

April 6, 2020

Cindy R. Chauran
Senior Accountant
City of Molalla
117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Dear Ms. Chauran:

We are pleased to inform you, based on the examination of your budget document by a panel of independent reviewers, that your budget document has been awarded the Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA) for the current fiscal period. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by your organization.

The Distinguished Budget Presentation Award is valid for one year. To continue your participation in the program, it will be necessary to submit your next annual budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption. A Distinguished Budget Program application is posted on GFOA's website. This application must be completed and accompany your next submission. (See numbers 12 and 13 on page 2 of the application for fee information and submission instructions.)

Each program participant is provided with confidential comments and suggestions for possible improvements to the budget document. Your comments are enclosed. We urge you to carefully consider the suggestions offered by our reviewers as you prepare your next budget.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual(s) or department designated as being primarily responsible for its having achieved the award. Enclosed is a Certificate of Recognition for Budget Preparation for:

Finance Department

Continuing participants will find a brass medallion enclosed with these results. First-time recipients will receive an award plaque that will be mailed separately and should arrive within eight to ten weeks. Also enclosed is a camera-ready reproduction of the award for inclusion in your next budget. If you reproduce the camera-ready image in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria.

Cindy R. Chauran

April 6, 2020

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Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Molalla, Oregon**, for its Annual Budget for the fiscal year beginning **July 1, 2019**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

A press release is enclosed.

Upon request, GFOA can provide a video from its Executive Director congratulating your specific entity for winning the Budget Award.

We appreciate your participation in this program, and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most current list of award recipients can be found on GFOA's website at www.gfoa.org. If we can be of further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive style with a large initial "M".

Michele Mark Levine
Technical Services Center

Enclosure



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Molalla

Oregon

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director

BUDGET REVIEW COMPOSITE RATING FORM
GFOA Distinguished Budget Presentation Awards Program

Agency: **Molalla, OR**

Fiscal Year beginning: **July 2019**

Document number: **B9941828**

At least 2 of the three reviewers must rate the document "proficient" or "outstanding" on all four overall categories and all mandatory criteria in order for the document to receive the award

Information Not Present (1)			Does Not Satisfy (2)			Proficient (3)			Outstanding (4)			
R1	R2	R3	R1	R2	R3	R1	R2	R3	R1	R2	R3	
												Introduction and Overview
				✓	✓	✓	✓	✓				* C1 Table of contents (mandatory)
				✓		✓	✓	✓				P1 Strategic goals & strategies
				✓		✓	✓	✓				P2 Short-term organization-wide factors influencing decisions
						✓	✓	✓				* P3 Priorities and issues (mandatory)
						✓	✓	✓				* C2 Budget overview (mandatory)
												Financial Structure, Policy, and Process
						✓	✓	✓				* O1 Organizational chart (mandatory)
						✓	✓	✓				F1 Fund descriptions and fund structure
			✓			✓	✓	✓			✓	O2 Department/fund relationship
						✓	✓	✓				F2 Basis of budgeting
						✓	✓	✓				* P4 Financial policies (mandatory)
						✓	✓	✓				* P5 Budget process (mandatory)
												Financial Summaries
						✓	✓	✓				* F3 Consolidated financial schedule (mandatory)
	✓					✓	✓	✓				* F4 Three (four) year consolidated & fund financial schedules (mandatory)
						✓	✓	✓				* F5 Fund balance (mandatory)
						✓	✓	✓				* F6 Revenues (mandatory)
		✓		✓	✓	✓	✓	✓				F7 Long-range financial plans
												Capital & Debt
	✓	✓	✓			✓	✓	✓				* F8 Capital expenditures (mandatory)
						✓	✓	✓				F9 Impact of capital investments on operating budget
						✓	✓	✓				* F10 Debt (mandatory)
												Departmental Information
						✓	✓	✓				* O3 Position summary schedule (mandatory)
						✓	✓	✓				* O4 Department descriptions (mandatory)
	✓	✓	✓	✓								O5 Unit goals and objectives
												O6 Performance measures
												Document-wide Criteria
						✓	✓	✓				C3 Statistical/supplemental section
						✓	✓	✓				C4 Glossary
						✓	✓	✓				C5 Charts and graphs
						✓	✓	✓				C6 Understandability and usability
												Overall
						✓	✓	✓				Overall as a policy document
						✓	✓	✓				Overall as a financial plan
						✓	✓	✓				Overall as a operations guide
						✓	✓	✓				Overall as a communications device

