VILLAGE OF SUGAR GROVE
BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

FROM: MATT ANASTASIA, FINANCE DIRECTOR

SUBJECT: DISCUSSION: GFOA DISTINGUISHED BUDGET AWARD

AGENDA: OCTOBER 20, 2020

DATE: OCTOBER 16, 2020

ISSUE

Shall the Village continue to participate in the GFOA Distinguished Budget Award Program.

DISCUSSION

The Village has been participating in the GFOA Distinguished Budget Award Program for the past 14 years. In order to receive the award, the Village has to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the budget serves as a policy document, a financial plan, an operations guide and a communications device.

The Government Finance Officers Association (GFOA) recently approved a change in the required guidelines to receive the budget award beginning with any budget approved for a fiscal year beginning January 1, 2021 or later. I attended a webinar where they discussed the changes to the requirements of the award program. In addition to the current requirements, here are the new major significant requirements for the award program:

- Annual Strategic Planning – annual strategic planning process would need to be documented and shown within the budget document. This process would include additional Board meeting, Committee of the Whole, Town Halls, Community Meetings. The Strategic Planning meetings would add significant staff hours to complete, as well as additional hours of Board time. Estimated 10-12 additional staff hours, 6-8 additional Board time.
- Long Range Plans (10+ years) – this is a new item that would require the Board and Staff to plan for the next 10+ years with goals and financial plans. Estimated additional 5-7 hours staff time, 3-5 additional Board time.
- Capital Improvement Plan – Requires Capital Improvement Plan (CIP) meetings, with updates annually. Through this process, it would need to include how these

projects tie back to the long-range plans and strategic plans of the Village, with its effect on the annual operating budget. Estimated 6-8 hours additional staff hours, 4-6 additional Board time.

- Performance Measures/Benchmarks – Creation of performance measures and benchmarks for all goals and objectives. On top of these, the performance measures/benchmarks must link to the objectives and goals set annually, but also link to the strategic goals and long-range plans of the Village. Estimated additional 8-10 hours staff time, additional 6-8 hours Board time.
- ADA Online & Website Requirements – this requirement is new in the sense that things must be made additionally available online and the web in accordance with ADA. This would include links within the document to outside webpages and items, videos created by the Board posted to the Web and making the PDF accessible to be read out-loud. There is minimal additional staff time to complete this, but the Board time would be in the area of 2-4 additional hours.

Additional staff hours estimated to complete the new requirements are 30-35 hours, with additional Board time estimated at 22-27 hours. This does not include the time of the Finance Director to put the entire document together. This is completed over a 2 month period, with an estimated 70-80 hours of time to complete. The requirements may also require the usage, and expense, of a professional facilitator.

The items above are the major additional requirements for the Budget Award, which are on top of the current requirements. After attending the webinar explaining the new items, every example used by the presenter was a form of government with hundreds, if not, thousands of employees. The examples used were anywhere from Dallas, TX to the Metro East Transit District. These forms of government have in excess of $50-$60 million budgets up to $200-$300 million budgets, as well as Finance Departments with 10-25 employees. The requirements that have been added have made the ability to receive the award very stringent on small governments with only 1-2 person departments. Receiving the Distinguished Budget Award does not get the Village any additional granting opportunities or funding, the award shows the development of a sound budget document for the Village.

Regardless of applying for the award or not the Finance Director and Staff will continue to update the budget document and make it more presentable and easier to read. With the additional levels of requirement being applied, the Village staff levels do not support the amount of work to apply for the award.

COST

There is a cost of $345.00 to apply for the GFOA Distinguished Budget Award, plus an additional 30-35 hours of Department Head Staff time and 22-27 hours of additional Board time, plus an unknown cost for professional assistance.

RECOMMENDATION

The Village Board discuss the GFOA Distinguished Budget Award Program additional requirements and determine if we should continue to apply for the award. Staff recommendation is to not continue applying for the award, but continue to improve the budget document.