Distinguished Budget Presentation Awards Program
Government Finance Officers Association

State Awards Criteria
(and explanations of the Criteria)

#C1. *Mandatory:* The document shall include a table of contents that makes it easier to locate information in the document.

Criteria Location Guide Questions
1. Is a comprehensive table of contents provided to help the reader locate information in the document?
2. Are all pages in the document numbered or otherwise identified?
3. Do the page number references in the budget or electronic table of contents agree with the related page numbers in the budget or electronic submission?

Explanation
Detailed indices preceding individual sections can be helpful, but they are not a substitute for a single comprehensive table of contents. Care should be taken in developing budget or electronic page number references in the table of contents, so they agree with the related page numbers in the budget document or electronic submission. The use of whole numbers as page numbers is easier to follow.

#P1: The document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues.

Criteria Location Guide Questions
1. Are non-financial policies/goals included?
2. Are these policies/goals included together in the Budget Message or in another section that is separate from the cabinet level/constitutional office sections?
3. Are other planning processes discussed and/or summarized?

Explanation
This criterion relates to the long-term, state-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. Diagrams may be useful. Focus on broader themes. Refer to GFOA’s best practice on Establishment of Strategic Plans.

#P2: *Mandatory:* The document should describe the state’s economic conditions and intergovernmental considerations that influence the decisions made in the development for the budget cycle.

Criteria Location Guide Questions
1. Is the economic outlook and intergovernmental considerations addressed?
2. Does the document discuss how these items guide the development of the annual budget?

Explanation
This criterion requires a discussion of the economic outlook and intergovernmental considerations that guide the development of the upcoming year’s budget. Items that might be included relate to: private-sector job growth, unemployment rate changes, state
#P3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the budget cycle. The message should describe significant changes in priorities. The message may take one of several forms (e.g., *transmittal letter*, *budget summary section*, *state of the state speech*).

**Criteria Location Guide Questions**

1. Does the message highlight the principal issues facing the state in developing the budget (*e.g.*, policy issues, regulatory, and legislative challenges)?
2. Does the message describe the action to be taken to address these issues?
3. Does the message explain how the priorities for the current budget cycle differ from the priorities of the prior budget cycle?

**Explanation**

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 appropriated budget be included in the budget message.

#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.

**Criteria Location Guide Questions**

1. Is an overview contained in the budget message/transmittal letter, executive summary, or in a separate budget-in-brief document?
2. Is summary information on significant budgetary items conveyed in an easy to read format?
3. Is summary information on budgetary trends provided?

**Explanation**

The intent of this criterion is to help readers quickly understand major budgetary items and trends (revenues, expenditures, and capital). Highlighting, indentation, bullet points, outlines, tables, or graphs may help in communicating this information. If a budget-in-brief is published as a separate document, inclusion of easy to read summary financial information in the main budget document is encouraged. Refer to GFOA’s best practice on Effective Presentation of the Budget Document.

#F1: The document should include and describe all funds that are subject to appropriation.

**Criteria Location Guide Questions**

1. Is a narrative or graphic overview of the state’s budgetary fund structure included in the document?
2. Does the document indicate which funds are appropriated? (Other funds for which financial plans are prepared also may be included in the document.)
3. Does the document include a description of each individual major fund included within the document?
4. If additional or fewer funds are included in the audited financial statements, does the document indicate this fact?
Explanation
The state needs to identify its major funds. An overview of the budgeted funds should be included in the document. This overview should include each major fund’s name and either (1) an indication of whether the fund is a governmental, proprietary, or fiduciary fund OR (2) an indication of the fund type of each fund (e.g., general, special revenue, enterprise fund). Any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget should be considered a major fund for this purpose.

#F2: The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.