N Special Capital recognition (three "outstanding ratings on F8 and F9)
N Special Performance Measure recognition (three "outstanding" ratings on O6)

BUDGET REVIEW ONLY

Reviewer: R953

Name of Entity: Molalla, OR

INTRODUCTION AND OVERVIEW:

#C1. *Mandatory:*

The document shall include a table of contents that makes it easier to locate information in the document. A variety of formats may be used. Details indices preceding individual sections can be helpful, but they are not a substitute for a single comprehensive table of contents. *The table of contents is included.*

#P1: Strategic goals and strategies: the document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues: ***this criterion relates to the long-term, entity-wide, strategic goals that provide the context for decisions within the annual budget. Consider including action plans or strategies on how the goals will be achieved.*** #P2: The document should describe the entity's short-term factors that influence the decisions made in the development of the budget for the upcoming year. This criterion requires a discussion of the key factors that guide the development of the upcoming year's budget. Factors that might be included relate to salary and benefit guidelines, fees, capital improvements, program enhancements, or reductions, tax levels, use of reserves, service-level assumptions, unfunded mandates, economic development strategies, inflation assumptions, and demographic assumptions. This is an area that can be improved annually.

#P2: **Short-Term Organization Wide Factors influencing decisions.** *The entity's short-term factors that influence the decisions made in the current year and the upcoming year. Issues impacting the budget should include structural deficit, future revenues, council and legislative directives, short-term organizational issues. Etc. This document would benefit from additional work.*

#P3 Priorities and issues (mandatory)- ***The budget message contained in the document is not what I can consider a summary. There are other places to list each department.*** *The summary should include a budget message that articulates priorities and issues for the upcoming year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms print this, The (transmittal letter, budget summary section). This criterion requires a summary explanation of key issues and decisions made during the budget process. The budget message also should address the ramifications of these decisions. It is recommended that the total amount of the budget be included in the budget message.*

#C2. The document should provide an overview of significant budgetary items and trends. An overview should be presented within the budget document either in a separate section or integrated within the transmittal letter or as a separate "budget in brief" document. The intent of this criterion is to encourage presentations that allow the reader to quickly grasp the major budgetary issues, trends, and

choices addressed in the budget. ***Trend information could be improved if there are comparable agencies, historical data, or departmental comparisons.***

FINANCIAL STRUCTURE, POLICY, and PROCESS

#01. Organization charts (mandatory). The document shall include an organization chart for the entire entity. This criterion requires that an organizational chart be presented only for the overall entity. Organizational charts for individual units are not required. When organizational charts are provided for individual units within the entity, that chart should be presented in such a way as to the link between individual units and the overall entity. ***Proficient.***

#F1 Fund description and fund structure- the document should include and describe all funds that are subject to appropriation. Showing an entities budgetary fund structure is essential for understanding is financial configuration. An overview of the budgeted funds should be included in the document. The overview should include each major fund's name and either an indication whether the fund is a governmental, proprietary, or fiduciary funds; OR an indication of the fund type of each fund. Any fund whose revenues are expenditures excluding other financing sources and uses, constitute more than 10% of the revenues, are expenditures of the appropriated budget should be considered a major fund for this purpose. The information provided meets the criterion.

#02. Departments/fund relationship. The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and non-major funds in the aggregate. The matrix is one way to show an effective relationship.

#F2. Basis of budgeting. The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis. Due to the fact that you did not list page numbers in the Criteria Location Guide, I have no idea where this information may be located. The "basis of accounting" is different that "basis of budgeting." In the future, please include the page numbers that you want the reviewer to look at.

#P4. Financial policies (Mandatory)-The document should include a coherent statement of entity-wide long-term financial policies. Financial policies should be included (but not limited to (and formally adopted relate to #1 financial planning policies, #2 revenue policies, and #3 expenditure policies. The entity should adopt a policy that defines a balanced budget and indicate whether the budget presented is balanced. The entity should adopt a policy that supports the financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets, budget policies, and cash management and investment policies. ***The information is not included in the document. If I am wrong=*** In the future, please include the page numbers that you want the reviewer to look at.

