

# Budgeting for Revenue Uncertainty

Finance Officer As Decision Architect



# Today's Presentation

- Mentimeter Participation
- Finance Officer As Decision Architect
- Methods
- Case Studies
- Questions
- Future Education Areas



# Two variables affect the accuracy of a forecast:

the inherent uncertainty of tax (or other) revenues, and the extent to which that uncertainty is taken into account by decision makers.

# What is a good forecast?

Many people think good forecasting is simply a matter of accuracy — that is, making precise predictions that are used to inform the development of a given budget.



# Today's Mentimeter Participation



# What's your role in the budget process?



**The budget process is not simply an exercise in balancing revenues and expenses. Rather, it requires local government leaders to make a series of decisions about a many topics.**

*- GFOA*

# Forecasting Method

**1st** | Prior Year Actual + %

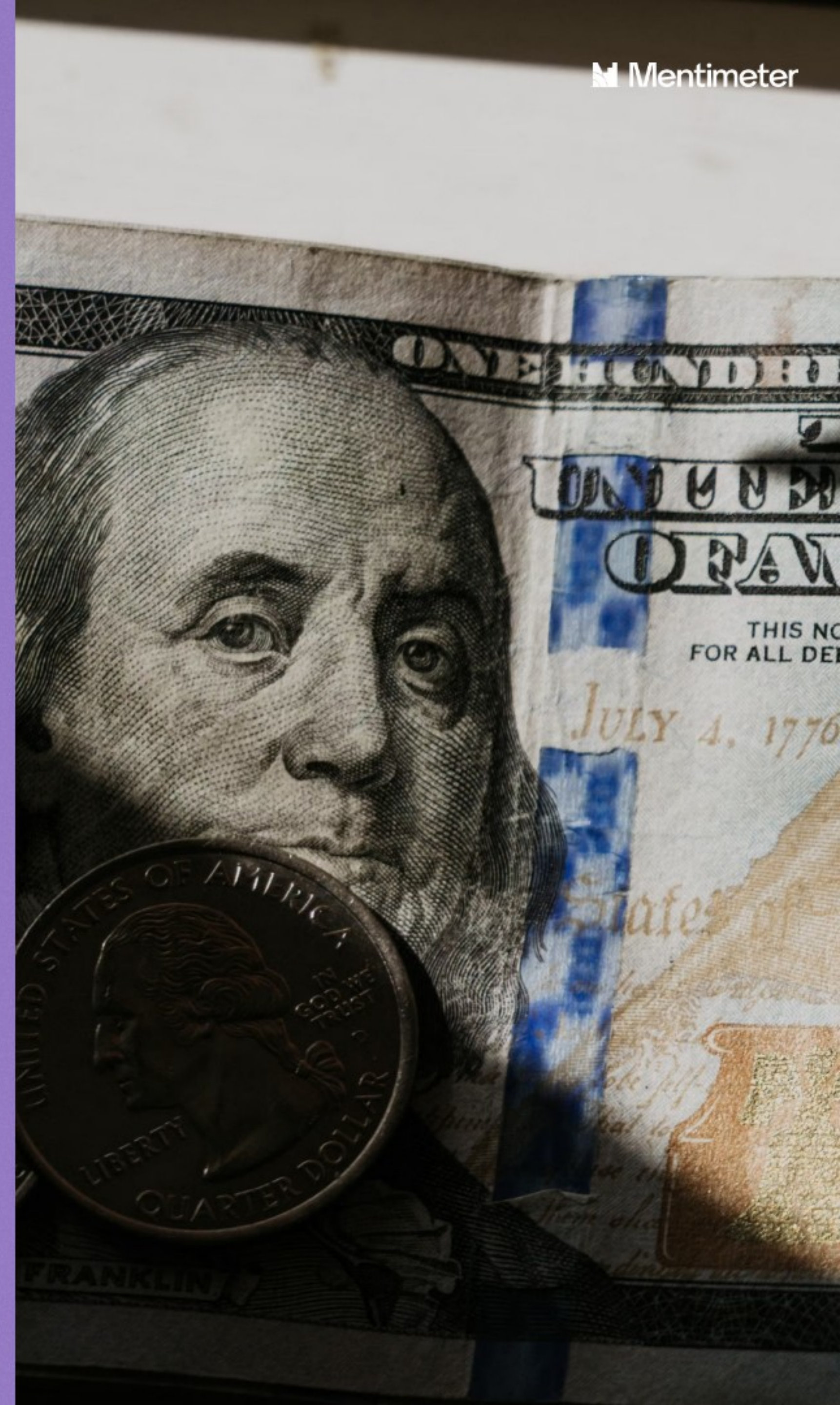
**2nd** | Regional Benchmarking

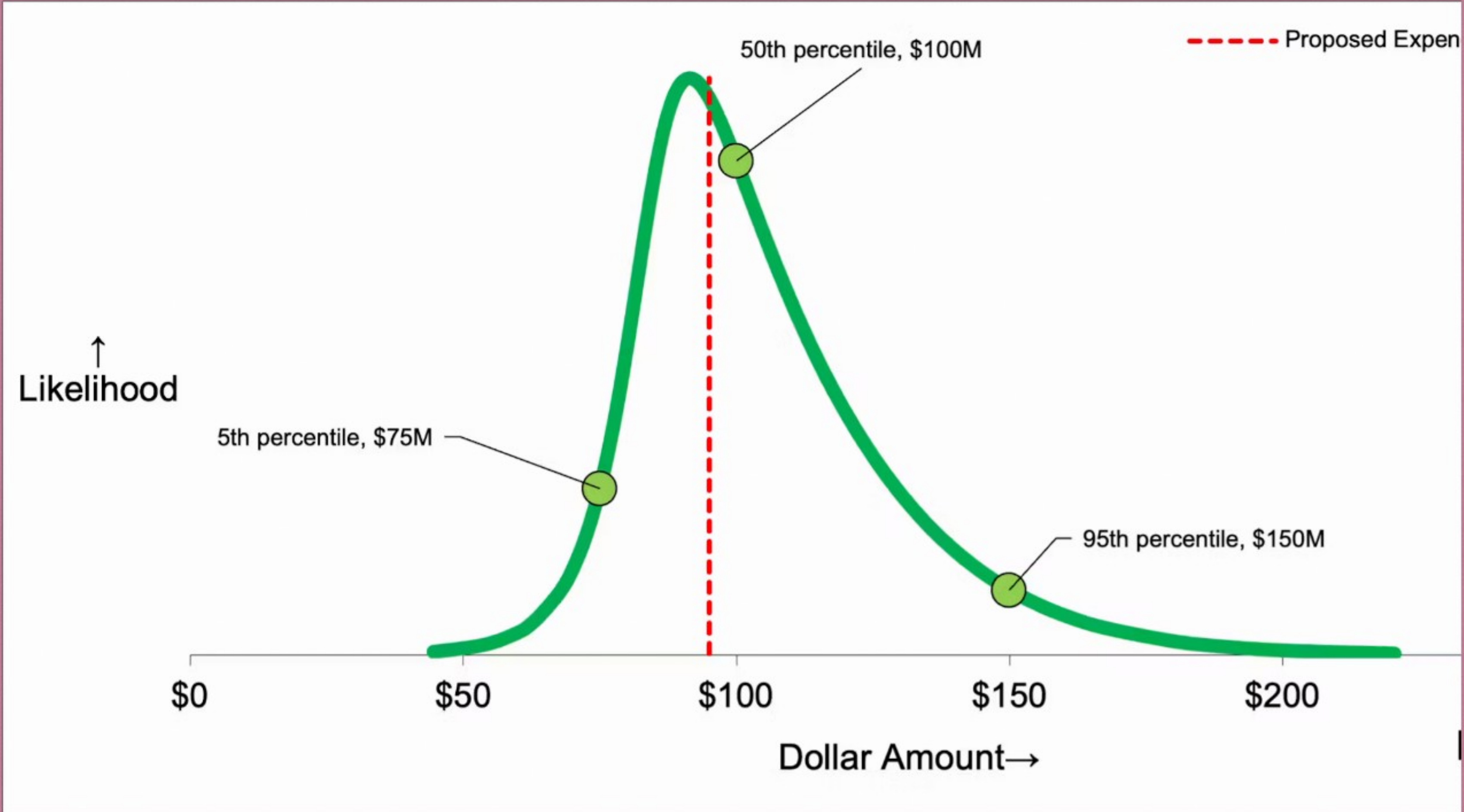
**3rd** | Risk-Aware Forecast

**4th** | Market Studies

**5th** | Other

**6th** | Don't Know



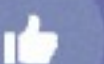


# GFOA Stress-Test Model for Local Government Budget



# Greatest Budget Uncertainty

- 1st** | Property Values
- 2nd** | Revenue
- 3rd** | Salaries & Benefits
- 4th** | ASRS / PSPRS / OPEB
- 5th** | Deferred Maintenance
- 6th** | Aging Infrastructure
- 7th** | Population Change / Aging



# Resources for GFOA Members

- **Informed Decision-Making through Forecasting - GFOA Book**
- **Best Practice Approaches**
- **Learning Management System**

# Would like to learn more about:

