



Communications 101: Financial Reporting for Elected Officials

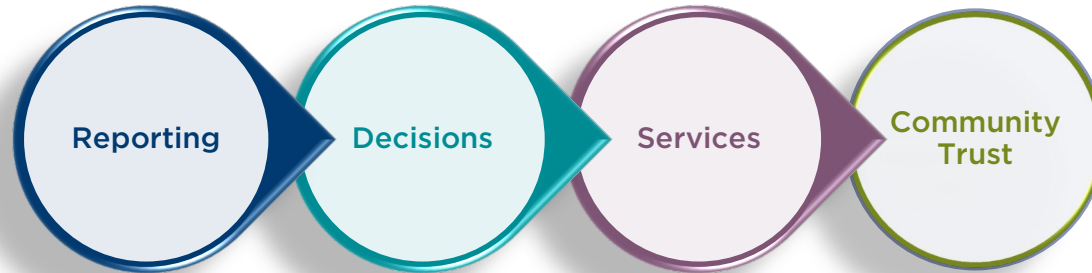
Balancing Quality, Timeliness & Transparency

Today's Objectives



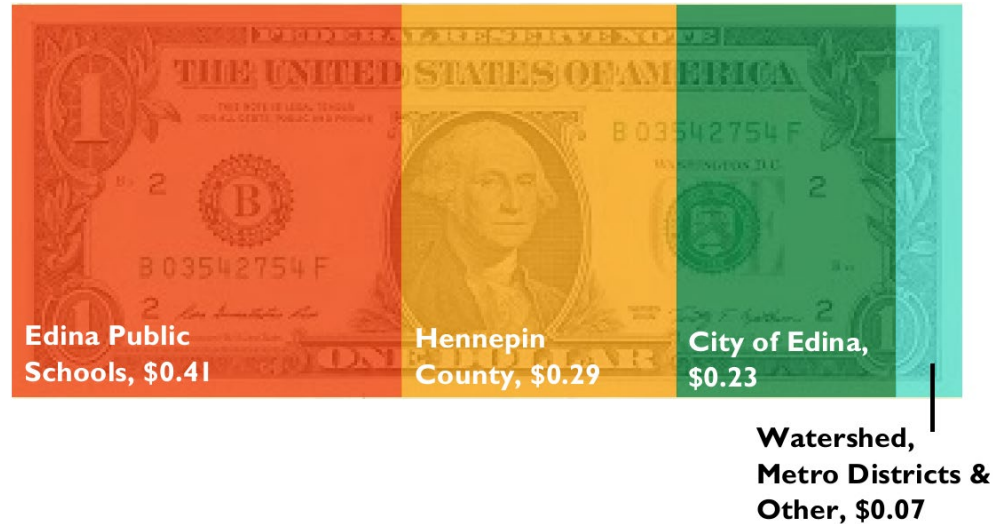
Why Financial Reporting Matters

- Fosters informed policy decisions
- Impacts service levels, tax impacts & capital planning
- Builds confidence amount constituents
- Creates alignment on long-term goals



The Reporting Challenge

- Varied financial literacy levels
- Excessive data vs. insufficient detail
- Timing delays
- Complex fund structures
- Need for clear storytelling with numbers





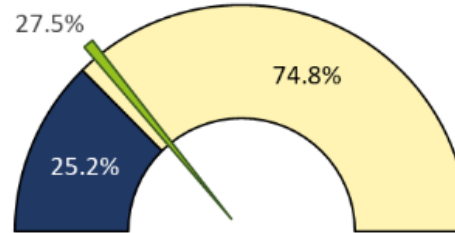
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CORE PRINCIPLES OF EFFECTIVE REPORTING

What Good Reporting Looks Like

- Concise
- Relevant
- Balance of timeliness & accuracy
- Understandable
- Decision-focused

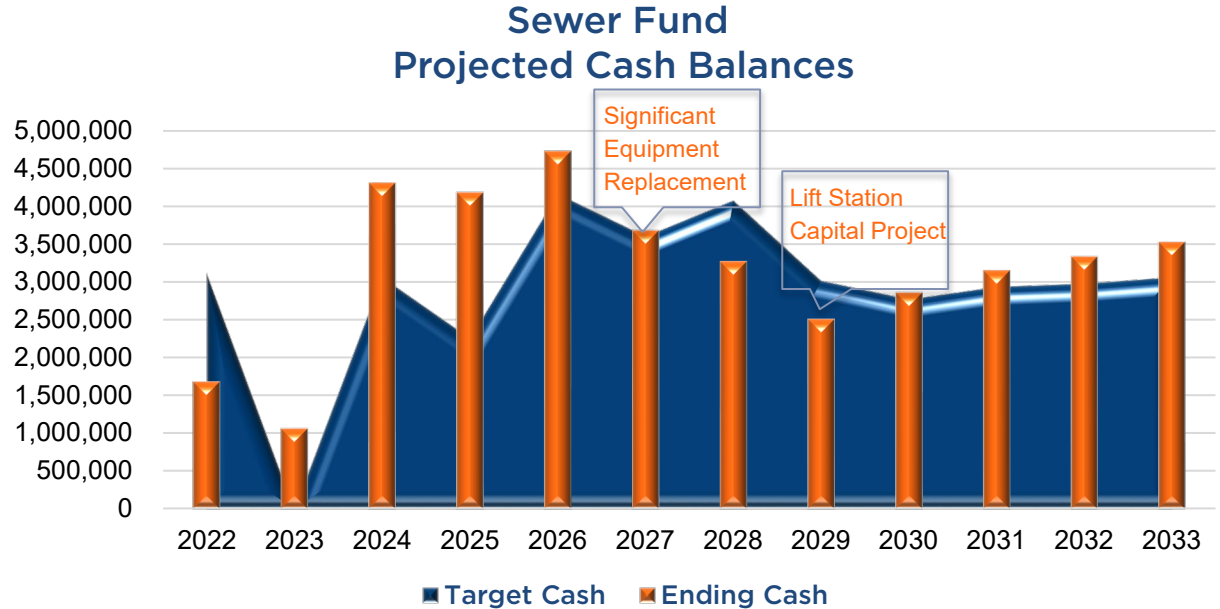
Major Revenues as a % of Budget Complete
(Seasonally Adjusted Budget)



