

Multiyear Financial Planning

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Division of Local Government and School Accountability

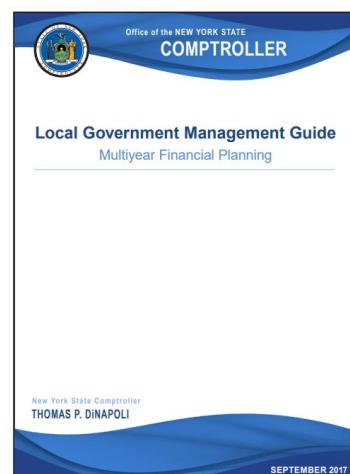


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Learning Objectives

- Overview
- Financial Plan Elements
- Financial Planning Tools
- Monitoring



Overview

The budget is a plan of the services to be provided to your taxpayers, with the corresponding funding sources to pay for the services.

- Lifespan of the budget is one fiscal year.
- Budgets should include considerations for future events beyond the end of the fiscal year.
 - Easy to get tunnel vision worrying about this year only.
 - Difficult to justify fund balance amounts without future planning.
 - Ex. Reserves - Why do we have them? When will we use them? When will they be sufficiently funded?

Overview

A multiyear plan allows decision-makers to set long-term priorities and work toward goals, rather than making choices based only on the needs and politics of the moment.

- Types of Plans:
 - Multiyear Financial Plan
 - Multiyear Capital Plan

Overview

A multiyear financial plan projects revenues and expenditures for several years into the future.

- A **Budget** authorizes spending limitations using appropriations.
- A **Multiyear Financial Plan** illustrates what will happen to a government's ability to pay for and provide services, given a set of policy and economic assumptions.

“Can we continue on the path we are on?”

“What might be the impact of our decision to...?”



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Financial Plan Elements

- Revenue Projections
- Expenditure Projections
- Annual Operating Deficits/Surpluses
- Reserve Balances
- Fiscal Improvement Plan



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Financial Plan Elements

Revenue Projections

- Real Property Taxes – Review trends and try to keep in line with normal trends in your plan. Adjustments can be made later.
- PILOTs – Ensure figures match the contractual agreements on-hand and are being enforced.
- Sales Tax and Other Non-Property Tax Revenues – Review trends but consider the changing local economy and policy changes (State, county and local levels).
- State/Federal Aid – Review documentation and programs supported by the aid. Review calculations and funding levels. Normally better to underestimate than overestimate.



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Financial Plan Elements

Revenue Projections

- Departmental Income – Determined by local policies and operations. More predictable in the short-term.
- Other Local Revenues – Review trends and keep fluctuations reasonable by using inflation or other known factors.
- Interfund Transfers – Relying on another fund as a regular financing source could indicate the need for policy changes or rate changes in the recipient fund.
- One-time Revenues – Be careful not to include these in your overall plan. Try to segregate these and match them to a one-time expenditure.



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Financial Plan Elements

Expenditure Projections

Project by Object of Expenditure:

- Personal Service (.1) – Number of staff, salary schedules and contractual/union agreements. Consider renegotiations here.
- Equipment and Capital Outlay (.2) – Review inventory and maintenance records. Refer to your Multiyear Capital Plan.
- Contractual (.4) – Talk to your department heads and ask them to explain their projections to determine long-term outcomes of operations, such as the funding of reserves.
- Debt Service (.6 & .7) – Use established debt schedules as basis. Refer to your Multiyear Capital Plan.



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Financial Plan Elements

Expenditure Projections

- Employee Benefits (.8) – Based on health care and retirement costs. Anticipate timing of rate changes by providers.
- Interfund Transfers (.9) – Relying on another fund as a regular financing source could indicate the need for policy changes or rate changes in the recipient fund. Review equity concerns.
- Others – Contingencies are often used in budgeting for unforeseeable circumstances. Long-term identifiable items should be addressed in the funding of reserves.



