cautiously

Example: COVID-19 caused significant shortfalls in tourism, sales tax, and fuel taxes.

Rising Costs

Key Areas:
- Pensions
- Healthcare
- Inflation (materials, fuel, labor)

Impacts:
- Strains General Fund
- Crowds out funding for new initiatives
- Increases long-term liabilities

Strategies:
- Shift to defined-contribution plans
- Increase employee contributions
- Refinance pension obligations (carefully)

Many cities are facing structural budget deficits due to unfunded pension liabilities.

Balancing Competing Priorities

Limited resources vs unlimited demands:

- Public safety
- Infrastructure
- Social services
- Recreation

Approaches:

- Community engagement (surveys, forums)
- Cost-benefit analysis
- Use of performance metrics
- Scenario planning

Not everything can be funded — must choose what matters most.

Funding Mandates from Higher Government

Often **unfunded** or **underfunded** mandates

Examples:

- Environmental compliance
- ADA requirements
- Public health and safety standards

Challenges:

- Forces local governments to cut elsewhere
- Can strain budgets or require new taxes/fees

Strategies:

- Lobby for state/federal funding
- Pool resources with other agencies
- Apply for grants to offset costs

Strategic Budgeting Methods

Long-Term Financial Planning

- Multi-year forecasting
- Anticipating trends and adjusting accordingly

Capital Improvement Planning (CIP)

- Plan big infrastructure investments over 5–10 years
- Match projects to expected funding (bonds, grants, etc.)

Use of Reserves and Contingency Funds

- For economic downturns, disasters, or one-time needs

Community-Based Budgeting

- Engage residents and stakeholders in setting priorities

Budget Simulation Tools

- Digital platforms to help public understand trade-offs

Key Takeaway

Challenge/Strategy	Solutions
Revenue shortfalls	Diversify revenue, adjust fees, cautious use of reserves
Rising costs (pensions, inflation)	Control liabilities, long-term planning, renegotiations
Competing priorities	Strategic planning, performance data, community input
Unfunded mandates	Advocacy, grants, shared services
Choosing a budget approach	Match to organizational capacity and goals

GFOA RESOURCES

BUDGETING AND FORECASTING

Budgeting Best Practices

GFOA's Committee on Governmental Budgeting works to develop and communicate GFOA's best practice statements on budgeting. All best practices are available on GFOA's website and provide guidance on all areas of budgeting. The Distinguished Budget Presentation Award works to encourage governments to adopt these practices.

VIEW BEST PRACTICES

BUDGET POLICIES

PLANNING

REVENUE

BUDGET ANALYSIS

BUDGET TECHNIQUES

BUDGET MONITORING

COMMUNICATIONS

BUDGET POLICIES

BEST PRACTICES

Achieving a Structurally Balanced Budget

Adopt rigorous policies, for all operating funds, aimed at achieving and maintaining a structurally balanced budget

BEST PRACTICES

User Fee Policy

GFOA recommends that local governments adopt a policy that identifies user fees and sets strategy.

BEST PRACTICES

Adopting Financial Policies

Governments should formally adopt financial policies. Steps to consider when making effective financial policies include (1) scope, (2) development, (3) design, (4) presentation, and (5) review.

BEST PRACTICES

Fund Balance Guidelines for the General Fund

Governments should establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.

BEST PRACTICES

Recommended Budget Practices from the National Advisory Council on State and Local Budgeting

BEST PRACTICES

Working Capital Targets for Enterprise Funds

Local governments should adopt a target amount of working capital to maintain in each of their enterprise funds. Additionally, governments should use working capital as the measure of available margin or buffer in enterprise funds.

PLANNING

BEST PRACTICES

Strategic Planning

GFOA recommends that governments engage in strategic planning to provide a vision for the future that can be used to align budgeting with organizational priorities.

BEST PRACTICES

Long-Term Financial Planning

BEST PRACTICES

Role of the Finance Officer in Supporting Fiscal Sustainability

GFOA recommends that finance officers take an active role in their governments' efforts to think and act sustainably.

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G F O A

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REVENUE

BEST PRACTICES

Establishing an Effective Grants Policy

Governments should develop a formal grants policy and that such a policy should address steps to take prior to applying for or accepting grants.

BEST PRACTICES

Establishing Government Charges and Fees

Governments should use charges and fees as a method of financing governmental goods and services.

BEST PRACTICES

Pricing Internal Services

When considering an internal service pricing system, governments should identify goals of internal service pricing; develop allocation strategy; define level of costing detail; determine cost of service; decide basis of allocation; and consider potential drawbacks.

BUDGET ANALYSIS

BEST PRACTICES

Evaluating Service Delivery Alternatives

Governments should carefully analyze all aspects of a service delivery option, including levels of service, service quality and expected performance, service revenues and costs, required transition activities and other relevant factors before changing service delivery methods.