Major Revenues Dashboard				
Revenue	vs. Last Year		vs. Adj Budget	
Total Budget		\$35,551,020		\$36,943,306
YTD Adjusted Budget		\$9,577,031		\$9,315,092
YTD Actual	● 28.5%	\$10,147,063	● 27.5%	\$10,147,063
Over/(Under)	● 6.0%	\$570,033	● 8.9%	\$831,971
Sales Tax (MST & HMR)	● 14.0%	\$667,348	● 17.5%	\$813,082
Amusement Tax	● -12.7%	(\$188,303)	● -10.2%	(\$147,114)
Food & Beverage Tax	● 12.6%	\$91,167	● 13.9%	\$99,961
Hotel Tax	● 9.3%	\$57,547	● 7.5%	\$47,554
Income Tax	● 9.9%	\$167,228	● 7.3%	\$126,521
Use Tax	● -79.7%	(\$224,954)	● -65.3%	(\$108,034)

Why Context is Critical

- Explains why numbers changed
- Uses comparisons, trends & benchmarks
- Translate data into insights



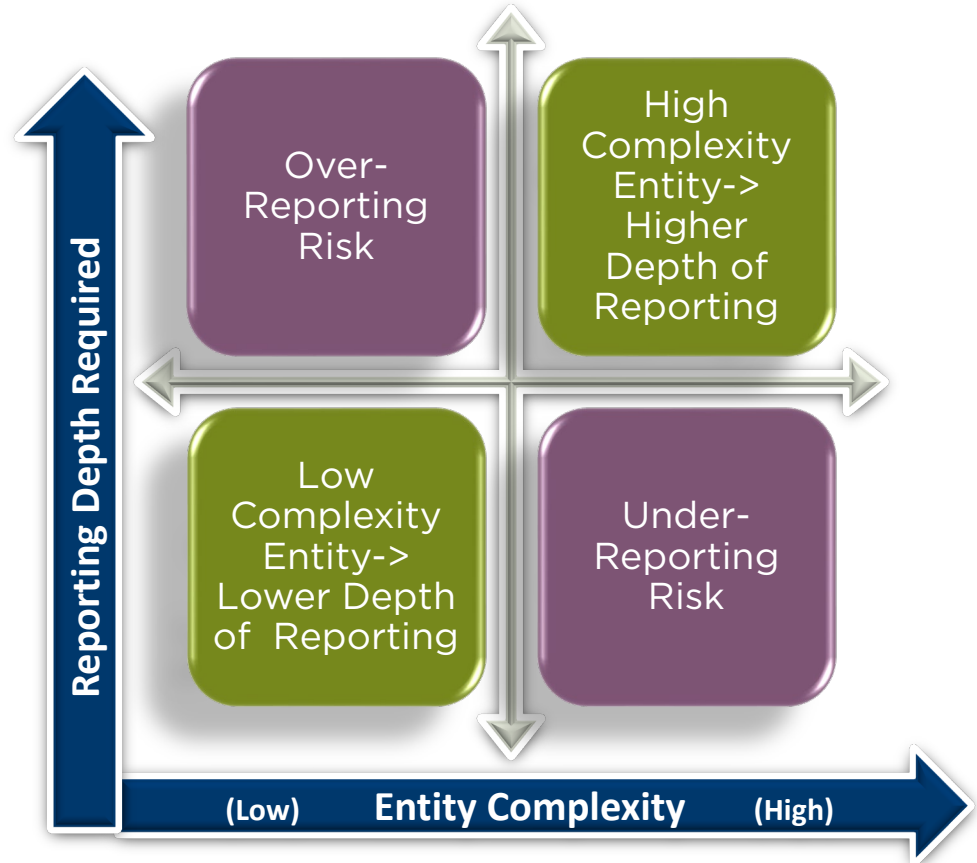
Why More Information Isn't Better Information

- Present summary-level data
- Use dashboards rather than line-item detail
- Offer additional detail “on request”



How Much Should We Report?