Criteria Location Guide Questions

1. Is the basis of budgeting defined (e.g., modified accrual, cash, or accrual) for all funds included in the document?
2. If the basis of budgeting is the same as the basis of accounting used in the state’s audited financial statements, is that fact clearly stated?
3. If the basis of budgeting is not the same as the basis of accounting used in the state’s audited financial statements, are the differences described?

Explanation
The document should clearly identify the basis of budgeting (e.g., modified accrual, cash, accrual) employed by the state for each category of funds represented (governmental, proprietary, and fiduciary). If the basis of budgeting is identical to the basis of accounting used in the audited fund financial statements in the basic financial statements for some or all categories of funds, that fact should be clearly stated. Differences between the basis of budgeting and the basis of accounting should be identified. For examples of differences between the basis of budgeting and the basis of accounting, refer to GFOA’s best practice, Basis of Accounting versus Budgeting Basis.

#P4. Mandatory: The document should include a coherent statement of state-wide long-term financial policies.

Criteria Location Guide Questions

1. Is there a summary of financial policies and goals?
2. Do the financial policies include the state’s definition of a balanced budget?
3. Are all financial policies presented in one place?

Explanation
This criterion requires a discussion of the long-term financial policies. It is acceptable to summarize financial policies in the document, but provide a link where the policies are explained in more detail. Financial policies that should be included (but not limited to) and formally adopted relate to: (1) financial planning policies, (2) revenue policies, and (3) expenditure policies. The state should adopt a policy(s) that defines a balanced operating budget, and indicate whether the budget presented is balanced. The state should adopt a policy(s) that supports a 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. Revenue policies should consist of diversification, fees and charges, and use of one-time and unpredictable revenues. Expenditure policies should consist of debt capacity, issuance, and management, fund

#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.

Criteria Location Guide Questions

1. Is a description of the process used to develop, review, and adopt the budget included in the document?
2. Is a budget calendar provided to supplement (not replace) the narrative information on the budget process?
3. Is a discussion of how the budget is amended provided in the budget document available to the public (including the budgetary level of control)?

Explanation

This criterion requires a concise narrative description of the budget process, including an explanation of relevant constitutional requirements and how the different branches of government interact. In addition, the roles of various advocacy groups and citizens should be identified. A budget calendar should be included (noting both key operating and capital dates), although its format may vary. Inclusion of dates in the narrative description of the budget process will not satisfy this criterion. The process for 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 changes.

#F3. Mandatory: The document shall present a summary of major revenues and expenditures (for the year(s) covered in the budget cycle), as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.

Criteria Location Guide Questions

1. Does the document include an overview of revenues and other financing sources and expenditures and other financing uses of all appropriated funds?
2. Are revenues and other financing sources and expenditures and other financing uses presented either (1) together in a single schedule OR (2) in separate but adjacent/sequential schedules OR (3) in a matrix?
3. Are revenues presented by major type in this schedule (e.g., property taxes, intergovernmental, sales taxes, fees and charges)?
4. Are expenditures presented by function, organizational unit, or object in this schedule? (For funds other than the main operating fund of the state, a presentation by fund normally would satisfy this requirement.)

Explanation

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 this 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. Merely showing fund totals in a summary schedule is not proficient. Revenues should be presented by type (e.g., property tax, sales tax, fees and charges, intergovernmental) for all appropriated funds in total. Expenditures should be presented either by function, organizational unit or object. Rounding is acceptable, as well as grouping smaller revenues and expenditure accounts or categories into larger categories.

**#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 year(s) covered in the budget cycle.

**Criteria Location Guide Questions**

1. For annual budgets, are revenues and other financing sources and expenditures and other financing uses for the prior year, the current year, and the budget year presented together on the same schedule(s) or on schedules presented on adjacent/sequential pages?
2. Is this information presented for the appropriated funds in total (or for the state as a whole if no appropriated funds are included)?
3. Is this information also presented at a minimum for each major fund and for other (i.e. nonmajor) funds in the aggregate (or for each significant fund and other funds in the aggregate if no appropriated funds are included)?
4. For biennial budgets, are revenues and other financing sources and expenditures and other financing uses for the prior year, the current year, and both budget years presented together on the same schedule(s) or on separate schedules presented on adjacent/sequential pages?

