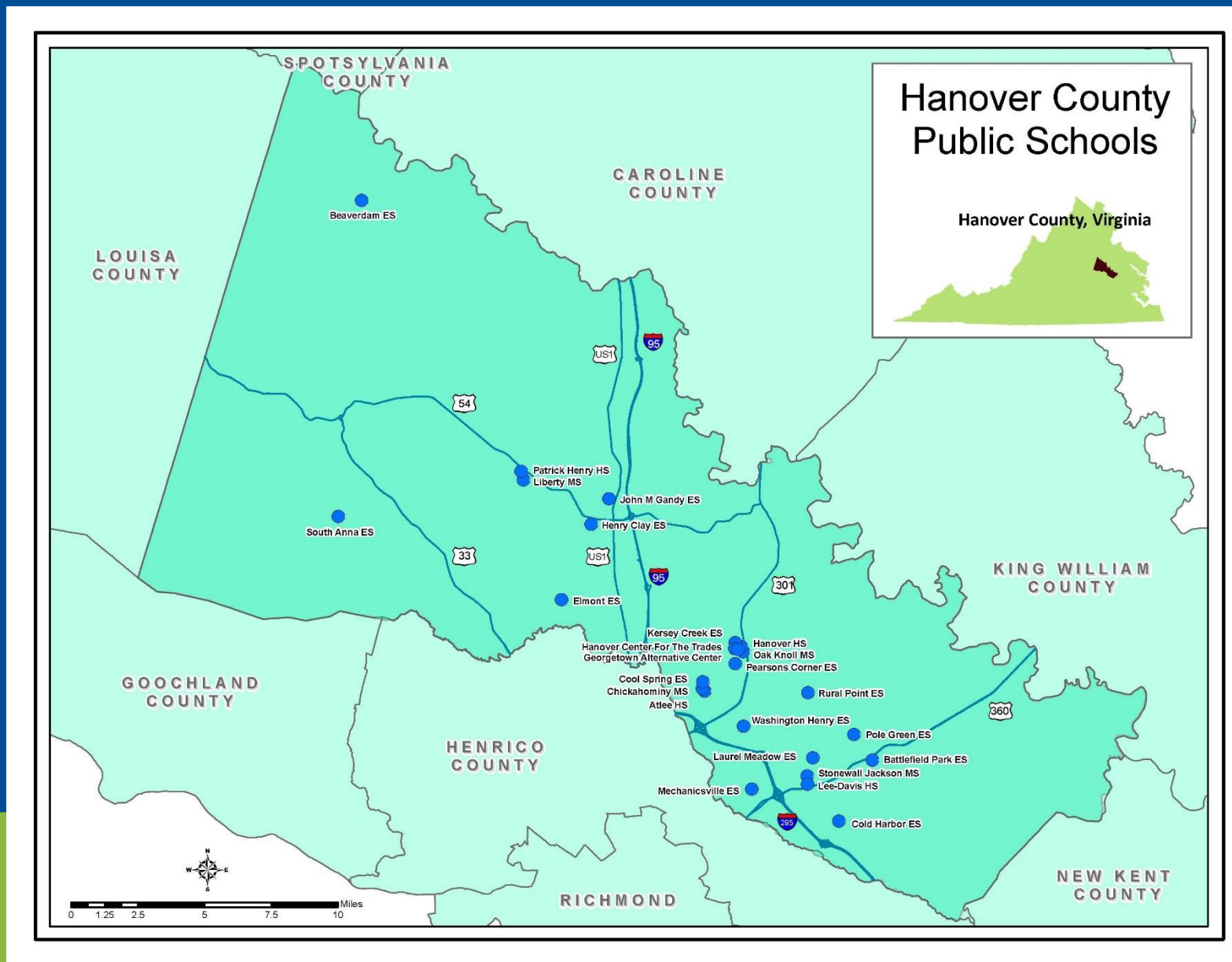


Your

**Government Finance Officers Association of the
United States & Canada**

Hanover County, Virginia



To advance excellence
in
government finance

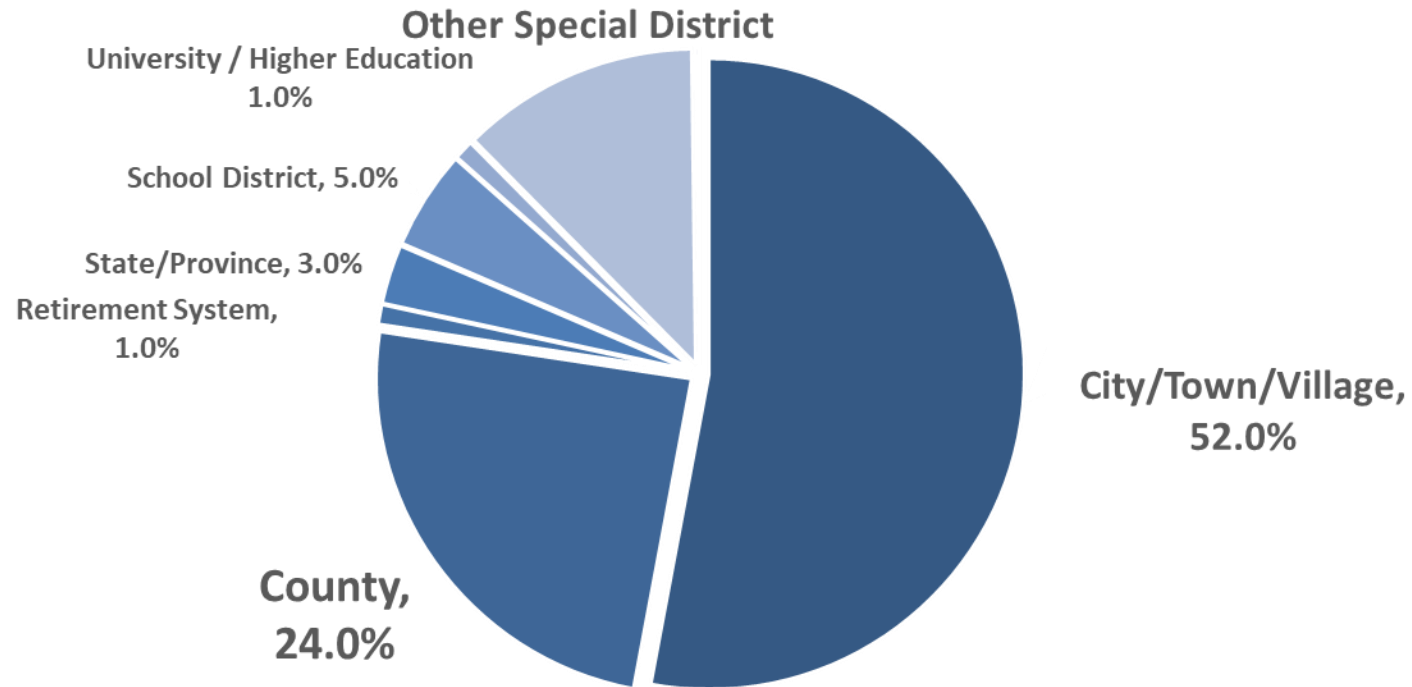
GFOA

A little bit about GFOA...

- Established in 1906
- 20,500 Members
- Based in Chicago
- Product and Services
 - Best Practices
 - Annual Conference
 - Publications
 - Training
 - Award Programs
 - Consulting
 - Research



Current membership 20,500



Population Served	% of Total
< 10,000	9.87%
10,000 – 49,999	26.69%
50,000 – 99,999	16.31%
100,000 – 299,999	19.38%
300,000 – 499,999	7.26%
500,000 – 999,999	8.44%
> 1,000,000	10.07%

Title of GFOA Members	% of Total
Chief Financial Officer (Finance Director)	44.0%
Comptroller/Controller/Accounting Manager	14.5%
Accountant	9.9%
Analyst (Budget / Management)	6.3%