- Considerations:
 - ✓ Audience knowledge
 - ✓ Size & Complexity
 - ✓ Number of funds
 - ✓ Type of funds
 - ✓ Special circumstances
 - Major projects
 - Economic changes



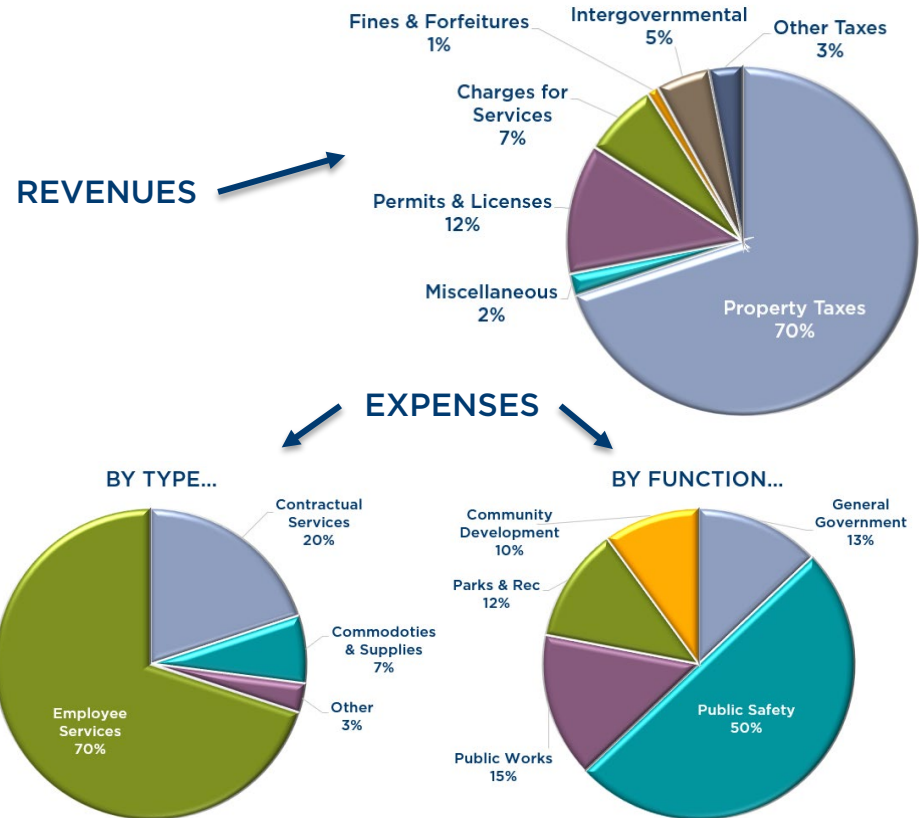


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GENERAL FUND REPORTING

The Role of the General Fund

- Core services funding
- Primary interest for elected officials
- Key performance indicators



Recommended Reporting Frequency

- Quarterly = Minimum Standard
- Monthly for complex municipalities
- Align reporting with major revenue cycles



Key General Fund Metrics

- Revenues vs. expenditures
- Variance to budget
- Year over year comparisons
- Fund balance ratios
- Revenue/expense per capita

Fund	Description	Requirement	Measurement	Basis
General	Small Local Governments	> \$500,000	Credit Rating Agency Req.	Fund Balance
	All Others	42%-50%	Subsequent Year Expenditures	
Special	Property Tax Supported	25%-50%	Subsequent Year Expenditures	
	Other Revenues	0%-50%		
Capital	Equipment & Improvements	25%-35%	Five-Year Rolling Average	
Enterprise	Public Utility	Varies	Six-Months Operating + Debt Service + Capital Projects	Cash Balance
	Other			

