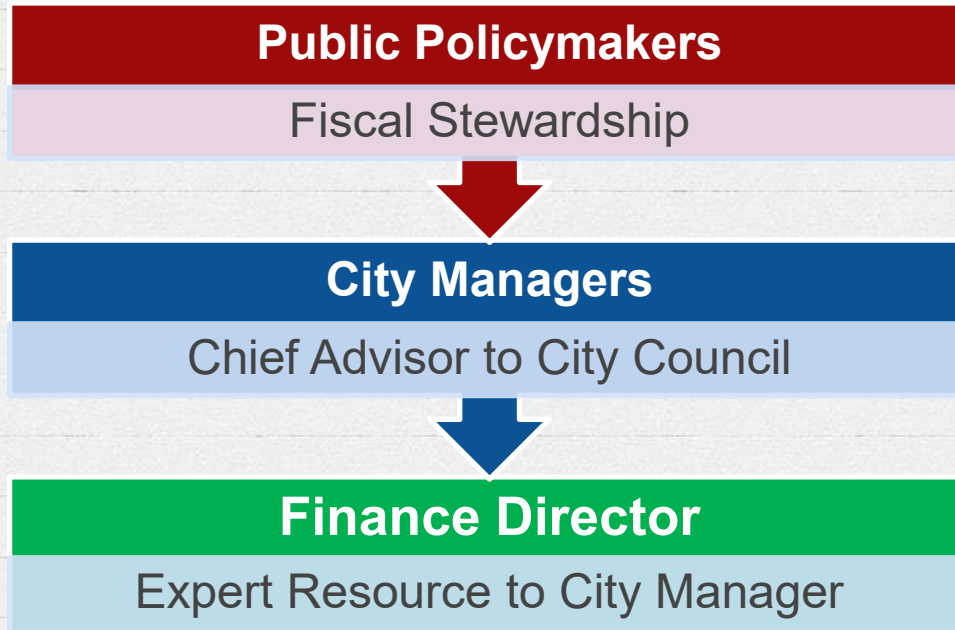




Local  
Government  
Finance



# Financial Management of Local Government



# How to exercise Fiscal Stewardship?



# STEWARDSHIP

THE CAREFUL & RESPONSIBLE MANAGEMENT OF THINGS ENTRUSTED TO ONE'S MIND, BODY, TIME, MONEY, ENVIRONMENT, & PROPERTY, WITH PROPER REGARD TO THE RIGHTS OF OTHERS.

1.  
Financial Policy &  
Practices

# Importance of Financial Policies



# Financial Policies and Practices

## Council Policies:

- \* Budget Policy
- \* Reserves Policy
- \* Pension Policy
- \* Infrastructure Policy
- \* Debt Policy
- \* Investment Policy
- \* Procurement Policy

...

## Administrative Policies:

- Procurement Card Policy
- Accounting Policies
- Travel Reimbursement Policy
- Surplus Property Policy
- City Vehicle Use Policy
  - Leave Policy

...

ACCOUNTABILITY  
AND  
TRANSPARENCY

2.  
Budget Creation  
and  
Monitoring



# Budget Creation and Monitoring

## Budgetary approaches:

- Zero based
- Performance based

## Key assumptions:

- Revenue
- Expenses

## Risk management:

- Manage risk
- Mitigate risk

## Balanced budget?

- One-time vs. Re-occurring
- Sustainability

## What to look for?

- ✓ Budgetary Approach
- ✓ Key Assumptions
- ✓ Is it a **Balanced Budget?**
- ✓ Overall Financial Condition
- ✓ Risk Management
- ✓ Fee Update - Cost Recovery
- ✓ Gann Limit
- ✓ Public Outreach & Transparency

3.  
Financial Reporting  
and  
Accounting

# Financial Reporting and Accounting

Auditor's opinion:

- Unqualified
- Qualified

Management Letter:

- Significant Deficiency
- Material Weakness

Government Finance Officers Association Award for Excellence in Financial Reporting

## RED FLAGS

- 🚩 "Qualified Opinion"
- 🚩 Management Letter
- 🚩 Communication to the Governing Board
- 🚩 GFOA Award
- 🚩 Single Audit Finding
- 🚩 Timing

4.

Long-term Planning  
and  
Growth

# Long-term Financial Planning

Establish long range financial planning as part of an overall strategic plan

Take into account key variables

Periodic update and align with economic development goals



5.  
Purchasing  
and  
Contracting

## Purchasing and Contracting Practices

- ? Is there a written Procurement Policy
- ? Do we have a fair, open and competitive procurement process
- ? For decentralized purchasing system, is there an organization-wide standard and guidelines
- ? Are we taking advantage of cooperative purchasing opportunities with other public agencies
- ? How do we enforce compliance on contractual terms (cost escalator, automatic renewal etc.)
- ? Do we follow best practices

?  
Question to  
ask your  
purchasing  
agent...

6.

Debt Management  
and  
Capital Financing



## Debt Management and Capital Financing

- ? Is there a written Debt Policy
- ? Why are we borrowing money
- ? For long-term improvements, is there a multi-year capital improvement plan
- ? Compliance with laws and regulations– continuing disclosure
- ? Credit review and credit rating

?

Questions to  
ask before  
approving  
debt  
financing...

# Thank you!

## Any questions?

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