BEST PRACTICES

Financial Forecasting in the Budget Preparation Process

BEST PRACTICES

Inflationary Indices in Budgeting

BEST PRACTICES

The Use of Trend Data and Comparative Data for Financial Analysis

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BUDGET TECHNIQUES

BEST PRACTICES

Personnel Budgeting

GFOA recommends that governments should determine a baseline budget that calculates the full salary and benefit cost of all approved and budgeted positions and then adjust the baseline for all factors that may impact personnel budget costs.

BEST PRACTICES

Basis of Accounting versus Budgetary Basis

Governments using a budgetary basis of accounting should understand the common differences between GAAP and the budgetary basis of accounting.

BEST PRACTICES

Effective Budgeting of Salary and Wages

Every government should consider forecasting procedures that would result in more accurate expenditure projections, especially as they relate to personnel.

BEST PRACTICES

Public Engagement in the Budget Process

Governments should encourage effective and well implemented public engagement budget processes.

BEST PRACTICES

Role of the Finance Officer in Collective Bargaining

Jurisdictions should make use of the finance officer's expertise throughout the collective bargaining process, and the finance officer should participate in a variety of ways.

BEST PRACTICES

Strategies for Managing Health-Care Costs

Governments need to closely monitor health-care costs and choose approaches that make use of the jurisdiction's purchasing power, share costs appropriately, encourage good consumer behavior, promote health, and support governmental jurisdictions' ability to hire and retain a ...

BUDGET MONITORING

BEST PRACTICES

Budget Monitoring

Establish a formal set of processes for comparing budget to actual results.

BEST PRACTICES

Performance Measures

All government should identify, track, and communicate performance measures.

COMMUNICATIONS

BEST PRACTICES

Accurately Displaying Total Expenditures in Budget Presentations (Budget Consolidation)

Governments should ensure that their entity-wide budget totals reflect real economic activity and that material double-counting does not occur, and to safeguard against double counting.

BEST PRACTICES

Capital Budget Presentation

Governments should incorporate a number of appropriate guidelines when presenting its capital budget.

BEST PRACTICES

Departmental Presentation in the Operating Budget Document

Governments should consider appropriate guidelines when presenting information in the departmental section of the operating budget document.

BEST PRACTICES

Making the Budget Document Easier to Understand

GFOA recommends that governments strive for broader consumption and greater comprehension of the budget document.

BEST PRACTICES

The Statistical/Supplemental Section of the Budget Document

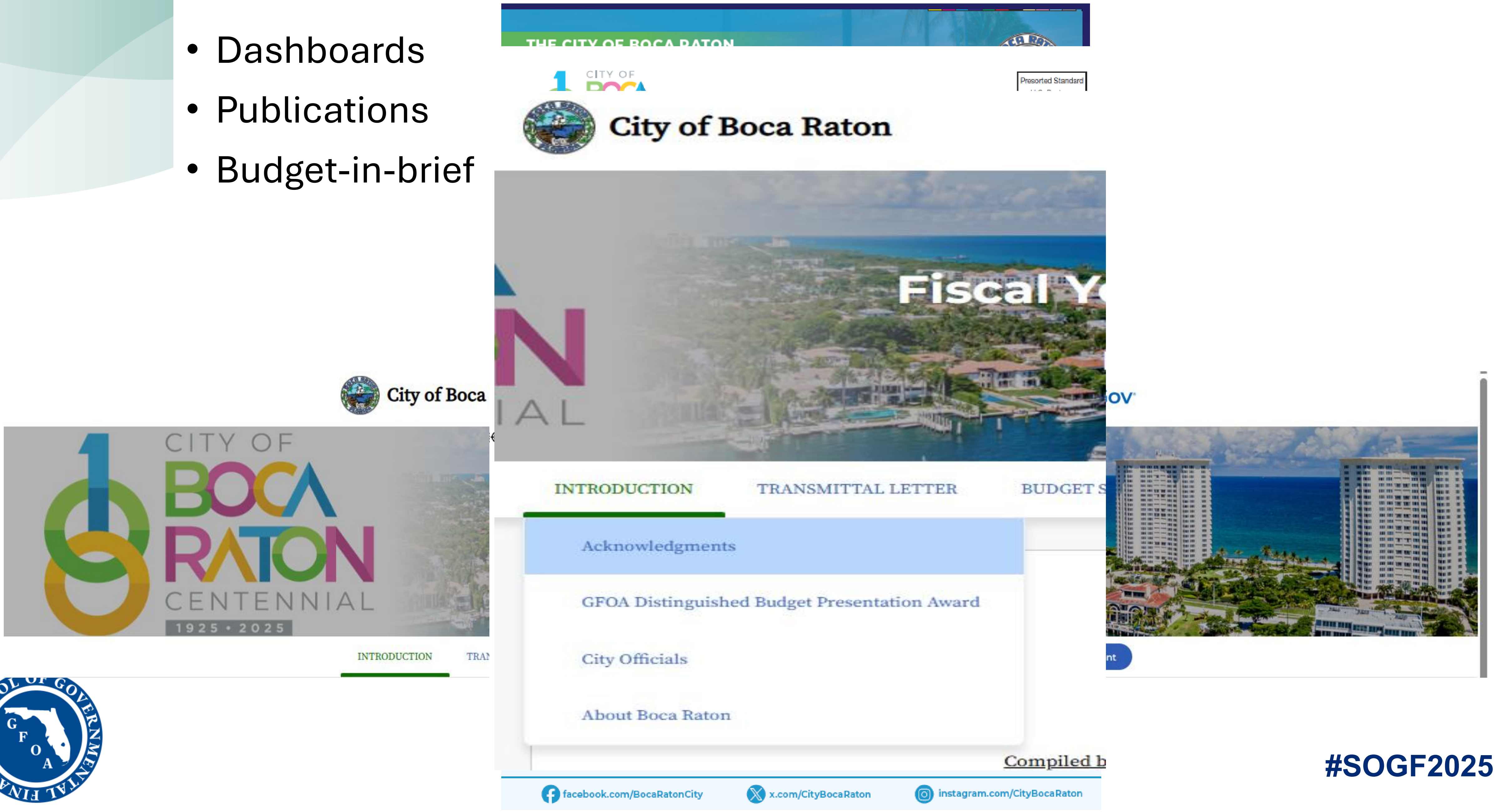
Governments should improve the quality of the statistical/supplemental section of their budget documents by ensuring the relevance of data, organizing information by major category, and provide explanations.