REVENUE OR EXPENSE PER CAPITA:
Revenue or Expense/Population

Timing Matters! Examples of Variability

- Seasonal spending patterns
- Capital reimbursement timing
- Grant cycles



Winter

- Snow Plowing
- Road Maintenance



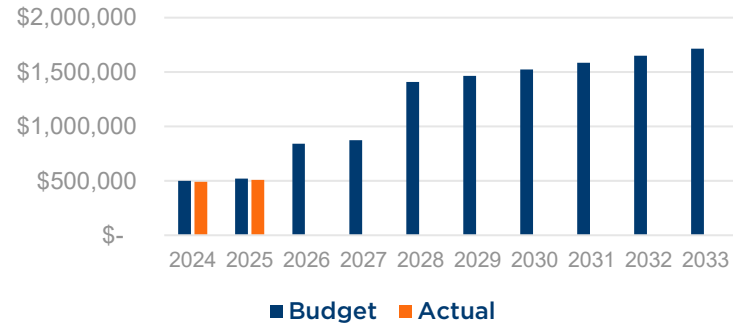
Summer

- Capital Projects
- Road Maintenance
- Parks Maintenance

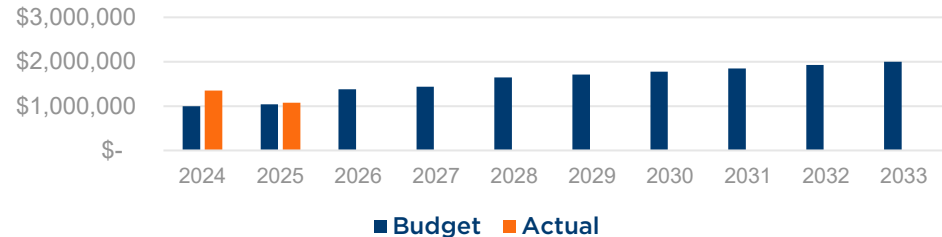
Summary-Level Reporting

- Department-level analysis
- Category-level spending
- High-level trends & anomalies, big picture perspective
- Granular info used as backup
- Saves time & reduces confusion

Employee Services



Police Expenses





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PROPRIETARY FUNDS

What are Proprietary Funds?

Enterprise Funds

- Business-like activities
- User fees fund operations
- Utilities most common example

Internal Service Funds

- Funded internally
- Use of service & budget inform internal fees

Reporting Frequency for Enterprise Funds

- Link reporting to billing cycles (monthly/quarterly)
- Real-time detection of billing discrepancies
- Seasonal impacts (golf courses, aquatic centers, and water and sewer utilities)
- Irregular spending (inventory becomes cost of goods sold)



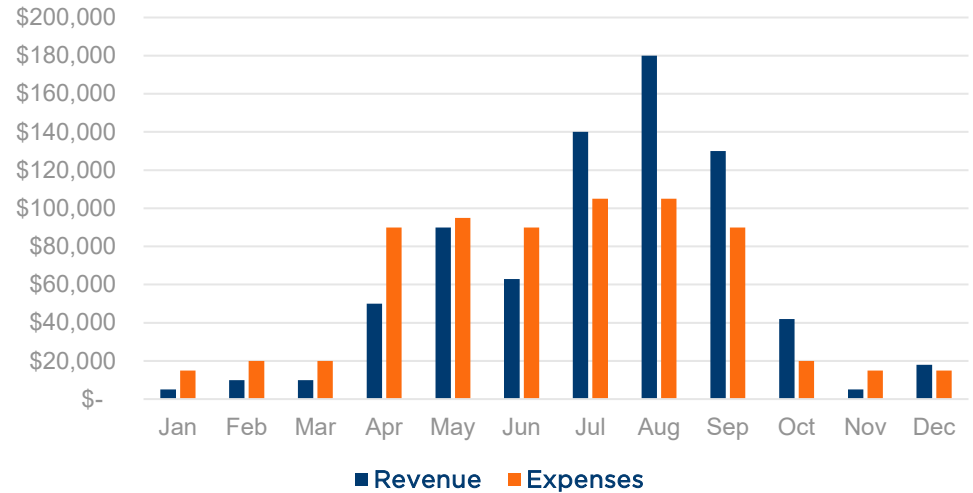
Reporting Frequency for Enterprise Funds

Enterprise Fund	Typical Billing Revenue Pattern	Recommended Reporting Frequency	Key Reason
Water, Sewer, Electric, Gas	Monthly, Bi-Monthly or Quarterly Billing	Monthly	High volume, Seasonal impacts, regulated rates, debt coverage, Usage volatility, energy cost exposure
Liquor Store	Daily Sales (Seasonal)	Monthly	Margin sensitivity, inventory management
Stormwater	Quarterly or Annual Charges	Quarterly	Stable revenues, limited volatility
Golf Course	Seasonal, Daily Fees	Monthly (In-Season) Quarterly (Off-Season)	High seasonality, weather sensitivity
Swimming Pool Aquatics	Seasonal Passes & Admissions	Monthly (In-Season)	Short operating window, cost recovery focus
Civic Center, Ice Arena	Rentals, Events, Programs	Quarterly / Monthly if volatile or highly seasonal)	Revenue depends on utilization
Airport, Transit	Mixed (leases, fuel, fares)	Quarterly	Contract-based revenues, fuel volatility

Assessing Sustainability

- Multi-period trends
 - ✓ Annual
 - ✓ Monthly or seasonally
- Operating margin
- Cash position & Liquidity
- Debt service coverage ratio (if debt is present)