Budget Director	5.3%
Treasurer	4.2%
Chief Executive Officer (City Manager, Exec Dir)	2.7%

GFOA Strategic Roles



GFOA Best Practices

Best Practices by Topic

- › Financial Policies
- › Accounting & Financial Reporting
- › Budgeting & Financial Planning
- › CIP / Economic Development
- › Debt Management
- › Financial Management
- › Pension & Benefit Administration
- › Technology
- › Treasury and Investment Management



Government Finance Officers Association

BEST PRACTICE

Debt Management Policy

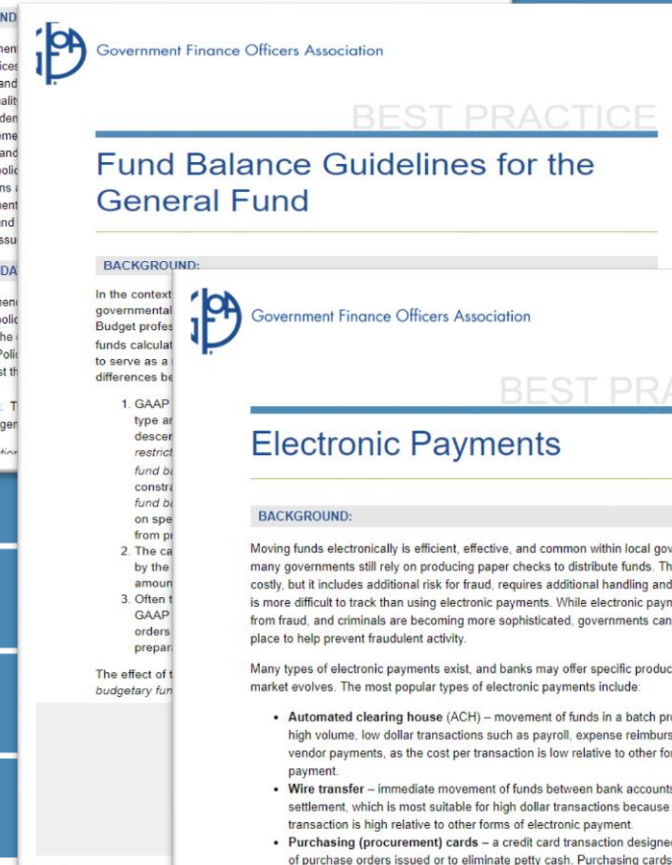
BACKGROUND

Debt management issuance practices debt portfolio, and improve the quality issuance, and den a debt manage well managed and management polic financing options i debt management transparency and regarding the issu

RECOMMENDATIONS

GFOA recommen management polic To assist with the Management Polic address at least th