#P5. Budget process (Mandatory)-the document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. This criterion requires a concise narrative description of the budget process, including an explanation of relevant legal or policy requirements. This description should include the

internal process to prepare the budget, the opportunities for public input, and the actual adoption of the budget. A budget calendar should be included noting both key operating capital dates. Although amending the budget after adoption should be covered. The description of the amendment process should identify the level at which the governing body must approve the changes. ***The budget process is included.***

FINANCIAL SUMMARIES

#F3. Consolidated financials schedule (Mandatory)-The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization. This criterion requires a summary of the revenues and other financing sources and expenditures and other financing uses of all appropriated funds in one place in the budget document. Other funds may be included in the schedule, but appropriated funds must be included. Both revenues and other financing sources and expenditures and other financing uses must be presented either #1 together in a single schedule or #2 in separate but adjacent/sequential schedules or #3 in a matrix. ***This document meets the criterion.***

#F4. Three (Four) Year Consolidated and Fund Financial Schedules (Mandatory). The document must include summaries of revenues and other financing sources and of expenditures, and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year. ***The criterion requires a schedule that includes both revenues and other financing sources and expenditures, and other financing uses for at least three budget years: Prior year, current year, and budget year. The data for the prior year should be actual revenues and expenditures. However, the entity may choose whether to use the current budget year and/or estimated figures. This information is not included as per your CLG.***

F5-Mandatory-The document shall include projected changes in fund balances as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if not governmental funds are included in the document). ***Fund balance change could be added to the financial report showing a beginning balance, revenues and expenditures in total, and ending fund balance. Remember that this criterion requires that beginning and ending fund balances, as defined by the entity in the budget document, be shown for the budget year, as well as revenues, expenditures and other financing sources/uses. Putting yes on the CLG does not direct me to the information.***

F6-Revenues-The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends. ***The revenues are included. Make sure that all sources are identified and described. Revenue trend discussion is also a good way to show the stakeholders the big picture for the new budget year.***

F7. Long-range financial plans-Planning is an essential part of any budget process. ***The backbone of this document should be the projected financial planning for your entity for the coming year.***

Legislators and administrators are constantly aware of any changes in public perception. The document shall explain long-range financial plans and its effect upon the budget and the budget process. The criterion requires the identification of long-range financial plans that extend beyond the budget year. The impacts of the long-range financial plan upon the current budget and future years should be noted. This section still needs additional work and planning. Please review GFOA budget presentations to help update and understand this issue.

Long-Term Financial Planning

[Printer-friendly version](#)

Type:

Best Practice

Background:

Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges. Long-term financial planning works best as part of an overall strategic plan.

Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.

Long-term financial planning is the process of aligning financial capacity with long-term service objectives.

Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

Many governments have a comprehensive long-term financial planning process because it stimulates discussion and engenders a long-range perspective for decision-makers. It can be used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; it can give consensus on long-term financial direction; and it is useful for communications with internal and external stakeholders.

Recommendation:

GFOA recommends that all governments regularly engage in long-term financial planning that encompasses the following elements and essential steps.

A long-term financial plan should include these elements.

1. **Time Horizon.** A plan should look at least five to ten years into the future. Governments may elect to extend their planning horizon further if conditions warrant.
2. **Scope.** A plan should consider all appropriated funds, but especially those funds that are used to account for the issues of top concern to elected officials and the community.
3. **Frequency.** Governments should update long-term planning activities as needed in order to provide direction to the budget process, though not every element of the long-range plan must be repeated.
4. **Content.** A plan should include an analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and plan monitoring mechanisms, such as scorecard of key indicators of financial health.
5. **Visibility.** The public and elected officials should be able to easily learn about the long-term financial prospects of the government and strategies for financial balance. Hence, governments should devise an effective means for communicating this information, through either separate plan documents or by integrating it with existing communication devices.

A long-term financial plan should include these steps.