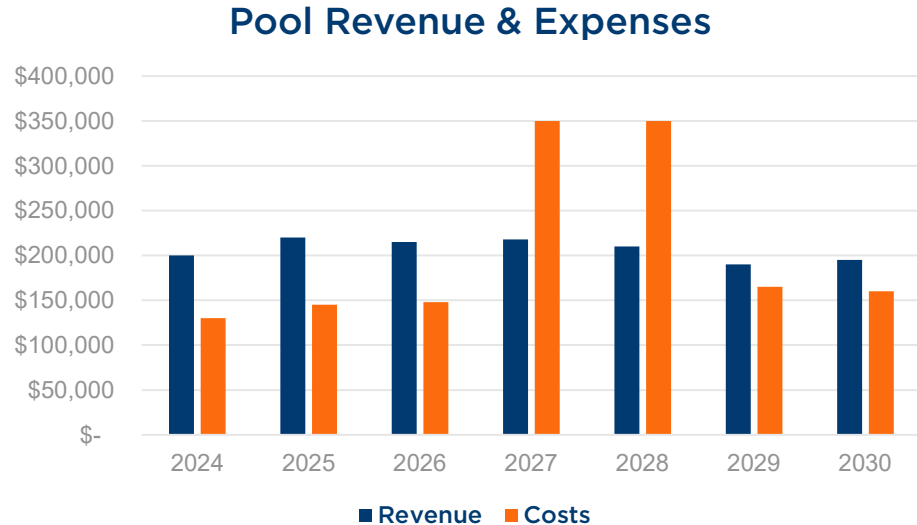
Golf Fund: Revenues & Expenses by Month



Annual Totals	
Revenue	\$ 743,000
Expenses	680,000
Net Income	\$ 63,000

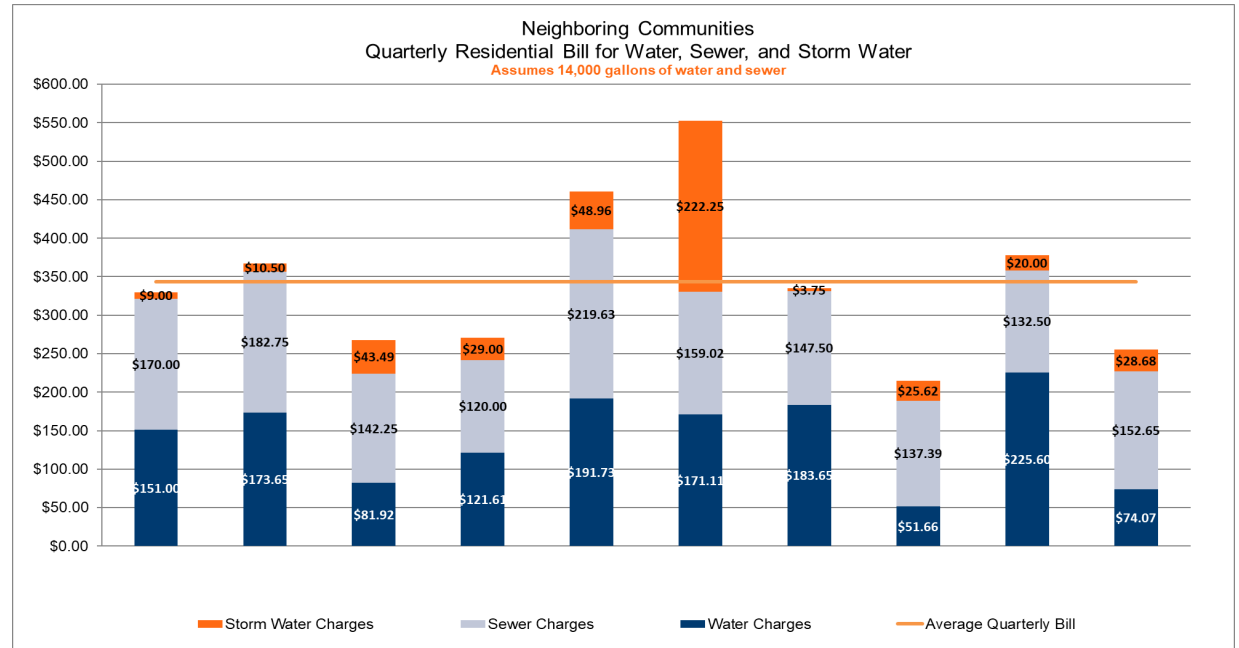
When to Consider Fee Adjustments

- Structural deficits such as recurring shortfalls
- Rising operating costs
- Declining usage & consumption trends
- Long-term capital needs



Leverage Rate Comparisons Carefully!

- Benchmarking can be helpful – BUT –
 - ✓ Each community's system is unique
 - ✓ Costs & asset age vary greatly