**Explanation**

This criterion requires a schedule(s) that includes both revenues and other financing sources and expenditures and other financing uses for at least three budget periods (prior year actual, current year, and budget cycle year(s)). The data for the prior year should be the actual revenues and expenditures. However, the state may choose whether to use current year budget and/or estimated figures. Alternately, the document may include both the current year budget and the current year estimated amounts. Also, the document may include a discussion of any changes to the budget for the current year. However, such a discussion is not required. Any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget should be considered a major fund. Of course, information for other funds also may be presented. Information for individual major funds, nonmajor funds in the aggregate, and the state as a whole may be presented on a single schedule OR on separate schedules. Regardless of the format selected, the information for both revenues and expenditures must be included (1) on the same schedule(s) OR (2) on schedule(s) presented on adjacent/sequential pages. As in the prior criterion, revenues should be presented by type (e.g., property tax, sales tax, fees and charges, intergovernmental) and expenditures should be presented either by function, organizational unit or object. Rounding is acceptable, as well as grouping smaller revenues and expenditure accounts or categories into larger categories. States with biennial budgets should present data for four years - one prior year actual, current year budget and/or estimated amount, and budget for both years of the biennium.
#F5. **Mandatory:** The document shall include projected changes in fund balances for appropriated governmental funds.

Criteria Location Guide Questions

1. Does the document include the state’s definition of fund balance. Is the fund balance information presented for the year(s) included in the budget cycle?
2. Is there a schedule showing (1) beginning fund balances, (2) increases and decreases in total fund balances (reported separately), and (3) ending fund balances for appropriated governmental funds?
3. Is this information presented at a minimum for each major fund and for nonmajor governmental funds in the aggregate?
4. If fund balances of any major fund or the nonmajor funds in the aggregate are anticipated to increase or decline by more than 10%, does the document include a discussion of the causes and/or consequences of these changes in fund balance?

**Explanation**

This criterion requires that beginning and ending fund balances, as defined by the state in the budget document, be shown for the budget year(s), as well as revenues, expenditures, and other financing sources/uses. This information must be provided for each major fund and for the nonmajor governmental funds in the aggregate. The information may be included on the schedule(s) with the multi-year data or may be presented on a separate schedule(s). Both the beginning and ending fund balances must be clearly labeled. If the state budgets on a cash basis, the schedule may show beginning and ending cash rather than fund balance. If the fund balances of any major fund or the nonmajor funds in the aggregate are expected to change by more than 10%, the changes should be discussed in the budget message/transmittal letter or at the bottom of the schedules identifying the change. If the ending fund balances are greater than the amount or percentage that the financial policies require to be set aside, the state is encouraged to state that fact. Refer to GFOA’s best practice on Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund and Determining the Appropriate Level of Working Capital in Enterprise Funds.

#F6. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.

Criteria Location Guide Questions

1. Are individual revenue sources described?
2. Do the revenue sources that are described represent at least 75 percent of the total revenues of all appropriated funds?
3. Are the methods used to estimate revenues through the budget cycle described (e.g., trend analysis, estimates from another government or consulting firm)?
4. If revenues are projected based on trend information, are both those trends and the underlying assumptions adequately described?

**Explanation**

This criterion requires that the major revenues of the appropriated funds in the aggregate be identified and described. If an outside source (e.g., another government or consulting firm) provides an estimate of the revenue for the budget year, that fact must be clearly stated. If the state uses trend analysis to project particular revenue, a discussion of the revenue trend is required in addition to any schedules or graphs depicting the revenue trend. If the projections are based on trend analysis, the discussion must identify factors
that affect the trend, such as changes in the local economy, a new housing development, or fee increases. Do not just focus on General Fund revenues. Refer to GFOA’s best practice on Financial Forecasting in the Budget Preparation Process.