1. **Mobilization Phase.** The mobilization phase prepares the organization for long-term planning by creating consensus on what the purpose and results of the planning process should be. The mobilization phase includes the following items:

- Alignment of Resources. This step includes determining the composition of the project team, identifying the project sponsor, and formulating a strategy for involving other important stakeholders. This step also involves the creation of a high-level project plan to serve as a roadmap for the process.
- Preliminary Analysis. This step helps raise awareness of special issues among planning participants, such as the board or non-financial executive staff. A scan of the financial environment is common at this point.
- Identification of Service Policies and Priorities. Service policies and priorities have important implications on how resources will be spent and how revenues will be raised. A strategic plan or a priority setting session with elected officials could be useful in identifying service policies and priorities.
- Validation and Promulgation of Financial Policies. Financial policies set baseline standards for financial stewardship and perpetuate structural balance, so a planning process must corroborate policies in place (as well as the organization's compliance with those policies) and also identify new policies that may be needed.
- Definition of Purpose and Scope of Planning. The purpose and scope of the planning effort will become clear as a result of the foregoing activities, but the process should include a forum for developing and recognizing their explicit purpose and scope.
 - Analysis Phase. The analysis phase is designed to produce information that supports planning and strategizing. The analysis phase includes the projections and financial analysis commonly associated with long-term financial planning. The analysis phase involves information gathering, trend projection, and analysis as follows:
 - Information Gathering. This is where the government analyzes the environment in order to gain a better understanding of the forces that affect financial stability. Improved understanding of environmental factors should lead to better forecasting and strategizing.
 - Trend Projection. After the environment has been analyzed, the planners can project various elements of long-term revenue, expenditure, and debt trends.
 - Analysis. The forecasts can then be used to identify potential challenges to fiscal stability (e.g., imbalances). These could be fiscal deficits (e.g., expenditures outpacing revenues), environmental challenges (e.g., unfavorable trends in the environment), or policy weaknesses (e.g., weaknesses in the financial policy structure). Scenario analysis can be used to present both optimistic, base, and pessimistic cases.
 - Decision Phase. After the analysis phase is completed, the government must decide how to use the information provided. Key to the decision phase is a highly participative process that involves elected officials, staff, and the public. The decision phase also includes a culminating event where the stakeholders can assess the planning process to evaluate whether the purposes for the plan described in the mobilization phase were fulfilled and where a sense of closure and accomplishment can be generated. Finally, the decision phase should address the processes for executing the plan to ensure tangible results are realized.
 - Execution Phase. After the plan is officially adopted, strategies must be put into action (e.g. funding required in achieving goals). The execution phase is where the strategies become operational through the budget, financial performance measures, and action plans. Regular monitoring should be part of this phase. The following diagram highlights the various long-term financial planning phases discussed in this recommended practice.

F8. Capital expenditures (Mandatory) *The capital projects fund provides program functions, revenue trends, and assumptions. This information is specific to your entity. However, each project should be evaluated for associated costs. The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget. This criterion does not mandate any particular definition of "capital expenditures" only that whatever definition is being used by the entity be disclosed. After defining capital expenditures, the entity should indicate the total dollar amount of such expenditures for the budget year the entity is encouraged but not required to provide a summary of capital expenditures by major project, type, fund or user. This section can be expanded to indicate organizational specifics.*

F9. Impact of Capital investments on the operating budget. The impact on capital investments should clearly be stated. When the budget is developed or a new capital infrastructure built, the information should include any operational or residual capital costs associated with it. Impact of Capital Investments on Operating Budget-the document should describe if and to what extent significant nonrecurring capital expenditures will affect the entity's current and future operating budget and the services that the entity provides. This criterion asked for the densification of specific significant financial impacts upon current and future years that are likely to result from significant nonrecurring capital expenditures. The entity may make its determination of what is significant. However, some examples of the significant cost of those that would require an increase in the tax rate, or would result in a reduction in spending elsewhere in the budget, or would require additional staff. Additional anticipated revenues and expenditure reductions also should be briefly described, and quantified concepts like net present value return on investment, or payback period may be used. *This information is not included.*

F10. **Debt**-the document provides a clear statement of debt policies and debt ratios.

O3 **Position Summary**-The number of full-time equivalent positions is included. Comparison data is always effective.