1. **Debt Limits.** T of debt. Limits ger a. Local restrictions



Government Finance Officers Association

BEST PRACTICE

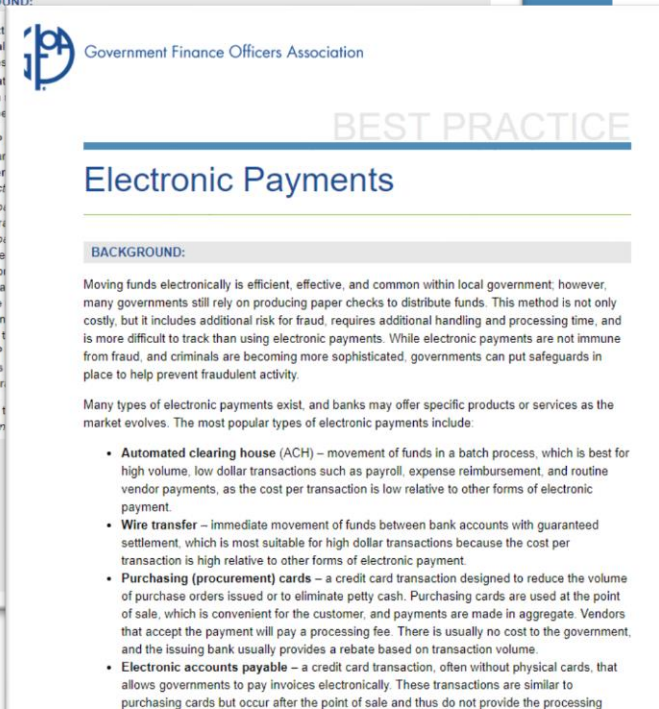
Fund Balance Guidelines for the General Fund

BACKGROUND:

In the context governmental Budget profes funds calculat to serve as a differences be

1. GAAP type ar descried restrict fund bi constr fund bi on spe from pi
2. The ca by the amount
3. Often t GAAP orders prepar

The effect of t budgetary fun



Government Finance Officers Association

BEST PRACTICE

Electronic Payments

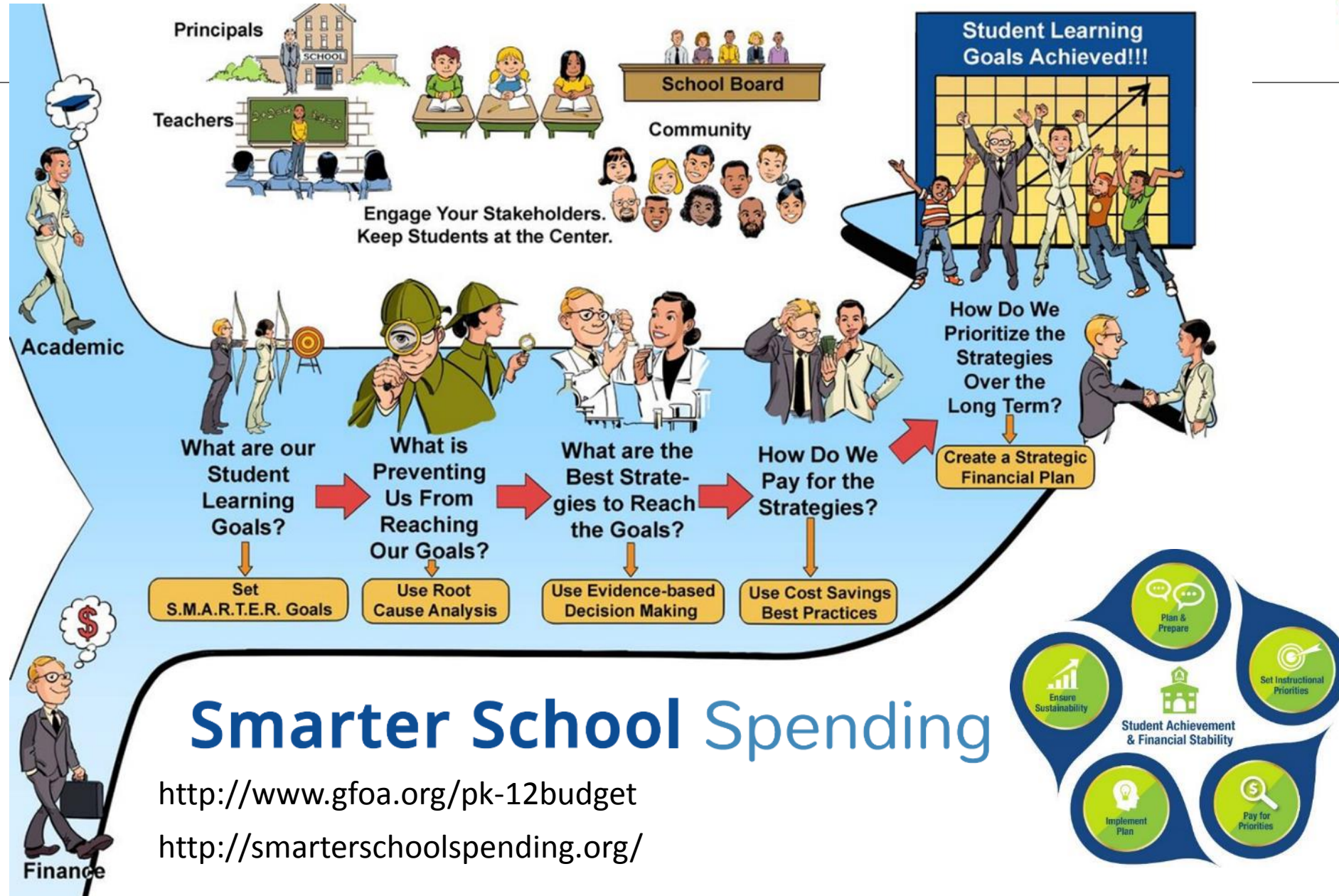
BACKGROUND:

Moving funds electronically is efficient, effective, and common within local government, however, many governments still rely on producing paper checks to distribute funds. This method is not only costly, but it includes additional risk for fraud, requires additional handling and processing time, and is more difficult to track than using electronic payments. While electronic payments are not immune from fraud, and criminals are becoming more sophisticated, governments can put safeguards in place to help prevent fraudulent activity.