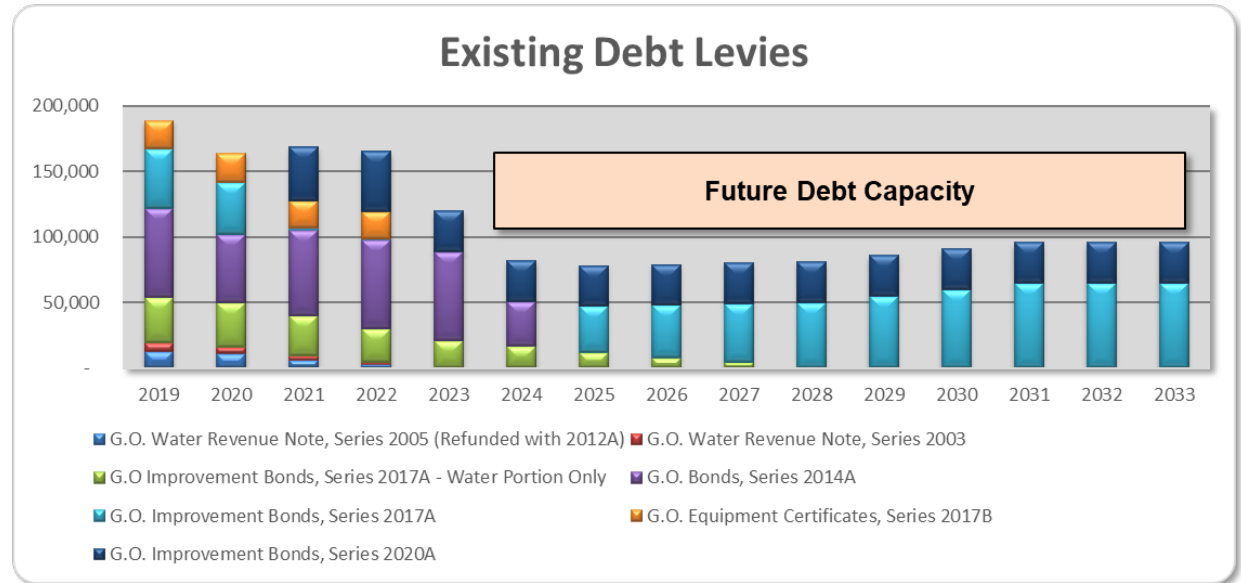


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DEBT & LIABILITY REPORTING






Debt as a Strategic Tool

- Not a negative when used correctly
- Enables long-term capital investment
- Must be understood & monitored



Key Debt Metrics

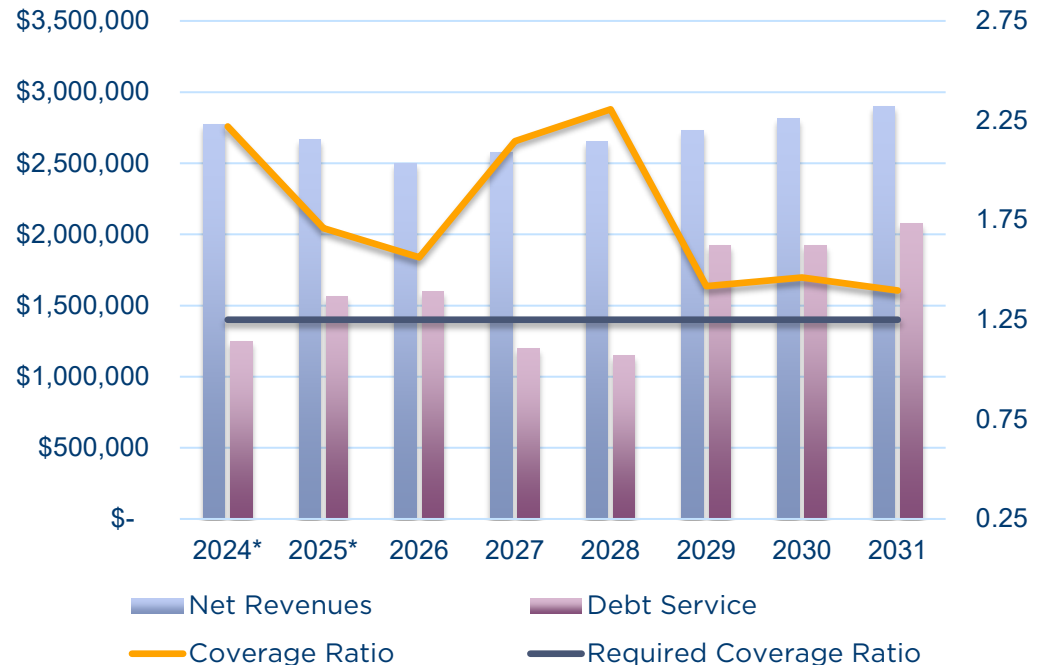
- Debt per capita
- Debt as percentage of market value
- Debt service less than or equal to 25% of General Fund
- Years to retire 50% of principal

Metric	Current	Policy / Benchmark	Status
Debt per Capita	\$2,523	Peer Median: \$3,169	
Debt as % of Market Value	0.861%	Statutory Max*: ≤ 3.0%	
Debt Service % of GF Expenditures	11%	Policy: ≤ 25%	
Years to retire 50%	8.63 years	Policy: ≤ 10 years	
Legal Debt Limit Used	10.2%	Policy Max: 75%	

Revenue Debt & Coverage Requirements

- Net revenues vs. debt service
- Typical minimum debt service coverage ratio: 125%
- Combined debt service coverage ratio (GO + revenue): >110%
- What low debt service coverage ratio signals