O4. **Department descriptions**-Each Department should include a description of the services and functions performed therein. A description of the services provided will provide legislators with information on the value of the services provided. ***Although the descriptions are provided at the beginning of the document, it would help to place the information in sections with each department under specifics goals and accomplishments. The services performed could then be placed under that heading. It would help the reader understand the information.***

O5 **Unit goals and objectives** the strategies/actions provide information on goals and objectives. ***The information provided meets the description of unit goals.***

O6 **Performance Measures**-These measures should be included in the strategic planning part of the budget document. They should be measured with target date status strategies and actions. Make sure that these performance measurements are viable and that they are accurately measuring the information that stakeholders and legislators will require understanding the operations of this city

Performance Measures

[Printer-friendly version](#)

Type:

Best Practice

Background:

Performance measures are used by governments to collect information about operational activities, achievement of goals, community conditions, or other environmental factors to better understand a situation and make informed decisions. Regardless if an organization has a centralized collection system for performance measures, the use of performance data should be integral to an organization's decision-making processes and leaders within an organization should set expectations that key decisions are supported by evidence. For optimal use, performance measures need to be developed considering the potential audience for the information. As a result, organizations need to identify and track measures at an operational, managerial, policy making, and community level.

Recommendation:

GFOA recommends all organizations identify, track, and communicate performance measures to monitor financial and budgetary status, service delivery, program outcomes, and community conditions.

When identifying performance measurements, governments should focus on making sure that measures meet the following conditions:

- Useful – measures should provide information that is helpful to decision making, understanding, or accountability efforts.
- Relevant – measures can be clearly linked to the service delivery/program outcomes that they are intended to measure, appropriate for the outcome being measured, and are readily understandable
- Reliable – collection methods and measure definitions need to be understood so stakeholders can rely on the information.
- Adequate – ensure enough and also an appropriate variety of measures are used to measure performance and that measures do not incentivize behavior that adversely impacts the measures – such as a quantity versus quality scenario. There is often not a single measure that can provide sufficient context and understanding
- Collectible – measures are readily available and do not involve excessive time/effort to collect
- Consistent – measures can be regularly collected to track outcomes over time and avoid need to continuously identify new measures
- Environment – measures includes variables related to externalities that impact service delivery and program performance
- Responsibility – clearly identify responsibilities for collection, storage and dissemination of the data
- Systems – existing data collection capacities are leveraged appropriately or new systems are identified in order to ease the burden of data collection

Further, when identifying and using performance measures, organizations may find it helpful for comparison purposes or a recognized standard to assess current outcomes, facilitate discussion or share ideas that lead to improvement efforts. However, governments must recognize the challenges and potential misrepresentations that can occur without careful considerations. For example, most governments exist in a unique environment and performance data is subject to a variety of contributing factors that may or may not be present in comparison data. In addition, many measures may seem similar, but have a different definition of how the measure is calculated making a true comparison impossible. Once collected, governments should ensure that measures are communicated and well understood. This includes communication both internally and externally.

When communicating performance measures internally ensure the following:

- Expectations – clearly communicate how performance measures will be utilized in decision-making and across all levels of the organization
- Purpose – emphasize that performance measures are used to inform decisions and facilitate improvement and understanding. Governments should be careful to avoid performance measures that are collected to simply show achievement for the purpose of soliciting recognition or rewards. Similarly, less than favorable outcomes should be evaluated to understand the root cause of the issue and avoid quick punitive actions as this will make accurate data collection efforts more difficult in the future
- Clarity – clearly articulate the performance measures, including both expected results/targets and actual results
- Data Integrity – the source of the data and how the data is interpreted or used to draw conclusions should be clearly and fairly articulated.
- Context – provide background on why these particular performance measures were chosen, such as cost, timeliness, availability, etc.
- Production – reference sources of performance measures and how the measures were collected
- Dissemination – ensure performance measures are distributed throughout all levels of the organization and are made readily available

When communicating performance measures externally the following should items should be addressed to ensure measures are readily available and accessible:

- Delivery – how and where will the performance measures be communicated
- Audience – identify who the primary audience of the information will be
- Format – what is the best way to present the information
- Frequency – how often will the performance measures be communicated/updated

- Clarity – explain the exact source of the data, how the calculations were conducted and why, what the performance measures show, both expected results/targets and actual results
- Context – provide background on why these particular performance measures were chosen, why, if any target measures were set and why, and what the results mean to operations, service levels, or community outcomes.