Many types of electronic payments exist, and banks may offer specific products or services as the market evolves. The most popular types of electronic payments include:

- **Automated clearing house (ACH)** – movement of funds in a batch process, which is best for high volume, low dollar transactions such as payroll, expense reimbursement, and routine vendor payments, as the cost per transaction is low relative to other forms of electronic payment.
- **Wire transfer** – immediate movement of funds between bank accounts with guaranteed settlement, which is most suitable for high dollar transactions because the cost per transaction is high relative to other forms of electronic payment.
- **Purchasing (procurement) cards** – a credit card transaction designed to reduce the volume of purchase orders issued or to eliminate petty cash. Purchasing cards are used at the point of sale, which is convenient for the customer, and payments are made in aggregate. Vendors that accept the payment will pay a processing fee. There is usually no cost to the government, and the issuing bank usually provides a rebate based on transaction volume.
- **Electronic accounts payable** – a credit card transaction, often without physical cards, that allows governments to pay invoices electronically. These transactions are similar to purchasing cards but occur after the point of sale and thus do not provide the processing

Best Practices in School Budgeting





GFOA Member Survey: Key Challenges

Rank	Challenge
1	Declining or limited revenue
2	Unstable revenue
3	Cost of new infrastructure
4	Pension costs/liabilities
5	Health care costs
6	Uncertainty with state government
7	Maintain existing infrastructure
8	Attracting qualified staff
9	State/Federal regulations
10	Cyber-security



National Training

Financial Policies

Budgeting & Financial Planning

Capital Planning/Infrastructure

Debt Management

Financial Management

Pension & Benefit Administration

Technology/ERP

Treasury & Investment Management

Accounting & Financial Reporting

GFOA Consulting

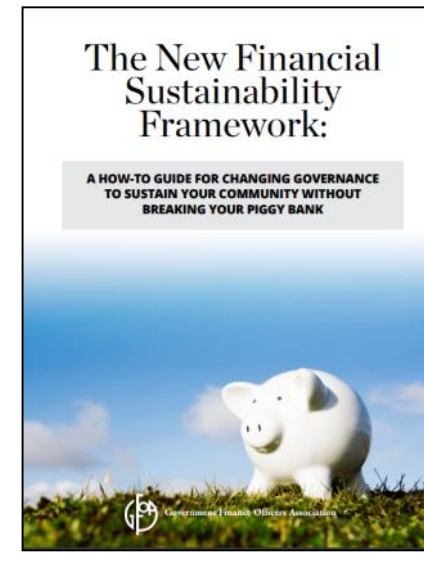
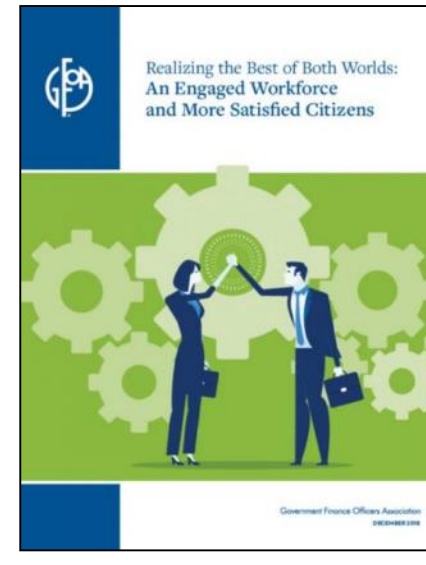
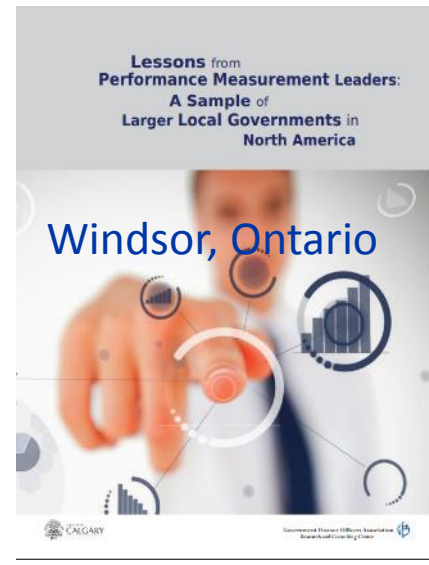
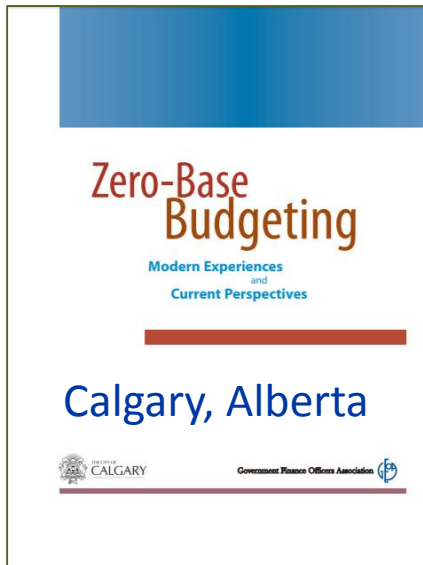
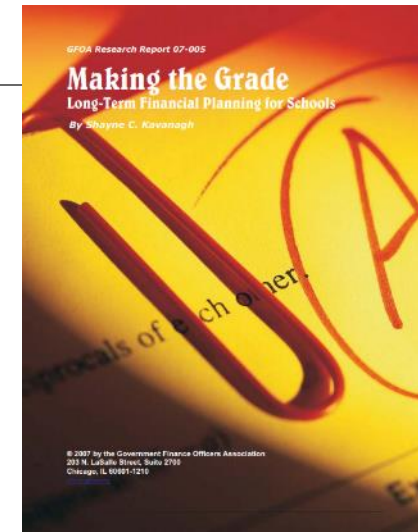
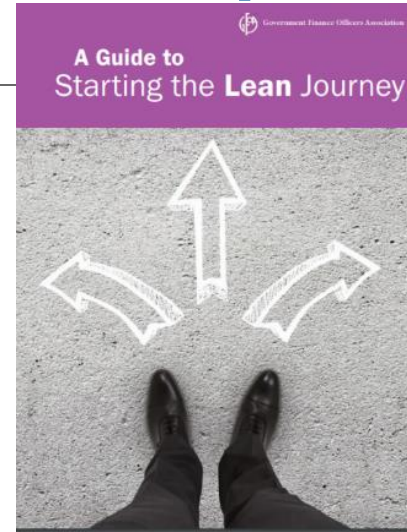
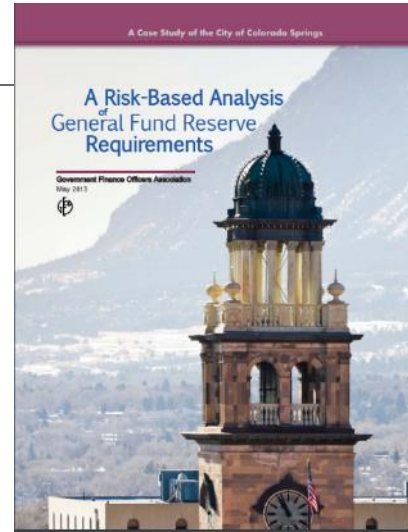
GFOA has become a recognized leader in the ERP system market generating value for clients through:

