

Legislation Text

File #: 18-0074, **Version:** 1

Summary

To: Finance Board
From: Ashley L. A. Bernal
Date: 3/8/2018

Subject:
Strategic Financial Plan Discussion

Summary:

With the upcoming 2018-2019 budget, staff has undertaken the task of reviving the Town's Strategic Financial Plan. The most recent copy of this document was completed in 2012. Previously, this plan was utilized to aid with the budgeting process.

At this meeting, staff is requesting the assistance of board members in forecasting revenue and expenditures. This process will involve meeting with individuals in order to discuss and evaluate current trends and assumption methodologies utilized within the Strategic Financial Plan. Staff will provide more detail the meeting including a revised revenue guide.

Assumption methodologies previously employed:

- Historical analysis - This methodology involves analyzing prior years' revenue. Based on the average across the years and employing a standard deviation as a change, staff is able to estimate a line item for the next fiscal year. Examples that this methodology applies to are:
 - *Electric Franchise Fees*
 - *State Revenue Sharing*
- Quantitative forecasting - Utilizing demographic data to predict the consumption of certain goods that will cause a change in a revenue or expenditure line, such as utilities. Examples of this include:
 - *Water consumption*
 - *Solid waste Special Pickup Fees*
- Qualitative and judgemental forecasting - This methodology is used for line items that are highly uncertain. When combined with historical analysis and smoothing trends, this can be used in order to receive a more accurate number. Objects that are commonly associated with qualitative forecasting are:
 - *Grants*
 - *Asset Sales*
- Evaluation approximations - When evaluating approximations, validating assumptions about the revenue source are key to precisely measuring objects. This works well with items such as:
 - *Gasoline rebates*
 - *Ad Valorem Proceeds*

Staff would like to determine if members from the Finance Board to wish to discuss current and potential

assumption methodologies for improving the Strategic Financial Plan. One option would be, dividing the revenues and expenditures amongst smaller groups of board members for more focused study.

Previous Commission Action: N/A

Background/Problem Discussion: N/A

Expenditure Challenges N/A

Financial Implications: These assumptions will affect the forecast of financial decisions within the organization.

Recommendation: N/A

Proposed Motion