C3 **Statistical Information**-The statistical information is informative and interesting to the citizen stakeholder, legislator, and administration of your entity. ***This information criterion is met within this budget document.***

C4. **Glossary**-The glossary is included in this document. ***Make sure that it is updated annually in order to give the stakeholders the proper information on your budget.***

C5. **Charts and Graphs**-***The charts and graphs are included and well done. The charts used for revenue, expenditures, and personnel worked well.***

C6. **Understandability and usability.** -The document is formatted correctly

You have submitted a good document for review. I have attached two sections from GFOA that might help with the areas that you may want to further develop. I understand how challenging it can be to produce a document that meets the high standards set by GFOA for the Distinguished Budget Presentation Award. This document could be improved with very little work. It is imperative that you fill out the criteria location guide correctly. Placing “yes” in the individual sections will not lead the reader to the information that you want them to review. I will send my recommendations to GFOA for their final decision.

Name of Entity: City of Molalla
Reviewer ID S397
Fiscal Year: 2019/2020

State/Province: Oregon
Document Number B9941828
Record Number 134423001

Introduction and Overview

- C1. **Mandatory:** The document shall include a table of contents that makes it easier to locate information in the document. **Proficient. Consider a table of contents that can link to a specific page by a click of the mouse.**
- P1. The document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues. **Does not satisfy criterion. Have a strategic plan and action plans.**
- P2. The document should describe the entity's short-term factors that influence the decisions made in the development of the budget for the upcoming year. **Proficient.**
- P3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the upcoming year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (*e.g., transmittal letter, budget summary section*). **Proficient.**
- C2. **Mandatory:** The document should provide an overview of significant budgetary items and trends. An overview should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or as a separate budget-in-brief document. **Proficient.**

Financial Structure, Policy, and Process

- O1. **Mandatory:** The document shall include an organization chart(s) for the entire entity. **Proficient.**
- F1. The document should include and describe all funds that are subject to appropriation. **Proficient.**
- O2. The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and nonmajor funds in the aggregate. **Outstanding.**
- F2. The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis. **Proficient.**
- P4. **Mandatory:** The document should include a coherent statement of entity-wide long-term financial policies. **Proficient.**
- P5. **Mandatory:** The document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. **Proficient.**

Financial Summaries

- F3. **Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization. **Proficient.**
- F4. **Mandatory:** The document must include summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year. **Does not satisfy criterion. Three years all funds summary by revenue type and expenditure category is needed.**
- F5. **Mandatory:** The document shall include projected changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document). **Does not satisfy criterion. Show beginning and ending fund balance for the different funds and explain any changes over 10%.**
- F6. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends. **Does not satisfy criterion. Show revenue assumptions, trend graphs, and descriptions.**

- F7. The document should explain long-range financial plans and its affect upon the budget and the budget process. **Information not present. Show long-range financial projections for revenues and expenditures.**

Capital & Debt

- F8. **Mandatory:** The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget. **Proficient.**
- F9. The document should describe if and to what extent significant nonrecurring capital expenditures will affect the entity's current and future operating budget and the services that the entity provides. **Information not present.**
- F10. **Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations. **Proficient.**

Departmental Information

- O3. **Mandatory:** A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided. **Proficient.**
- O4. **Mandatory:** The document shall describe activities, services or functions carried out by organizational units. **Proficient.**
- O5. The document should include clearly stated goals and objectives of organizational units (*e.g., departments, divisions, offices or programs*). **Information not present.**
- O6. The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs. **Information not present. Look at GFOA's best practice on this topic.**

Document-wide Criteria

- C3. The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided. **Proficient.**
- C4. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to a reasonably informed lay reader. **Proficient.**
- C5. Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident. **Does not satisfy criterion. Include more trend graphs.**
- C6. The document should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs. **Does not satisfy criterion. Put page numbers on the criteria guide. Check spelling. Just in the first page when you talk about the budget process, letters were cut off from words and then extended on the next line. Print quality was poor.**