BEST PRACTICES

Website Posting of Financial Documents

Tools for Understanding the Budget

- Dashboards
- Publications
- Budget-in-brief



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Distinguished Budget Presentation Award Program

GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. Approximately 1,900 governments, including states, cities, counties, special districts, school districts, and more have been recognized for transparency in budgeting. To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool.

GFOA's Distinguished Budget Presentation Award Program

DETAILED LOCATION CRITERIA GUIDE

Budgets with a Fiscal Year Beginning 1/1/25 or later

CITE SPECIFIC PAGE REFERENCES ON THE LINES IN THE RESPONSE TO EACH QUESTION

(Citations may include links or section titles for online budget books)

Name of Entity: ____________________

State/Province: ____________________

First Submission? Yes ☐ **No** ☐

#C1. | Table of Contents

***Mandatory*: Include a table of contents that facilitates easy access to information.**

1. Is a comprehensive table of contents provided for easy navigation (may take a variety of forms related to the approach used to present budgetary information)?
   ____
2. Do all pages in the table of contents electronically link to the corresponding content location (pages in a traditional document or other content in an electronic form)?
   ____
3. Are the page numbers or similar reference points in the table of contents consistent with the referenced page numbers? ____________________

CLICK HERE

CLICK HERE

SUBMIT REQUEST

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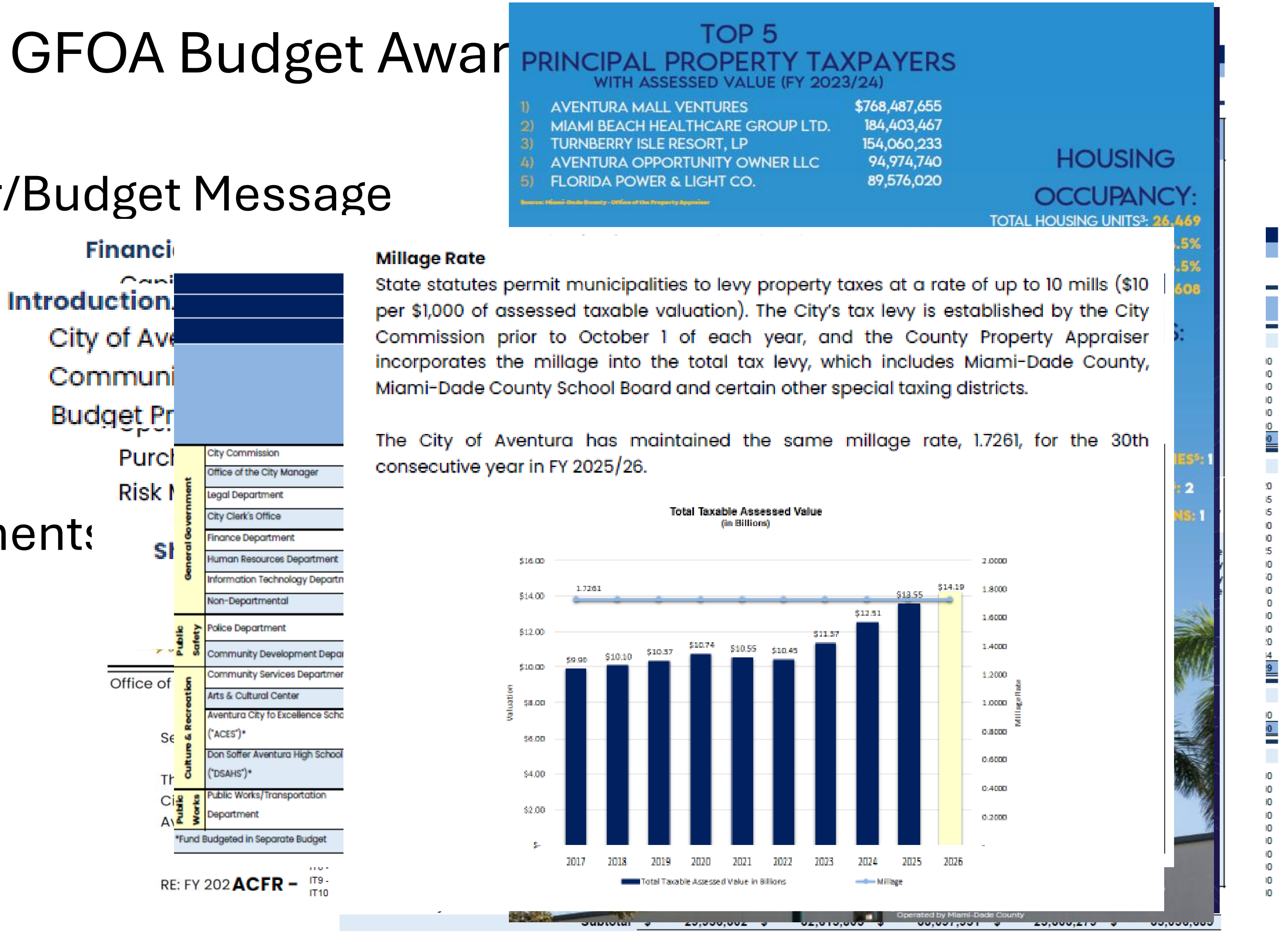
What's in the Budget Book?

- Sections relate to GFOA Budget Awar
  - Table of Contents
