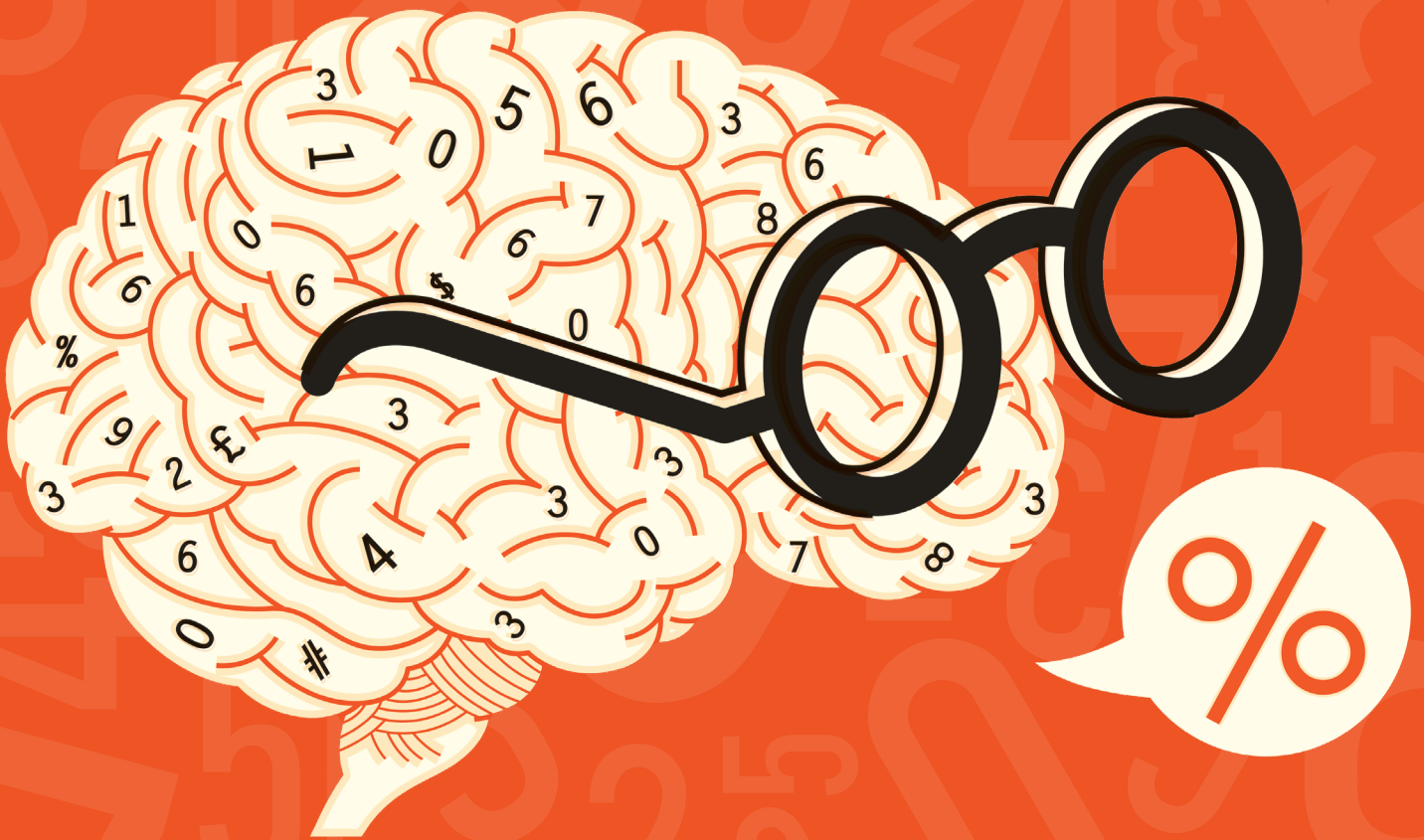


Speaking the



Same Language

Numbers are abstract concepts, which can make it challenging for local governments to communicate with residents about how the city spends its tax dollars. These two cities improved their fiscal fluency by using innovative tools and strategies to help their communities understand and engage with the budgeting process.

The City of Shakopee's Budget Communication Emphasizes Utility

When the City of Shakopee, Minnesota, communicates about the city budget, it's all in service of providing information residents find useful. This philosophy led the city—an honorable mention winner in GFOA's Fiscal Fluency Challenge—to develop two innovative methods for communicating information about the city's budget. It was a city manager's idea to condense as much budget information as possible onto a single presentation board, Finance Director Nathan Reinhardt said.