Name of Entity: City of Molalla
Reviewer ID T902
Fiscal Year: 2020

State/Province: OR
Document Number B9941828
Record Number 134423001

Introduction and Overview

- C1. **Mandatory:** The document shall include a table of contents that makes it easier to locate information in the document. **3. Table is detailed and easy to read. Not all pages are numbered. I checked several pages to ensure the table references the correct pages. Consider hyperlinks in your table.**
- P1. The document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues. **3. Goals and plans are identified.**
- P2. The document should describe the entity's short-term factors that influence the decisions made in the development of the budget for the upcoming year. **3. Short term factors are addressed in the Manager's Message. The budget message explains the trends and issues involved with the revenues and how those were used to budget.**
- P3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the upcoming year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (*e.g., transmittal letter, budget summary section*). **3. The budget message explains issues the City is facing and how they plan to resolve them.**
- C2. **Mandatory:** The document should provide an overview of significant budgetary items and trends. An overview should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or as a separate budget-in-brief document. **3 The overview includes information on budgetary items.**

Financial Structure, Policy, and Process

- O1. **Mandatory:** The document shall include an organization chart(s) for the entire entity. **3. Organizational Chart is present for the entire entity.**
- F1. The document should include and describe all funds that are subject to appropriation. **3. Graphics and explanation of the funds structure is included. A description of each fund is present.**
- O2. The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and nonmajor funds in the aggregate. **3. Relationship of the Funds and Functional units of the fund is illustrated and explained.**
- F2. The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis. **3. The basis of accounting is identified and explained.**
- P4. **Mandatory:** The document should include a coherent statement of entity-wide long-term financial policies. **3. Explanation of all policies and procedures is included. The definition of a balanced budget is included in the budget process section.**
- P5. **Mandatory:** The document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. **3. The Budget Process is detailed. A timeline is present. The budget amendment process is explained.**

Financial Summaries

- F3. **Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization. **3. The document includes a schedule revenues and expenditures by fund and unit in a single schedule. Major revenues are presented and expenses by fund and function.**
- F4. **Mandatory:** The document must include summaries of revenues and other financing sources and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the

proposed budget year. **3 Data includes prior year actual, current year budget and the adopted summary in each department, for revenues, expenditures and transfers. Consider a City Wide presentation.**

- F5. **Mandatory:** The document shall include projected changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document). **3. Fund Balance is defined and presented. Projected beginning, estimated changes and ending balances are listed.**
- F6. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends. **3. Major revenues are described in the document. Estimation methods are explained.**
- F7. The document should explain long-range financial plans and its affect upon the budget and the budget process. **3. The document includes long range 5 year financial planning.**

Capital & Debt

- F8. **Mandatory:** The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget. **3. Capital Improvement program is detailed. Outlay is defined in the glossary. The document details capital projects.**
- F9. The document should describe if and to what extent significant nonrecurring capital expenditures will affect the entity's current and future operating budget and the services that the entity provides. **3. Explanation of anticipated expenses and revenues is included.**
- F10. **Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations. **3. Debt limits are are specified and principal and interest payments by year are included.**

Departmental Information

- O3. **Mandatory:** A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided. **3. There is a table that summarizes the position counts for the entity and for each department. Table includes prior year, current year and budgeted year.**
- O4. **Mandatory:** The document shall describe activities, services or functions carried out by organizational units. **3. The units in the document include descriptions of the departments and responsibilities.**
- O5. The document should include clearly stated goals and objectives of organizational units (*e.g., departments, divisions, offices or programs*). **2. Unit goals and the relationship to the City Wide goals could use some improvement.**
- O6. The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs. **2. Performance measures should be listed, explained and related to the unit goals. Performance should be provided in each unit.**

Document-wide Criteria

- C3. The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided. **3 Document provides statistical information and in formation about the community.**
- C4. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to a reasonably informed lay reader. **3. Document includes a glossary of terms in non-technical language and a list of acronyms used.**
- C5. Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident. **3. The document includes charts, and tables, along with explanations to help the reader understand.**

- C6. The document should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs. 3. **The format is fairly consistent throughout. The table is detailed and helps the reader to find things easily. The pages seem to be consistent with the table. There are sections that could use some work in the format for the narratives. I really like the Section “How to make the Most of the Budget Document”. It is helpful.**