  - Transmittal Letter/Budget Message
  - Introduction
  - Budgetary Data
  - Strategic Plan
  - Financial Policies
  - Capital Improvements
  - Schedule of Fees
  - Glossary



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OTHER RESOURCES

EDUCATION ›

Events Calendar

On-Demand Learning

Learning Management System

Training Catalog

Training Locations

Training Policies

Scholarships

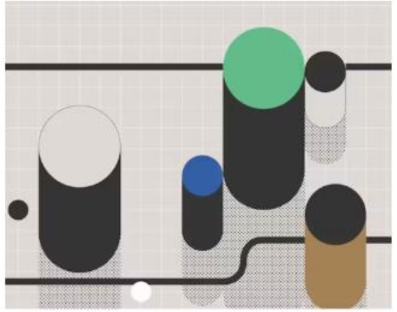
Guide for CPE

Leadership Academy

ANNUAL CONFERENCE ›

Other GFOA Budgeting Resources

Fiscal First Aid
MORE INFO ›



Financial Foundations for Thriving Communities
MORE INFO ›

GFOA Materials Library
MORE INFO ›

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Florida Government
Finance Officers Association

Basic Government Resource Manual

- Section 4 – Budgeting

Key Financial Reporting Dates

- **June 1st** Preliminary Tax Roll from Property Appraiser (Your County Property Appraiser)
- **July 1st** Certificate of Taxable Value-DR420-(Your County Property Appraiser)
- **August 1st-4th** Proposed Millage Rate-(Your county Property Appraiser)
- **September** First Public Hearing on Budget
  Second Public Hearing on Budget
  Certify TRIM Compliance – Florida Department of Revenue
- **December** Budget Submission due to GFOA – GFOA

Training & Education

Annual Conference

School of Governmental Finance

Webinars

Boot Camp

Local Chapters

Resource List Serve

- **National Advisory Council on State and Local Budgeting**

Florida
DEPARTMENT OF REVENUE

HOME | CHILD SUPPORT | PROPERTY TAX | GENERAL TAX | TAX DATA | CONTACT

EDR
Office of
Economic & Demographic Research

County and Municipal Revenue Estimates

SCHOOL OF GOVERNMENTAL FINANCE
GFOA

QUESTIONS?

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