#F7: The document should explain long-range financial plans and its effect upon the budget and the budget process.

Criteria Location Guide Questions

1. Are long-range financial plans identified?
2. Do the long-range financial plans show how many years into the future the projections are carried out?
3. What agency is responsible for the long-range financial projections?

Explanation
This criterion requires the identification of long-range financial plans that extend beyond the budget cycle. The impacts of the long-range financial plan upon the current budget and future years should be noted. Refer to GFOA best practices on (1) Long-Term Financial Planning, (2) Establishment of Strategic Plans, (3) Budgeting for Results and Outcomes, and (4) Multi-Year Capital Planning.

#F8. Mandatory: The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget.

Criteria Location Guide Questions

1. Does the document define “capital expenditures”?
2. Does the document indicate the total dollar amount for sources and uses of capital for the budget cycle?
3. Describe and quantify major capital program areas (eg., transportation, education, prisons, etc.)? (Information in a separate CIP document does not satisfy this criterion.)
4. Describe and quantify any large operating impacts for the major capital programs.

Explanation
This criterion does not mandate any particular definition of “capital expenditures,” only that whatever definition is being used by the state be disclosed. After defining capital expenditures, the state should indicate the total dollar amount for both sources and uses for the budget year. Provide a summary of capital expenditures by major program. Consider breaking out capital dollars by geographic areas within the state. For operating impacts, mention the entities that have the burden for that expense if it is not a state agency. Refer to GFOA best practices on (1) Establishing Appropriate Capitalization Thresholds for Tangible Capital Assets, (2) Determining the Estimated Useful Lives of Capital Assets, (3) Incorporating a Capital Project Budget in the Budget Process, (4) Multi-Year Capital Planning and (5) Presenting the Capital Budget in the Operating Budget Document.
#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.

**Criteria Location Guide Questions**

1. If the state has legal debt limits:
   - Are debt limits described?
   - Are the amounts of debt limits calculated?
2. If the state has no legal debt limits, is that fact clearly stated within the budget document?
3. Is the amount of principal and interest payments for the budget cycle shown for each major fund (for appropriated funds), for each significant unappropriated fund and for other funds in the aggregate?
4. Is the state’s debt rating shown and discussed how has it changed over the last few years?

**Explanation**

States should describe their legal debt limits. The document should indicate the impact of debt on the current budget by indicating the total amount of principal and interest payments to be paid during the budget cycle for each major appropriated fund and for each significant unappropriated fund and for other funds in the aggregate. If the state has variable rate debt or a balloon payment that could significantly alter debt levels in the future, the state should disclose that fact. A repayment schedule may be presented, but is not required. The state is encouraged to discuss coverage requirements and actual coverage for revenue backed debt. A state may wish to discuss debt that it anticipates issuing separately from its discussion of outstanding debt. A state should consider concisely describing the purpose and type of significant debt obligations. Provide the state’s debt rating and discuss how and why it has changed (if at all) over the last few years.

#O1. **Mandatory:** The document shall include an organization chart(s) for the entire state.

**Criteria Location Guide Question**

1. Is an organization chart provided which shows the entire state?

**Explanation**

This criterion requires that an organizational chart be presented only for the overall state. Cabinet level and constitutional offices need to be shown on the main organization chart. Organizational charts for individual units are not required. When organizational charts are provided for individual units within the state, those charts should be presented in such a way as to underscore the link between the individual unit and the overall state.

#O2: A schedule or summary table of personnel or position counts for prior, current and budgeted cycle year(s) shall be provided.
Criteria Location Guide Questions
1. Is a summary table of position counts provided for the entire state by cabinet level and constitutional office?
2. Does the table include the prior year, the current year, and budget cycle year(s) position counts?
3. Are changes in staffing levels for the budget cycle explained?
4. If there are no changes in staffing levels, is that item noted?