He recognized that top-line budget summaries weren't providing the full picture of the budget's impact on individual households. Creating and promoting a budget board filled with information broken down to the household level allowed the city to "right the record" on how Shakopee spends its tax dollars.

"We just wanted to be able to put the information in a format people could understand and relate to," Reinhardt said.



ABOUT FISCAL FLUENCY

Numbers are at the core of a finance professional's job, and a big part of the job is communicating those numbers to other people. However, numbers are not the first language of many who need to understand this message. GFOA's Fiscal Fluency work helps finance professionals to better communicate numbers using insights from behavioral science. Learn more: gfoa.org/fiscalfluency

The board combines metrics from the budget that most affect residents, from comparing the average tax bill to other household expenses to tax rate trends over time. City staff and elected officials bring the board with them to budget meetings and refer to it when answering taxpayers' questions. When it's not on the road, the board lives at City Hall, in view of everyone who comes to do business there.

"People appreciate having information they can understand, and some of our comparable information puts things in perspective," Reinhardt said.

City staff are regularly surprised by how many people they see engaging with the budget board independently, he added. It's also a valuable tool for elected officials who want to stay on message when fielding questions from taxpayers, according to Amanda McKnight, communications manager for the City of Shakopee.

This fiscal year's board was their best because it emphasized bullet points and graphics to keep it as clean as possible, Reinhardt said.

At the bottom of the board is a QR code that sends residents to discover their personal tax receipt, the second way Shakopee is working to demystify their city budget and bring it down to the household level.

The online tool allows residents to calculate their unofficial property tax receipt, drawing a line between their total bill and the city services that bill pays for.

"People appreciate having information they can understand, and some of our comparable information puts things in perspective."

City of Shakopee Finance Director Nathan Reinhardt

The receipt usually reveals good and bad surprises, depending on the taxpayer, McKnight said. But it always provides information that allows residents to form their opinions based on facts, rather than misconceptions or assumptions.

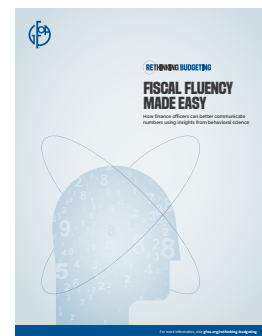
"I'm hoping that the transparency aspect makes all of that easier to digest in general and corrects some of the assumptions that might be out there," McKnight said.

The receipt looks a lot like one you might get from a store or restaurant, making it relatable to the average Shakopee resident. Getting people to engage with the online tool was challenging, however, so the communications team produced a fun, engaging video that took advantage of social media's preference for video content.

"Of course, yes, we want them to use the tool, but first we need them to know that the tool exists," McKnight said. "Maybe when they get their property tax statement they're going to think, 'Wait a minute, I watched a video about this, I should go find that and see my breakdown.'"

The Shakopee community responded to the video by urging other taxing entities to implement similar software, Reinhardt said.

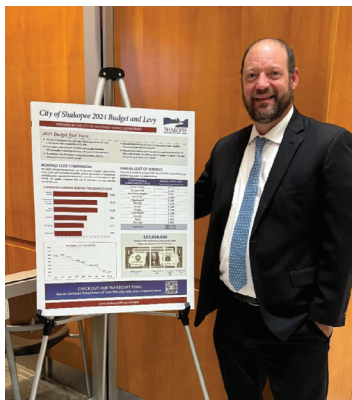
Both tools help city leaders build trust with the community and offer proof of the value the city provides to its residents.



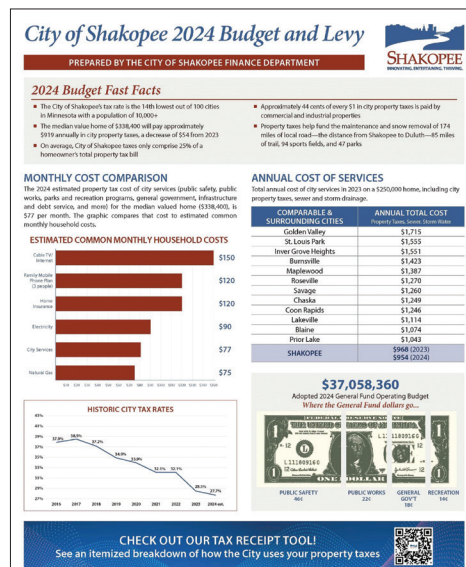
LEARN MORE ABOUT FISCAL FLUENCY

This GFOA research report provides essential strategies for transforming numbers into human experience.

gfoa.org/materials/fiscalfuency



From left: Finance Director Nathan Reinhardt displays the budget board, which gives residents a clearer understanding of how tax dollars are spent. The online property tax receipt tool breaks down how property taxes are used so the information is easily relatable to residents.



