

Multiyear Financial Planning

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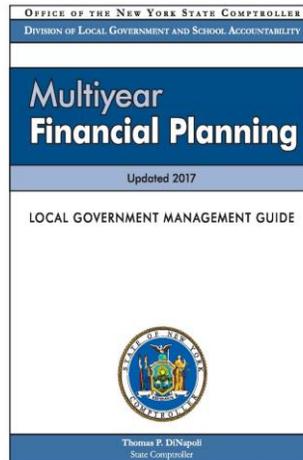
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1

1

Learning Objectives

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



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2

2

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?



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3

3

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



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4

4

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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5

5

Financial Plan Elements

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



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6

6

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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7

7

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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8

8

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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9

9

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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10

10

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)



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11

11

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.



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12

12

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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13

13

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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14

14

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.
- <https://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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15

15

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

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

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.

16

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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	\$5,862.40	\$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	\$252,714.69	\$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	\$28,971.06	\$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	\$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	\$1,260.00	\$1,260.00	\$10.00
A2262	Fire Protection Services Other Govts	\$49,800.00	\$49,800.00	\$49,800.00	\$49,800.00	\$50,796.00	\$996.00
A2389	Misc Revenue, Other Govts	\$595.80	\$2,005.04	\$2,227.89	\$2,002.90	\$1,148.80	-\$854.10

17

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

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
A10101	Legislative Board, Pers Serv	\$10,800.00	\$10,800.00	\$10,050.00	\$10,800.00	\$10,800.00	\$0.00
A10104	Legislative Board, Contr Expend	\$302.47	\$148.72	\$1,110.20	\$1,637.28	\$410.71	-\$1,226.57
A11701	Municipal Court, Pers Serv	\$7,717.00	\$7,717.00	\$7,717.00	\$10,250.00	\$9,568.30	-\$681.70
A11902	Municipal Court, Equip & Cap Outlay	-	-	\$248.98	-	-	-
A11104	Municipal Court, Contr Expend	\$2,817.30	\$4,256.42	\$5,297.52	\$2,430.04	\$2,923.63	-\$493.59
A11101	Mayor, Pers Serv	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00	\$5,400.00	\$0.00
A12102	Mayor, Equip & Cap Outlay	-	-	-	\$1,175.85	-	-
A12104	Mayor, Contr Expend	\$2,727.03	\$2,960.56	\$1,491.08	\$3,048.34	\$2,694.04	-\$354.30
A10251	Treasurer, Pers Serv	\$82,570.02	\$86,570.12	\$91,569.92	\$101,322.63	\$97,635.63	-\$3,687.00
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
A10354	Assessment, Contr Expend	\$271.20	\$272.00	\$1,264.92	\$275.39	\$269.20	-\$6.19
A10101	Clerk,pers Serv	\$5,074.16	\$5,000.00	\$3,333.36	-	\$1,815.00	-
A10104	Clerk,contr Expend	-	-	-	-	\$155.75	-
A10201	Law, Pers Serv	\$3,705.00	\$3,705.00	\$3,705.00	\$3,705.00	\$2,181.25	-\$1,543.75
A10204	Law, Contr Expend	\$16,536.05	\$5,679.25	\$16,993.75	\$2,656.25	\$5,345.85	\$2,689.80
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	-	-	-
A10304	Operation Of Plant Contr Expend	\$45,732.08	\$37,002.45	\$48,976.85	\$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
A19104	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.

18

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Unclaimed Funds Retirement Local Government State Agencies State Vendors Other -

Home / Local Government / Planning Resources

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]

19

19

Tells the account codes included.

This date changes them all.

Town of XYZ
Four-Year Financial Plan, Fiscal Years 2015-2018
General Fund

	2010	2011	Actual	2012	2013	Estimated	2015	Projected	2016	2017	2018
Revenues											
Real Property Taxes											
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
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
Surplus (Deficit)	\$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 Expenditures											

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

20

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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21

21

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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22

22

Thank You

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23