

**THE REST  
OF THE BEST**

**MORE EXCEPTIONALLY  
WELL IMPLEMENTED  
GFOA BEST PRACTICES**



**G**FOA's Awards for Excellence in Government Finance recognize innovative programs and contributions to the practice of government finance that exemplify outstanding financial management. GFOA's Awards for Excellence in Government Finance stress practical, documented work that offers leadership to the profession and promotes improved public finance. *Government Finance Review* has showcased a number of 2018 winners for Exceptionally Well Implemented GFOA Best Practice since they were announced at last year's annual conference, and this article summarizes the projects you haven't yet read about, from Travis County, Texas; the City of Peoria, Arizona; and the College of DuPage in Illinois.

## TRAVIS COUNTY

The Travis County (Texas) Auditor's Office created an online, fillable form with digital signature capabilities to streamline the process of obtaining "related party" disclosures from current and former county employees, in accordance with Governmental Accounting Standards Board Statement (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The single form incorporated both the actual disclosure certification and the list of vendors for the employee to review and check off to indicate any association with a particular vendor.

The county's prior related party disclosure process was cumbersome and inefficient for both the employee and the auditor's office staff, contributing to delays in receiving the completed disclosures. Before the form was rolled out, the auditor's office would e-mail two files to employees for completion, the disclosure form and the vendor list. Employees would review the vendor list and indicate any vendor there was a relationship with and save that file. Then, the employee would complete the form and sign it, and then return both to the auditor's office via inter-office mail, fax, or scanning and e-mailing. Once the auditor's office received the file, it would create a digital file of the returned disclosures to archive them.

Travis County's electronic form for related party verifications is an online, fillable form with digital signature capabilities to streamline the process of obtaining "related party" disclosures from current and former county employees.

The project was designed to address the following shortcomings:

- Replace manual signatures with digital signatures.
- Reduce or eliminate unnecessary or redundant process activities.
- Reduce the use of paper.
- Expedite disclosure submissions.

The project was based on organizational change and continuous process improvement principles. Because this represented a significant organizational change for employees, the initial rollout strategy was to encourage, not mandate, use of digital signatures. The strategy for the second year was to follow up and incorporate "lessons learned" from the previous

year to improve the process and to conduct outreach to employees who previously submitted their disclosures manually, in order to reduce any barriers to their use of digital signatures.

The initial rollout strategy resulted in 53 percent of employees (69 of 129) completing the form electronically, compared to 47 percent (60 of 129) who completed it manually.

The main benefit to the auditor's office from implementing this best practice was a quicker response time, reducing the need to follow-up with as many individuals. Of the 129 related party disclosures by current county

employees that were returned to the auditor's office, 20 percent were completed and returned within five business days, compared to 11 percent for manual responses. Three percent were returned the same day, compared to less than 1 percent for manual responses. Of all electronic responses, 38 percent were completed and returned within 15 business days, compared to 22 percent for manual responses.

Additional benefits included: improved tracking/verification of individuals completing the disclosure (because of the digital signature and its associated date/time stamp); less paper used (because the form is digital); and reduced staff time associated with scanning and handling mail or faxes.

The Auditor's Office used Adobe Acrobat Professional software and its associated technical support to create the form,

which was modeled on the existing disclosure form/accompanying vendor list, so that it had a familiar look and feel to employees. Staff also researched GASB 62 requirements to develop the communication accompanying the form.

The GFOA best practice Travis County implemented with this initiative is *Using Electronic Signatures*, which recommends that state and local governments continue to improve electronic access to their services and information by other government entities and the public. When the identity of contact and/or the contents of the information received must be authenticated, governments should use a secure form of electronic signatures. (All GFOA best practices are available at [gfoa.org](http://gfoa.org).)

Many kinds of e-signatures offer very little security, so governments need to be careful in determining which technologies they will use. An unsecure method such as a scanned image of a handwritten signature could allow information to be stolen and used for fraudulent purposes. Stolen e-signatures have the potential to become as widespread a problem as credit card scams and stolen passwords.

## CITY OF PEORIA

The City of Peoria's economic development agreement monitoring system is an internally developed database used to monitor all city economic development agreements. The database is set up to provide a high-level summary of each agreement as well as detailed reporting of obligations in order to assess and monitor performance milestones and compliance requirements, and then communicate progress to the city council and other interested stakeholders. This active monitoring ensures that safeguards are in place to identify and address problems early, and to provide a historical record and status of goals for each agreement. Reports are easily exported into a spreadsheet for further analysis and distribution.

In addition to the database, a further level of functionality was added by creating a development agreement layer in the city's geographic information system (GIS) maps and permitting system where staff can add "notices" to parcels to notify other staff of associated economic development agreements or easements on a particular parcel of land.

The project actually got underway when the city ramped up its economic development program in 2010 by adopting Economic Development Implementation Strategy I; the

## 2018 Winner for Creative Solution to Common Challenge

GFOA's Awards for Excellence also include a category for programs that provide a common solution for common challenges faced by state and local governments. The City of Seattle, Washington, won in this category for its FileLocal initiative.

The City of Seattle led the effort to create a new online, multicity, one-stop tax portal that dramatically simplified the filing and paying of city taxes, especially for firms that conduct business in multiple cities. Also involved in developing the project were some of Washington's largest business and occupation tax cities — Tacoma, Bellevue, and Everett. All four participating cities agreed to an inter-local agreement creating a municipal nonprofit corporation to run the program, called FileLocal.