Here's your unofficial taxpayer receipt based on the information you entered.

Invite your friends and family to get their receipt:



Your 2024 City of Shakopee Property Tax Receipt

General Government	\$249.69
Mayor & Council	\$8.86
Administration	\$37.70
Human Resources	\$32.80
Communications	\$16.91
Information Technology	\$29.31
City Clerk/Elections	\$15.52
Finance	\$37.67
Property Assessing (County contract)	\$14.66
Planning & Development	\$26.71
Facility Maintenance	\$20.04
Library Building	\$9.51

Indian Wells Program Budget Helps Residents Understand City's Strategic Planning



The City of Indian Wells, California, is home to a highly involved community that is invested in the long-term financial wellbeing of their community. The city's careful financial planning has made Indian Wells a premier residential resort, boasting recreational resources like Indian Wells Golf Resort and Indian Wells Tennis Garden.

The small, affluent community started using a program budget in 2015 to better explain the city's spending to its fiscally conservative citizenry. A program budget focuses on identifying the value the public gets from government spending.

After first implementing a program budget, the city was able to reduce the volume of its budget by 50 percent. The budget became easier to manage, and citizens gained a better understanding of what departments are doing to maintain the community. The program budget resulted in an uptick in community involvement too, according to Finance Director Kevin McCarthy.

"There were some pretty happy residents who came out and said just what you'd expect them to say: 'I don't have to be a financial analyst to read the budget anymore,'" McCarthy said.

He attributes residents' voting for a new hotel tax of 12.25 percent as a direct

result of the public's understanding of the city's finances and trust in the city to be a good steward of the money. The new tax became effective Jan. 1, 2019.

Today, residents express appreciation for the city's maintaining healthy reserves, a fully funded pension program, and a \$2 million annual capital reserve fund. Recently, the California state auditor ranked Indian Wells as one of the most fiscally sound cities in the state.

"That was never a specific city goal; it was just commensurate with our long-term financial conservative outlook, and so the residents love that," McCarthy said.

While residents have grown used to the new budget structure and have stopped commenting on the new format, the values of fiscal conservatism and emphasis on maintaining reserves outlined in the program budget continue to draw praise, McCarthy said.

Indian Wells's strategic priorities for FY 2024 and 2025 include finding a new revenue source to diversify revenue streams supporting public safety, implementing updates to the city's capital improvement plan, and increasing revenue from tourism.

McCarthy is most proud of the city's budget at-a-glance document, which allows residents to quickly understand how the city plans to spend its general fund and golf resort budget. The eight-page document also outlines planned

INVESTING IN OUR FUTURE

The City invests in the future of our community by funding Capital Improvement Projects. Over the next 5 years, projects that fit within the following categories will be implemented:



Total investment in the community: \$44,379,912

PUBLIC SAFETY

Public safety and providing the necessary resources to maintain our standard for safety is a top priority. Indian Wells enjoys one of the lowest crime rates and quickest public safety response times in the Coachella Valley. This year, the City modified the fire staffing model to provide a paramedic on every shift to increase accessibility to emergency services for our residents.



The easy-to-follow design of the city's budget communications help Indian Wells residents quickly understand how the budget is spent, enhancing engagement and community involvement in the budgeting process.

investments in capital improvements and the rising costs of public safety.

The at-a-glance document is one of 13 fiscal communication pieces that are produced and sent to residents throughout the year. That level of communication sets the stage for public meetings where residents can show up and express their concerns or views on the planned investments, McCarthy said.

"By and large, we spend more time in actual strategic planning, than we do explaining the budget," McCarthy said. "I'm probably not surprised as much as I used to be, but I'm a little surprised at just how well the residents understand the budget, and I think that's in large part because of the way it's formatted." ■