- Software selection / contract negotiations
- Reducing costs
- Reducing risk during implementation
- Providing best practice recommendations for improving business processes

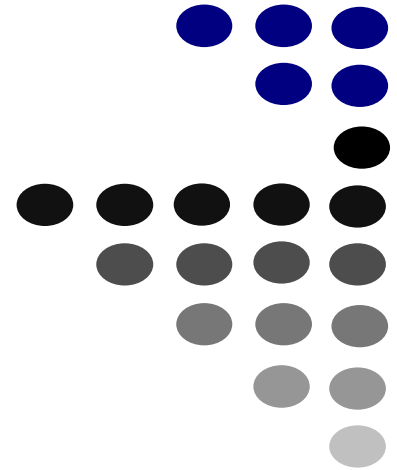


**‘We’ve always done it this way’
 Helping Find a Better Answer to those ‘Why?’ Questions
 GFOA.ORG/CONSULTING**

Research Reports



Financial Foundations For Thriving Communities



Beyond the Bottom Line

maintaining a Strong Financial
Foundation is a perennial concern

7 of 10

Top member concerns relate to it

Progress has been made

90% have a rainy day reserve

75% have a debt policy

55% forecast at least 3 to 5 years

This problem
hasn't been
solved though



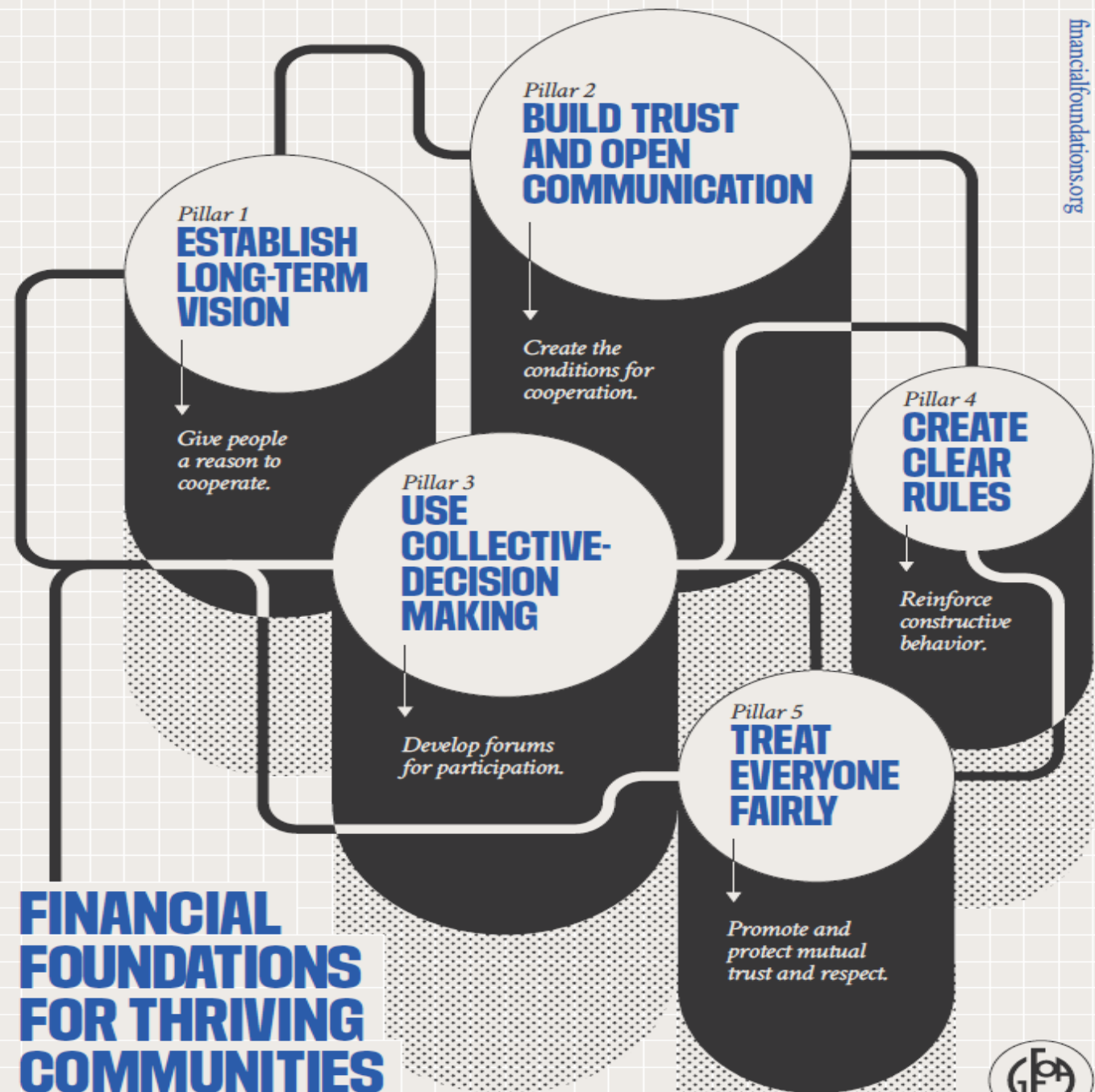
Aging Infrastructure



Pensions



Intergovernmental Uncertainty



FINANCIAL FOUNDATIONS FOR THRIVING COMMUNITIES



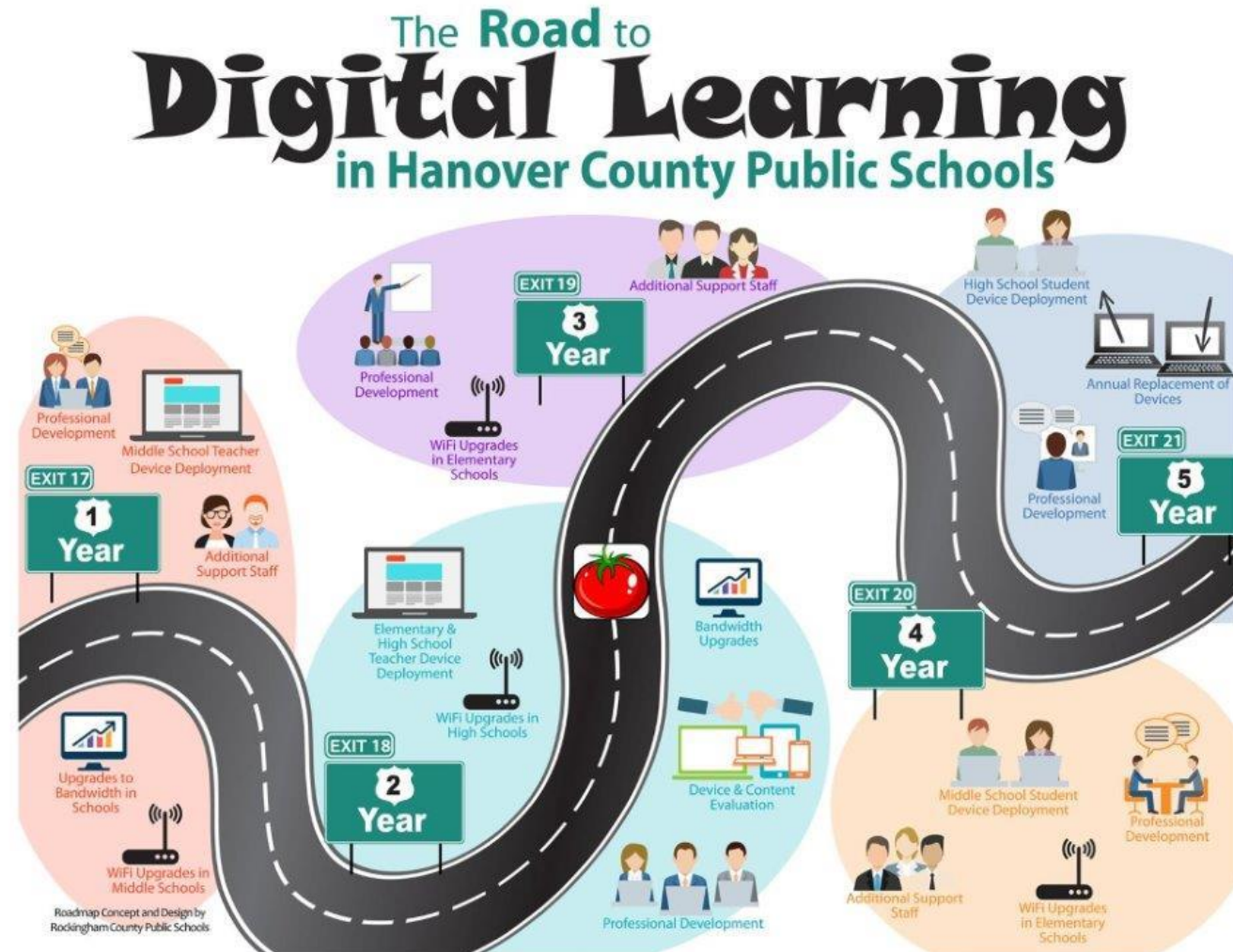
- **Promote Collaboration.** The only thing better than an inspiring vision is an inspiring shared vision. Turn stakeholders into co-creators as you define the long-term vision.
- **Balance Long-Term Goals with Short-Term Needs.** Seek balance in all things. Advocate for both the big picture and day-to-day needs.