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Financial Plan Elements

Expenditure Projections: Project by Function

- General Governmental Support
- Public Safety
- Health
- Transportation
- Economic Opportunity and Development
- Culture and Recreation
- Home and Community Services
- Employee Benefits
- Debt Service
- Interfund Transfers
- Other (Contingencies)

Financial Plan Elements

Operating (Deficits)/Surpluses

- Projected Revenues less Projected Expenditures equals Projected Operating (Deficit)/Surplus.
- Too many years of either deficits or surpluses can result in widening budgetary gaps.
 - Unreasonable fund balance levels can be a result of many years of operating surpluses.
 - Poor financial condition, interfund borrowing, or continuous use of unrestricted fund balance can be a result of many years of operating deficits.

Financial Plan Elements

Reserves Balances

- Through formal resolution, the local government can establish reserve funds, earmarking resources for the future acquisition and repair of essential capital assets.
- Also, can be used to help endure short-term fiscal pressures such as revenue short or unanticipated expenditures.



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Financial Plan Elements

Fiscal Improvement Plan

This part of the plan identifies goals to improve the long-term fiscal condition of the municipality, specifies the local actions necessary to achieve those goals and defines performance measures that will help measure progress.

1. Identify Goals: Are you trying to achieve expenditure reductions, revenue generation or build reserves?
2. Local Actions: What will you do to achieve your goals? What policy changes need to be addressed?
3. Performance Measures: How will you measure your levels of success in reaching your goals?

Sample Fiscal Improvement Plan can be found in Appendix A of the guide.
www.osc.state.ny.us/files/local-government/publications/pdf/multiyear.pdf



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Financial Planning Tools

Information:

- www.osc.state.ny.us/local-government/resources/planning-resources
- Multiyear Financial Planning LGMG

Data Gathering:

- Use your financial accounting system reports.
- www.osc.state.ny.us/open-book-new-york
- Multiyear compare

Data Analysis:

- Develop a spreadsheet.
 - Extend past the trend years captured.
- OSC's Multiyear Financial Planning Spreadsheet
 - Municipal [.xls]



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Local Government Data Search

You can search six reports:

- **Property Tax Cap:** Factors used by local governments to calculate their real property tax levy limit.
- **Revenues and Expenditures:** Local government revenue and expenditure data.
- **Tax Limit:** The maximum amount of real property tax cities, counties and villages may levy.
- **Balance Sheet:** Local government asset, liability and equity data.
- **Debt:** Local government summary of debt related activity. Installment purchase contract data is not available for school districts prior to 2003.
- **Multi-year Compare:** 2 to 5 year presentation of local government Balance Sheet, Revenue, Expenditure, Fund Balance/Net Assets and Budget data by fund.

Report

Property Tax Cap Revenues and Expenditures Tax Limit
 Balance Sheet Debt Multi-year Compare

Report Type

Trend Comparison

Submit

You can also download bulk detailed account-level data of revenues, expenditures and balance sheets. Download the following zipped .csv files:

- Single class of local government for all years,
- All classes of local government for a single year, or
- All classes of local government for all years.

Download Bulk Data Files

Revenue, Expenditure, and Balance Sheet Account Code Level Data
 Debt
 Property Tax Cap

Download Data

www.osc.state.ny.us/open-book-new-york

Select 'Search Local Government Data' from landing page.

Most useful for multiyear planning purposes.

For more advanced analysis.

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Home > Local Government Introduction > Multi-year Compare Search > Multi-year Compare Report

Report starts with Balance Sheet and goes through Revenues/ Expenditures by Fund.

Top right corner:
Export options

[Printer Friendly \(PDF\)](#)

[Download to an Excel Spreadsheet](#)