FileLocal began as a way to simplify registration and tax filing for the business community, using a single system. The common challenges it helped solve were easing the burden associated with license and tax filing for businesses, optimizing customer service, simplifying the exchange of common data, and reducing administrative costs. Since the program was implemented, businesses have created 30,000 accounts for monthly, quarterly, and year-end registrations and filings. Bellevue and Tacoma use FileLocal as their primary electronic filing system and have seen improvements in business license registrations and filings. And since the portal was launched, one more city has joined, and several others are in the process.

The project got underway in 2012, when the State of Washington proposed that it would consolidate and collect both state and local business and occupation taxes in a stated attempt to simplify the state and local tax. Forty-three cities in Washington impose a local business and occupation tax, and the four largest cities collect approximately 80 percent of the total. The state's proposal would have cost the cities tens of millions of dollars, but as the FileLocal effort was already underway, the proposal to shift administration was unsuccessful.

second phase was adopted in 2016 to further those efforts. The resulting wave of economic development agreements being negotiated and entered into made it necessary for the city to add dedicated staff and a system to actively monitor

the agreements, each of which had different performance criteria and incentives. The city finally decided to create a dedicated position with the sole responsibility of proactively tracking and monitoring each agreement.

To guide this program, the city's economic development department implemented GFOA's *Monitoring Economic Development Performance* best practice. To ensure that the objectives established in an economic development policy are accomplished, agreements need to specify performance requirements that the recipient must fulfill as a condition of the incentive the government extends. So, the government has to periodically evaluate its performance requirements, for both individual incentives and the cumulative impact of those incentives and agreements to make sure the economic development objectives are realized.

Ideally, there should be a collaborative evaluation of project performance from a broad base of departments and/or third parties, which can help produce a higher degree of objectivity during the data review process. Project-specific measures might include: comparison of actual to estimated investment; comparison of actual to estimated land use; numbers, type of jobs created, and residency requirements, average wage; dollar amount of private investment; net increase in property tax base; living wage requirements; and low-to-moderate income employee qualifications. If the project evaluation reveals unfavorable variances, further review will be needed, and, possibly, implementation of remedies that have been outlined in the agreement.

The project's collective impact needs to be incorporated into the jurisdiction's annual financial forecast and budget process. The government should regularly review this revenue stream in conjunction with debt service requirements and other obligations. Jurisdictional impact related to the use of incentives might include: tax base changes; changes in economic activity (e.g., employment, property valuations, average wages, and income levels); redeveloped activities in blighted areas; and housing opportunities. Also consider: the cumulative use of incentives on the government's ability to fund

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operations and other programs; the risk of accessing general revenues or other jurisdictional credit support if the project were to underperform; and impacts on the government's credit rating.

The government should be responsible for reporting the project performance and fiscal impact for each incentive used and the cumulative impact of all incentives on the government's overall financial condition. The report should be made public to appropriate jurisdiction officials, stakeholders, and citizens to ensure transparency.

## COLLEGE OF DUPAGE

In an effort to increase financial transparency and trust, College of DuPage's budget office sought to produce a high-level, stand-alone version of its fiscal 2018 budget book that could be easily understood, regardless of an individual's financial background or expertise. As a result, the college created its first budget-in-brief, a 12 page document intended to support its annual budget as the popular annual financial report supports the comprehensive annual financial report.

The budget-in-brief communicates with stakeholders in a way that a voluminous and complex formal annual budget can't. The document summarizes information in easy-to-read graphs and charts, and it breaks out detailed explanations of revenue received from state government into bullet points. Major capital projects funded through the operations and maintenance fund are highlighted with pictures, anticipated project costs, and a couple of sentences describing the desired result the project hopes to achieve.

Any organization that produces a budget document could create a budget-in-brief. The marketing staff can be a great resource in developing the document by providing skilled writers and graphic artists who can assist with the graphics, layout, and color composition. If your government doesn't have a marketing department, you can review budgets-in-brief from other organization and base yours on them, or hire a third party to produce the document.

The College of DuPage implemented GFOA's *Making the Budget Document Easier to Understand* best practice with

this project. GFOA recommends creating a high-quality summary report because the budget document should be accessible to all stakeholders. It identifies the services the government will provide, the funding sources, and the rationale behind key decisions.

GFOA recommends that governments incorporate the following guidelines to facilitate broader consumption and greater comprehension of the budget document:

- **Organization.** Improving the organization of a budget document lessens redundancy and allows for a better flow of information through a logical sequence.
- **Detail.** Excessive detail can make the document difficult to understand, so limit the number of financial schedules, text, and supplemental data to what is necessary to convey key information.
- **Design.** The design of the budget document should be simple, easy to use, and attractive.

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- **Consistency.** Make sure that information is presented in a consistent manner.
- **Highlights.** A budget-in-brief can be presented as an internal or external feature that highlights major points from the budget document.

Read the college's budget-in-brief at [gfoa.org/budget-in-brief](http://gfoa.org/budget-in-brief).

## CONCLUSIONS

GFOA relies on governments to showcase successful demonstrations of best practice and innovative concepts to educate peer organizations. Winners and those nominating entities for consideration can be proud that creative and innovative projects will provide examples for other jurisdictions to follow, promoting best practices in government finance. The 2019 winners will be announced at GFOA's annual conference, May 19 to 22, in Los Angeles. Applications for the 2020 awards will be available later this year — watch for it at [gfoa.org](http://gfoa.org). |