Hanover County Public Schools LRP: 2017-2023



- Goal 1 – Provide social, cultural, emotional, and educational equity to maximize student potential.
- Goal 2 – Provide diverse learning experiences that address students' interests and goals.
- Goal 3 – Embrace innovation in all aspects of education by developing new ideas, exploring opportunities, and implementing strategies.
- Goal 4 – Create an environment of mutual trust in which all employees feel supported, empowers, valued and engaged.
- Goal 5 – Strengthen and expand community engagement.
- Goal 6 – Provide a safe inclusive, learning environment that engages all students.

Hanover County Public Schools Long Range Technology Plan



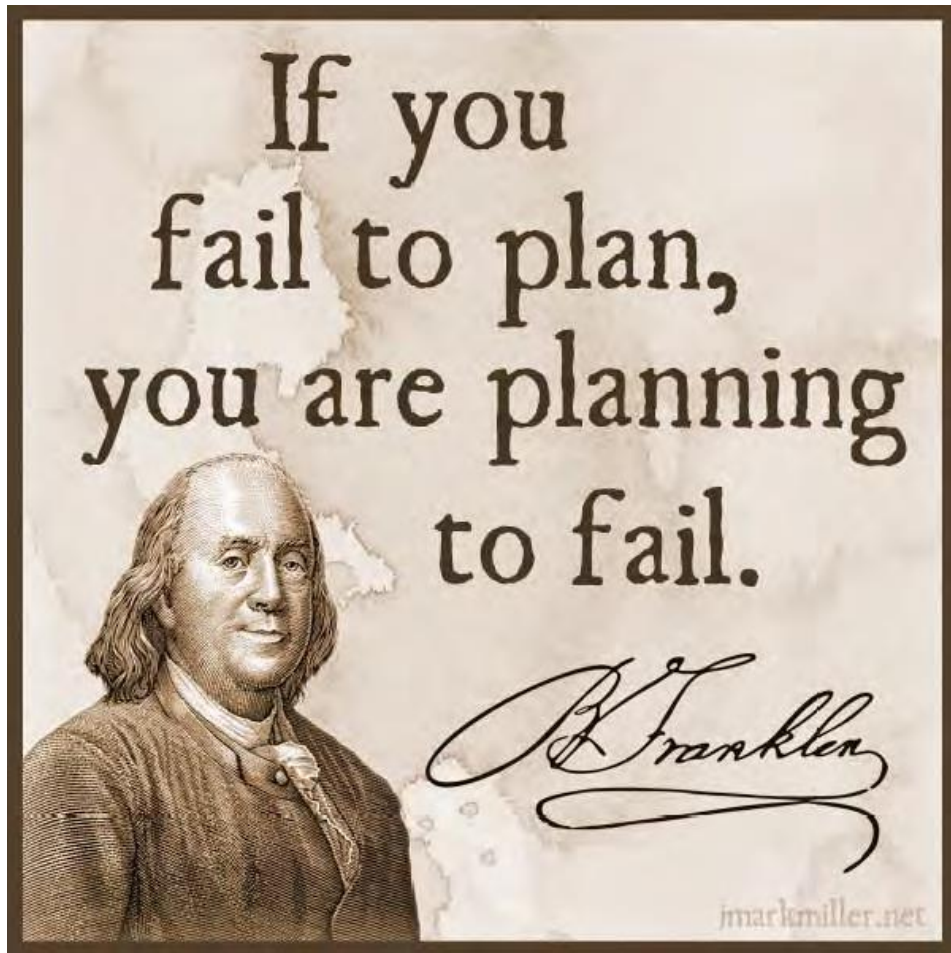
Hanover County Public Schools LRP: 2017-2023



- Goal 3 – Embrace innovation in all aspects of education by developing new ideas, exploring opportunities, and implementing strategies.
 - Identify and utilize resources needed to encourage innovation.
 - By **Spring 2017**, identify an **Innovation Leader in each school** to champion opportunities for innovation and encourage ideas for instruction.
 - By **Fall of 2017**, create a **division professional learning community** focused on innovation in order to investigate and develop learning models, activities, and structures for schools.
 - By **Fall of 2018**, **utilize Innovation Leaders to build capacity** in every school via modeling, peer observations, and co-teaching on learning, project-based learning, self-directed learning models, and skills-based instruction.