STATEMENT OF REVENUES AND OTHER SOURCES							
Account Code	Code Narrative	2016	2017	2018	2019	2020	Difference 2019/2020
A1001	Real Property Taxes	\$563,817.00	\$590,288.56	\$591,311.64	\$592,096.42	\$611,615.07	\$19,518.65
	Real Property Taxes:	\$563,817.00	\$590,288.56	\$591,311.64	\$592,096.42	\$611,615.07	
A1081	Other Payments In Lieu Of Taxes	\$26,953.97	\$26,894.90	\$26,825.40	\$26,537.01	\$26,758.13	\$221.12
A1090	Interest & Penalties On Real Prop Taxes	\$6,933.82	\$5,481.93	\$5,082.40	\$4,601.66	\$5,053.38	\$451.72
	Real Property Tax Items:	\$33,887.79	\$32,376.83	\$32,687.80	\$31,138.67	\$31,811.51	
A1120	Non Prop Tax Dist By County	\$234,299.04	\$252,714.89	\$252,375.80	\$261,298.44	\$270,686.06	\$9,387.62
A1130	Utilities Gross Receipts Tax	\$19,057.59	\$20,270.31	\$21,913.92	\$22,971.06	\$24,241.40	-\$4,729.66
A1170	Franchises	\$20,725.05	\$20,659.26	\$15,664.33	\$16,485.27	\$27,055.70	\$10,570.43
	Non Property Tax Items:	\$274,081.68	\$293,644.26	\$289,954.05	\$306,754.77	\$321,983.16	
A1230	Treasurer Fees	\$360.00	\$505.00	\$430.00	\$210.00	\$2.95	-\$207.05
A1520	Police Fees	\$352.25	\$490.00	\$550.00	\$805.00	\$455.00	-\$350.00
A1601	Public Health Fees	-	-	-	-	\$42.00	-
A1710	Public Works Charges	\$22.50	-	\$12,207.19	\$40.00	\$40.00	\$0.00
A2110	Zoning Fees	\$500.00	\$525.60	\$675.00	\$250.00	\$250.00	\$0.00
	Departmental Income:	\$1,234.75	\$1,520.60	\$13,862.19	\$1,305.00	\$789.95	
A2228	Data Processing, Other Govts	\$1,000.00	\$1,000.00	\$1,250.00	\$1,250.00	\$1,260.00	\$10.00
A2262	Fire Protection Services Other Govts	\$48,800.00	\$49,800.00	\$48,800.00	\$48,800.00	\$50,796.00	\$996.00
A2309	Misc Revenue, Other Govts	\$595.00	\$2,005.04	\$2,227.89	\$2,002.90	\$1,148.80	-\$854.10

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Determine approach to best handle object code analysis.

STATEMENT OF EXPENDITURES AND OTHER USES							
Account Code	Code Narrative	2016	2017	2018	2019	2020	Difference 2019/2020
A1011	Legislative Board, Pers Serv	\$10,800.00	\$10,800.00	\$10,050.00	\$10,800.00	\$10,800.00	\$0.00
A1004	Legislative Board, Contr Expend	\$302.47	\$149.72	\$1,110.20	\$1,637.28	\$410.71	-\$1,226.57
A1101	Municipal Court, Pers Serv	\$7,717.00	\$7,717.00	\$7,717.00	\$10,250.00	\$9,568.30	-\$681.70
A1102	Municipal Court, Equip & Cap Outlay	-	-	\$249.98	-	-	-
A1104	Municipal Court, Contr Expend	\$2,617.30	\$4,256.42	\$5,297.52	\$2,430.04	\$2,923.63	\$493.59
A1101	Mayor, Pers Serv	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00	\$0.00
A1102	Mayor, Equip & Cap Outlay	-	-	\$1,175.85	-	-	-
A1104	Mayor, Contr Expend	\$2,727.03	\$2,960.55	\$1,491.08	\$3,049.34	\$2,694.04	\$354.30
A10251	Treasurer, Pers Serv	\$62,570.02	\$86,570.12	\$91,569.92	\$101,322.63	\$97,635.63	-\$3,867.00
A10252	Treasurer, Equip & Cap Outlay	-	\$422.60	\$2,704.26	\$2,451.68	-	-
A10254	Treasurer, Contr Expend	\$17,627.43	\$19,092.85	\$20,770.78	\$20,783.56	\$27,102.31	\$6,318.75
A10554	Assessment, Contr Expend	\$271.20	\$272.00	\$1,264.92	\$275.39	\$269.20	-\$6.19
A11101	Clerk,pers Serv	\$5,074.16	\$5,000.00	\$3,333.36	-	\$1,815.00	-
A11104	Clerk,contr Expend	-	-	-	-	\$155.75	-
A11201	Law, Pers Serv	\$3,705.00	\$3,705.00	\$3,705.00	\$3,705.00	\$2,161.25	-\$1,543.75
A11204	Law, Contr Expend	\$18,538.05	\$5,679.25	\$16,993.75	\$2,658.25	\$5,345.85	\$2,669.60
A11201	Operation Of Plant Pers Serv	\$4,774.12	\$3,941.44	\$2,953.20	\$3,361.86	\$3,376.06	\$14.20
A11202	Operation Of Plant Equip & Cap Outlay	-	-	\$119.99	-	-	-
A11204	Operation Of Plant Contr Expend	\$45,732.00	\$37,002.45	\$46,976.65	\$43,866.51	\$39,199.85	-\$4,666.66
A19104	Unallocated Insurance, Contr Expend	\$47,542.44	\$51,405.05	\$53,994.34	\$57,000.06	\$60,296.74	\$3,296.68
A19204	Municipal Assn Dues, Contr Expend	\$1,526.00	\$1,609.60	\$1,336.00	\$1,646.00	\$1,611.00	-\$35.00
	General Government Support:	\$257,124.30	\$245,984.06	\$279,038.15	\$271,810.45	\$270,765.32	

