

Table 1 Recommended Budget Practices—Adoption of Financial Policies

Recommendation	Degree of Adherence		
	Agree/ Somewhat Agree	Disagree/ Somewhat Disagree	Don't Know
Develop policy on stabilization funds			
▪ Stabilization policies establish when stabilization funds are created.	49.81%	27.10%	23.08%
▪ Stabilization policies identify how stabilization funds should be used.	49.05%	28.51%	22.43%
Develop policy on fees and charges			
▪ Policies on fees and charges address aspects such as the level of cost recovery for services, the reason for subsidies, and the frequency with which cost-of-service studies will be undertaken.	68.36%	26.55%	5.09%
Develop policy on debt issuance and management			
▪ Policies on debt issuance and management include elements such as the purposes for which debt may be issued; matching of the useful life of an asset with the maturity of the debt; limitations on the amount of outstanding debt; types of permissible debt; structural features; refunding of debt; and investment of bond proceeds.	81.46%	15.27%	3.27%
▪ Debt policies include legal or statutory limitations on debt issuance.	86.82%	9.89%	3.30%
Develop policy on debt level and capacity			
▪ Policies on the use of debt such as general obligation debt, special assessment bonds, tax increment financing bonds, and short-term debt have been developed.	80.22%	16.11%	3.66%
Develop policy on use of one-time revenues			
▪ One-time revenues and their allowable uses are explicitly defined by a formal policy.	51.45%	43.12%	5.43%
Evaluate the use of unpredictable revenues			
▪ Policies discuss unpredictable revenues and their use if they generate revenue higher or lower than projected.	48.71%	45.39%	5.90%
▪ Policies related to unpredictable revenues are used in budget decision making.	53.09%	41.82%	5.09%
Develop policy on balancing the operating budget			
▪ A policy provides clear definition as to how budgetary balance will be achieved.	72.47%	25.00%	2.54%
▪ Definitions of items to be counted as operating resources (e.g., revenues) and operating resource uses (e.g., expenditures) are explicitly identified.	86.45%	12.82%	0.73%
▪ The policy on balancing the operating budget discusses and explains relevant constitutional, statutory, or case law provisions that impose a balanced budget requirement upon the government.	67.27%	25.82%	6.91%
▪ The policy on balancing the operating budget identifies the circumstances when deviations from a balanced budget may occur.	57.20%	38.01%	4.80%
Develop policy on revenue diversification			
▪ A policy can be used to improve revenue diversification.	38.46%	51.65%	9.89%
▪ In order to implement a revenue diversification policy, an analysis of each particular revenue source was completed.	36.90%	49.08%	14.02%

Develop policy on contingency planning

▪ A policy identifies types of emergencies or unexpected events and the way in which these situations are to be handled from a financial management perspective.	55.48%	40.51%	4.01%
▪ A contingency planning policy considers operational and management impacts.	60.80%	32.97%	6.23%

Notes: Response rates vary across individual statements.

Table 2 Recommended Budget Practices—Development and Evaluation of Financial Options

Recommendation	Degree of Adherence		
	Agree/ Somewhat Agree	Disagree/ Somewhat Disagree	Don't Know
Conduct long-range financial planning			
▪ Long-range financial planning, which includes components such as an analysis of financial trends, an assessment of problems or opportunities, and a description of necessary actions to address any issues, has been completed.	70.95%	23.89%	5.15%
▪ Long-range financial plans include a description of long-term revenue and expenditure forecasts using alternative economic, planning and policy assumptions.	69.71%	24.09%	6.20%
Prepare revenue projections			
▪ Revenue projections developed for financial planning purposes extend over a period of at least three years.	75.00%	22.80%	2.21%
▪ Updated projections are available during the budget period to avoid unintended deviation from balanced-budget requirements.	84.62%	8.80%	6.59%
Analyze major revenues			
▪ An analysis of major revenues that identifies factors that have influenced historical collections, forecasting assumptions, and any problems or concerns, has been completed.	88.60%	9.20%	2.21%
▪ Revenue trends and their stability (i.e. elasticity) have been identified.	90.97%	7.58%	1.44%
▪ Significant changes to major revenue sources—projected or actual—are highlighted in the budget document.	92.39%	6.52%	1.09%
Evaluate effect of changes to revenue source rates and bases			
▪ An analysis of the effect of pending or potential changes to revenue sources has been undertaken as part of the budget process or as warranted.	96.36%	3.27%	0.36%
Analyze tax and fee exemptions			
▪ Routine analyses and reports that identify each tax and fee exemption and an estimate of foregone revenues have been completed.	61.68%	32.84%	5.47%
Achieve consensus on a revenue forecast			
▪ The process for producing the revenue forecast is clear, open, and consistent (i.e. it does not engender controversy).	91.18%	6.99%	1.84%
▪ The process developed to achieve consensus on revenue forecasts among stakeholders recognizes where problems are likely to emerge and is structured accordingly.	81.39%	13.50%	5.11%
Document revenue sources in a revenue manual			
▪ Documentation of revenue sources in the form of a revenue manual has been completed. In lieu of a revenue manual, documentation of major revenue sources has been included in the budget document.	79.71%	18.48%	1.81%
Prepare expenditure projections			
▪ Expenditure projections extend at least three years into the future.	65.22%	33.33%	1.45%
▪ Fund level and government-wide expenditure projections have been prepared and documented.	85.40%	12.77%	1.82%

▪ Fund level and government-wide expenditure projections have been integrated into overall financial projections.	85.82%	13.09%	1.09%
▪ Expenditure projections identify service level assumptions and key issues that affect actual expenditures.	86.33%	10.07%	3.60%
▪ Expenditure assumptions are described in relation to revenue assumptions.	83.09%	14.34%	2.57%
Evaluate revenue and expenditure options			
▪ A process has been established for undertaking a comprehensive review of options for program and service levels and projected funding amounts. The review includes components such as beginning and ending fund balances, changes in fund balances at a fund level, and outstanding debt levels.	80.14%	17.69%	2.17%
Develop a capital improvement plan			
▪ A process exists for evaluating proposed capital projects and financing options.	92.42%	5.78%	1.81%
▪ A long-range capital improvement plan has been developed that includes both capital and operating costs (i.e. their impact on the operating budget).	86.55%	12.00%	1.45%
▪ A long-range capital improvement plan projects at least five years into the future.	85.87%	11.95%	2.17%

Notes: Response rates vary across individual statements.

Table 3 Entire NACSLB Budgeting Framework

Overall, with what frequency does the budget department to which you belong adhere to the entire budgeting framework created by the NACSLB?

Always	Frequently	Occasionally	Seldom	Never
0.75%	21.80%	22.93%	19.92%	34.59%

N=266

Table 4 Population and the Mean Use of Recommended Budget Practices

Population	< 25,000 (<i>N</i> =143)	25,000-49,999 (<i>N</i> =70)	50,000-99,999 (<i>N</i> =32)	100,000-500,000 (<i>N</i> =28)	>500,000 (<i>N</i> =4)
Financial policies	10.20	9.66	10.94	10.89	12.50
Financial options	16.50	17.03	18.31	18.75	20.75
Entire framework	3.91	3.75	3.35	2.61	3.5

Notes: In the case of use of the entire framework, a number closer to (1) indicates greater use.