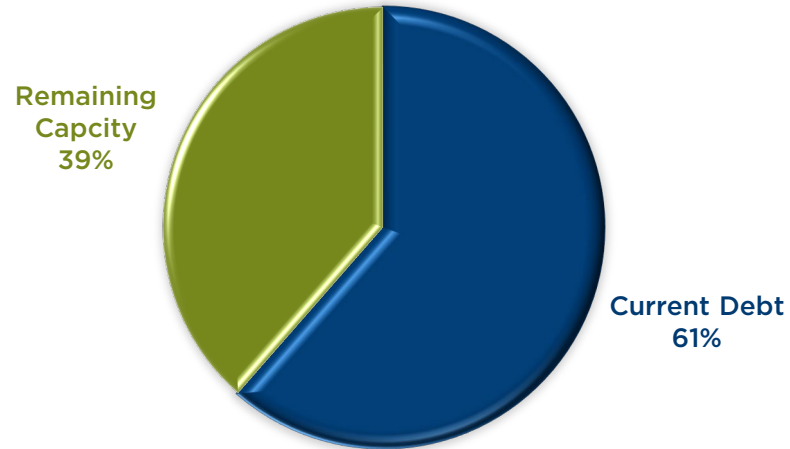
Debt Service Coverage Ratio
(Actual & Projected)



Understanding Debt Capacity

- Statutory limits
- Retaining 10–20% reserve capacity
- Small jurisdictions may focus on absolute dollars

TOTAL DEBT CAPACITY = \$35 MILLION



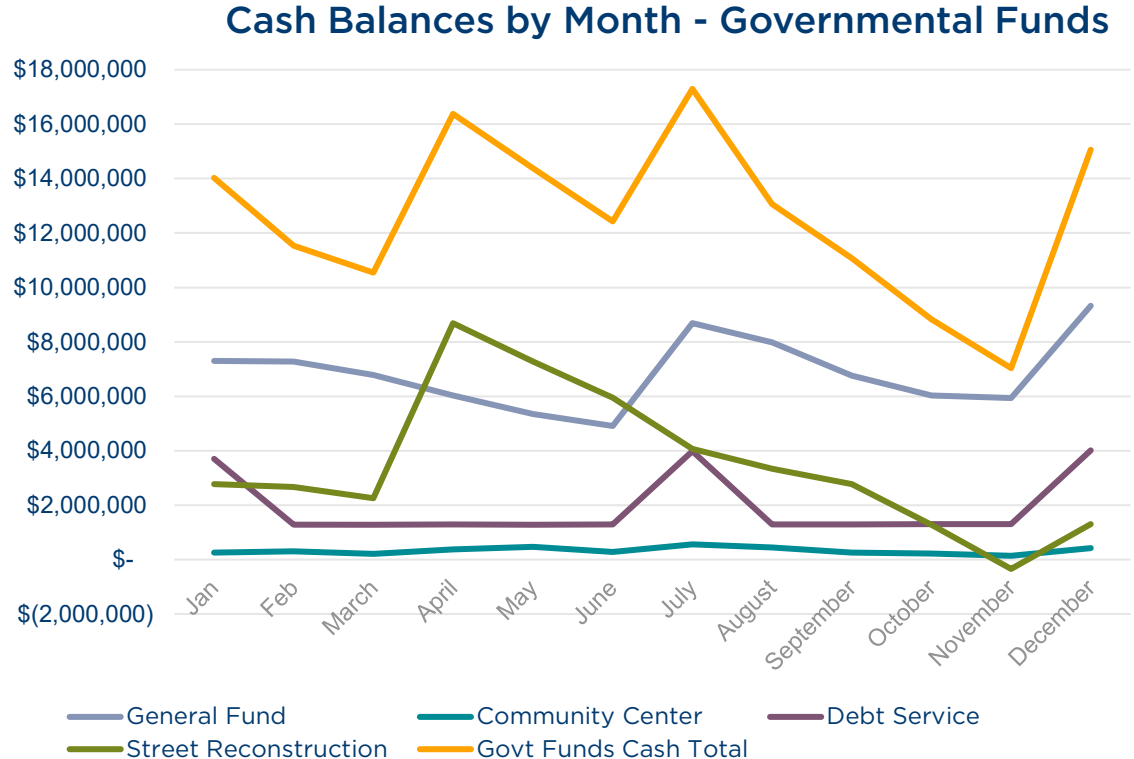


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CASH & INVESTMENT REPORTING

Cash Reporting Best Practices

- Monthly reconciliations
- Cash by Fund
- Monitoring interfund borrowing
- Detecting early warning trends



Investment Reporting Essentials

- Quarterly summaries
- Detailed annual report
- Asset class mix
- Weighted average maturity & credit quality
- Market vs. book value
- Earnings & projections