Determine if function level and/or sub-function/department level is best approach.

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Unclaimed Funds Retirement Local Government State Agencies State Vendors Other -
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Planning Resources

Multiyear Financial Planning

- Multiyear Financial Planning Local Government Management Guide [pdf]
- Multiyear Financial Planning - On Demand Webinar
- **Multiyear Financial Planning Spreadsheets**
 - Municipal [xls]
 - School District [xls]
- County Sales Tax Distributions and Withholdings:
 - Aid and Incentives for Municipalities (AIM) and AIM-Related Payments
 - Sales Tax Withholdings from Counties and New York City to Support Medical Facilities

Capital and Strategic Planning

- Capital Planning
 - Capital Assets Local Government Management Guide [pdf]
 - Multiyear Capital Planning Local Government Management Guide [pdf]
 - Multiyear Capital Planning and Budgeting - On Demand Webinar
 - Capital Planning Tool [xls]
- Strategic Planning
 - Strategic Planning Local Government Management Guide [pdf]

Planning and Budgeting

- Understanding the True Costs of Services Webinar Presentation [pdf]

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Tells the account codes included.

This date changes them all.

(ENTER NAME OF LOCAL GOVERNMENT HERE)
Four Year Financial Plan, Fiscal Years 2022-2025

General Fund

	2017	2018	2019	2020	Actual	Estimated	2021	2022	Projected	2023	2024	2025
Revenues												
Real Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Use Tax												
State Aid												
Federal Aid												
Interfund Transfers												
Other Revenue												
Total Revenues and Other Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures												
Personal Services												
Equipment and Capital Outlay												
Contractual												
Debt Service (Principal and Interest)												
Employee Benefits												
Interfund Transfers												
Total Expenditures and Other Uses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgetary Reserves												
Fund Equity, Beg. of Year								0	0	0	0	0
Fund Equity, End of Year								0	0	0	0	0
Nonspendable and Restricted Fund Balance												
Unrestricted Fund Balance								\$0	\$0	\$0	\$0	\$0
Unrestricted Fund Balance % of Expenditure												

Introduction **General Fund** Operating Fund 1 Operating Fund 2 Levy and Employment Summary 20

Monitoring

- A plan is only as good as the results it produces.
- Follow-up is essential to determine if program goals are being met.
- Routine monitoring of financial results helps to ensure your overall fiscal health remain on schedule and within budget.
- Stay ahead of changes and make amendments when necessary.



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Summary

- Multiyear planning is essential to sound budgeting and fiscal oversight processes.
- Multiyear plans allow management to think in terms of future needs and the future impacts of today's decisions.
- A good multiyear planning process can not only help managers develop structurally balanced, realistic budgets, but can also help explain financial decision making to the taxpayers to gain support and acceptance.



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Thank You

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