Hanover County, Virginia



When everything is a priority,
nothing is a priority

Budget requests must
demonstrate advancement of the
LRP.

LESSONS

- Provide big-picture context for the budget – LRP
- Actively encourage engagement in the process
- Use a budgeting format that helps people see the value from public services
- Citizen engagement can help local governments achieve community goals in a way that is acceptable to the public
- A better budget is not necessarily a more complex budget



**BUILD TRUST AND OPEN
COMMUNICATION**

THE CONVENTIONAL WISDOM





Peak Experiences Matter Most

EXAMPLES OF PEAK EXPERIENCES

Zero tolerance for
unethical
behavior

Owning mistakes

Delivering ***bad news*** well



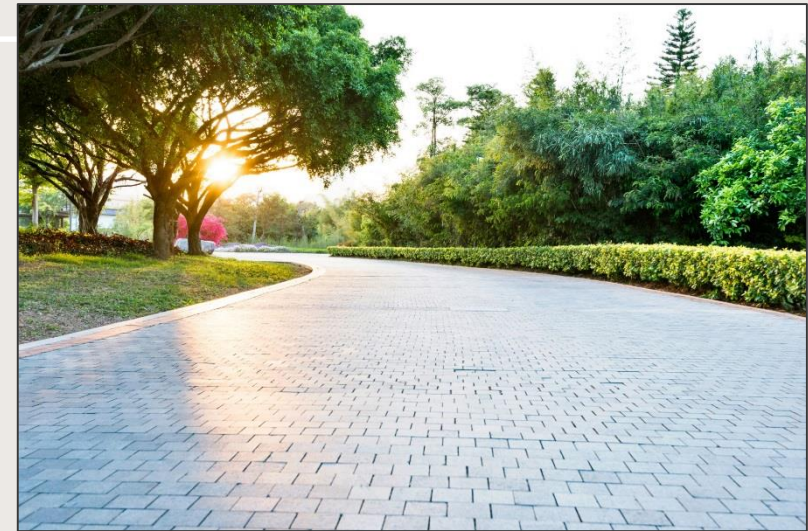
Be prompt

Be straight

Provide solutions

BUILDING TRUST WITH DEPARTMENTS

- Departments pad budgets to manage risk
- Across all departments this really adds up
- So, provide support for the unexpected





**USE COLLECTIVE
DECISION MAKING**

“The standard process called for our City manager to work behind closed doors until she proposed a budget to the elected body, which then held public hearings. Insiders could object to proposed cuts, and new cuts were substituted – too late for opposition to gather or be effective. That process favors insiders and leads to conflict, pitting individuals against each other and against their own elected representatives.”



HOW CITIZENS CONTRIBUTE TO GOOD DECISIONS

- Most qualified to frame value conflicts
- They are uniquely placed to adjudicate trade-offs
- Slows the decision-making process down

“Sometimes you need to go slow to go fast”





CREATE CLEAR RULES

FINANCIAL POLICIES

- Guidelines for operational & strategic decision making
—Ideally, adopted by the governing board
- Identify acceptable, preferred and / or unacceptable courses of action
- Provide a standard to judge performance



KEY POLICIES

- **General Fund Reserves**
 - Target amount of reserves
 - The conditions for using reserves
- **Revenue**
 - The use of one-time revenues
 - Covering costs with user fees
- **Budgeting and Financial Planning**
 - Structurally balanced budget
 - Long-term planning



MORE KEY POLICIES

- **Capital Planning**
 - Develop a long-term capital improvement plan
 - Account for operating budget impacts
 - Commit to funding asset maintenance
- **Debt**
 - Acceptable uses
 - Limits on amount of debt
 - Maturity guidelines



POWER OF THE PURSE STRINGS

- Can budget authority be used to reward those who cooperate?
- Set expectations by what it means to cooperate



REMOVE BARRIERS TO DOING THE RIGHT THING

- Use-it-or-lose-it budgeting encourages unnecessary spending
- So, provide a constructive alternative





Pillar 5
**TREAT
EVERYONE
FAIRLY**

*Promote and
protect mutual
trust and respect.*

TREAT EVERYONE FAIRLY

Fairness Matters



PROCEDURAL JUSTICE

- Decisions are based on accurate information
- Transparent & consistent decision-making criteria applied equally
- Stakeholders given opportunity for input
- Mistakes are recognized & corrected



FINANCIAL FOUNDATIONS FRAMEWORK

Pillar 1
ESTABLISH LONG-TERM VISION

Give people a reason to cooperate.

Pillar 2
BUILD TRUST AND OPEN COMMUNICATION

Create the conditions for cooperation.

Pillar 3
USE COLLECTIVE DECISION MAKING

Develop forums for participation.

Pillar 4
CREATE CLEAR RULES

Reinforce constructive behavior.

Pillar 5
TREAT EVERYONE FAIRLY

Promote and protect mutual trust and respect.

WHAT'S NEXT?

WHY?

- Visit gfoa.org/financialfoundations
- Webinars
- Read the book

- Ensure a thriving community
- Be more resilient
- Become a leader in public finance

Join us at the 2020 Conference in New Orleans May 17 - 20





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Thank You

**Government Finance Officers Association of the
United States & Canada**