Investment Reporting Essentials

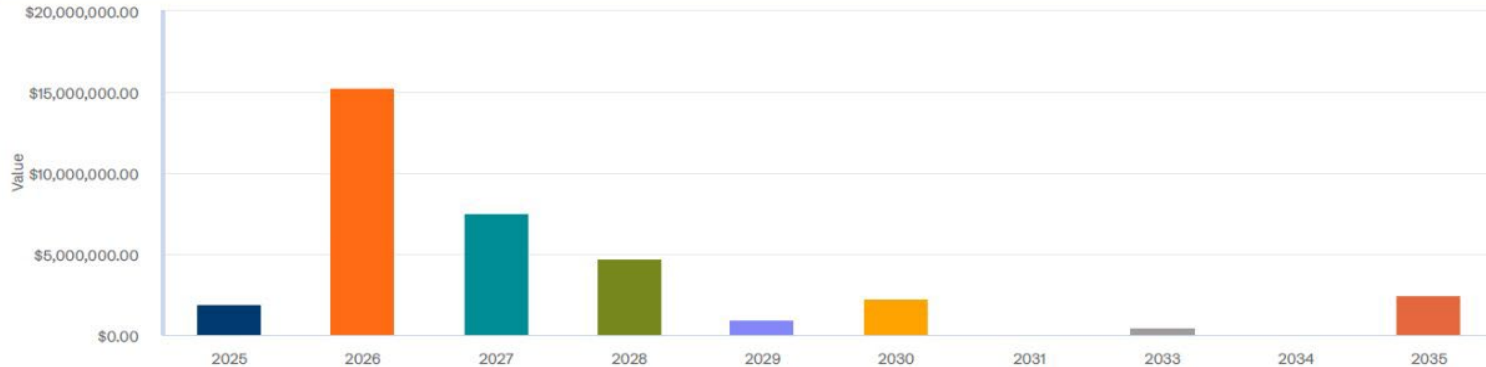
Fixed Income Summary Information

Market Value	\$35,526,943.56	Average Duration	1.98
Accrued Interest	\$252,618.31	Average Maturity	2.08
Market Value With Accrued Interest	\$35,779,561.87	Avg Rating	Aa1
Projected Income Next 12 Months	\$952,360.30	Yield to Maturity Market	4.13%
Coupon Income Paid (Period)	\$387,329.52	Yield To Maturity Cost	3.58 %

Asset Class Allocation

Asset Class	Market Value
Agency Bond	\$18,076,352.15
Municipal Bond	\$9,960,764.50
Money Market-Taxable	\$5,185,528.24
Treasury Bond	\$4,764,102.84
Commercial Paper	\$1,982,040.00
CD	\$741,497.22
Principal Paydown	\$2,186.85

Maturity Year Bar Graph



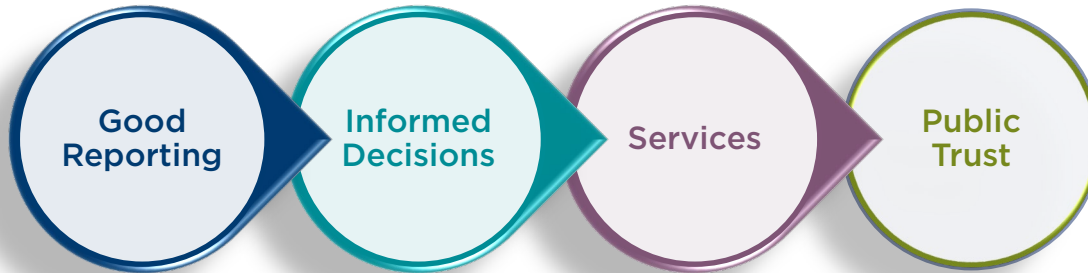


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IMPACT & VALUE OF STRONG REPORTING

Benefits to the Governing Body

- Better decision-making
- Informed debates
- Fewer surprises
- Greater confidence



Benefits Beyond Your Borders



RATING AGENCY
TRANSPARENCY



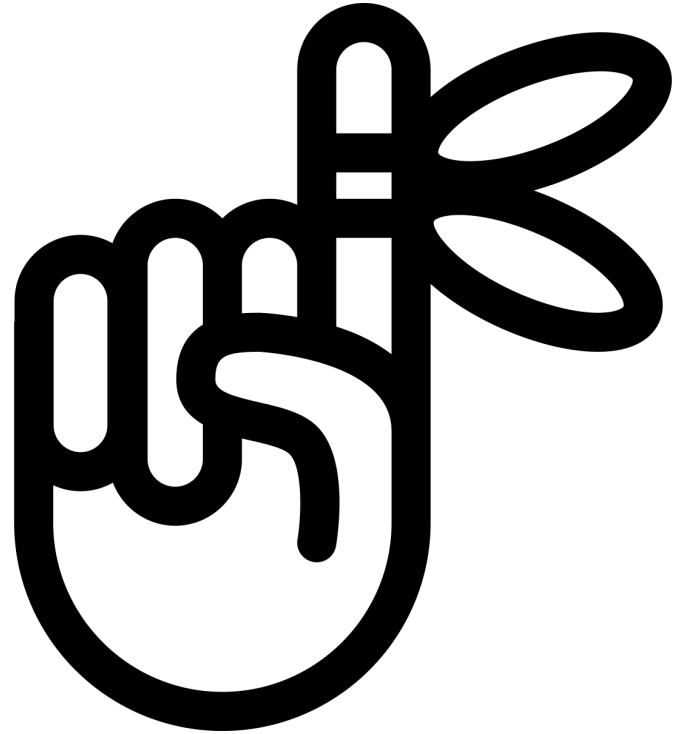
IMPROVED
FINANCIAL POSITION



STRONGER LONG-
TERM PLANNING

Always Remember...

- Tailor reporting
- Focus on clarity & trends
- Use appropriate metrics
- Report regularly
- Strengthen trust & transparency





Download the Presentation



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