Explanation
This criterion requires a presentation of position counts or full time equivalents (FTEs) within the state. Presentation may be made by summaries of positions on the consolidated cabinet level and constitutional office summary schedule. Staffing level changes must be explained. If there are no staffing level changes, then that fact must be noted.

#O3. (Mandatory): The document shall describe activities, services or functions carried out by organizational units.

Criteria Location Guide Questions
1. Does the document clearly present the cabinet levels and constitutional offices?
2. Does the document provide descriptions of each of those cabinet levels and constitutional offices?

Explanation
This criterion requires a clear presentation of the cabinet levels and constitutional offices within the budget document. A narrative description of the assigned services, functions, and activities of should be included. The presentation of relevant additional information should be included (e.g., shift in emphasis or responsibilities or major changes in costs). Refer to GFOA’s best practice on Departmental Presentation in the Operating Budget Document.

#O4: The document should include clearly stated goals and objectives of organizational units (e.g., departments, divisions, offices or programs).

Criteria Location Guide Questions
1. Are cabinet level and constitutional office goals and objectives identified?
2. Are cabinet level and constitutional office goals clearly linked to the overall goals of the state?
3. Are objectives quantifiable?
4. Are timeframes on objectives noted?

Explanation
This criterion requires that cabinet level and constitutional office goals and objectives be clearly identified. The relationship of these goals to the overall goals of the state should be apparent (perhaps, in the form of a matrix). For purposes of this criterion, goals are long-term and general in nature, while objectives are more short-term oriented and specific. Note when goals and objectives are expected to be accomplished.
#O5: 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.

Criteria Location Guide Questions

1. Is performance data included for the individual cabinet levels and constitutional offices in the document?
2. Does performance data directly relate to the stated goals and objectives of that unit?
3. Do performance measures focus on results and accomplishments (e.g., output measures, efficiency and effectiveness measures) rather than inputs (e.g., dollars spent)?

Explanation
Performance measures should be related to the mission, goals, and objectives of each unit. Performance measures should include outcome summaries of cabinet levels and constitutional offices and provide a meaningful way to assess the effectiveness and efficiency of those units. Include information for the prior year actual, current year estimate or budget, and budget cycle year(s). Refer to GFOA’s best practice on A Systematic Approach to Managing Performance and Performance Management for Decision Making.

#C3: The document should include statistical and supplemental data that describe the state.

Criteria Location Guide Questions

1. Is statistical information that defines the state included in the document (e.g., population, composition of population, land area, and average household income)?
2. Is supplemental information on the state economy included in the document (e.g., major industries, top taxpayers, employment levels, and comparisons to other states)?
3. Is other pertinent information on the state (e.g., history, location, public safety, education, culture, recreation, transportation, healthcare, utilities, and governmental structure) included in the document?

Explanation
Background information should be included in the budget in the form of statistical and supplementary data, either in a separate section or throughout the document. The goal is to provide a context for understanding the decisions incorporated into the budget document. The presentation should include factors that will affect current or future levels of service (e.g., population growth or economic strength in the region). Refer to GFOA’s best practice on The Statistical/Supplemental Section of the Budget Document for information that should be included as part of this discussion.

#C4: A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to a reasonably informed lay reader.

Criteria Location Guide Questions

1. Is a glossary that defines technical terms related to finance and accounting, as well as non-financial terms related to the state, included in the document?
2. Are acronyms or abbreviations used in the document defined in the glossary?
3. Is the glossary written in non-technical language?

**Explanation**
The use of technical terms and acronyms ought to be kept to a minimum, to enhance the value of the document to the majority of stakeholders. When technical terms and acronyms are used, they should be clearly and concisely described in the glossary. A separate section for acronyms may be placed next to the glossary.

**#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.**

**Criteria Location Guide Questions**

<table>
<thead>
<tr>
<th>Charts and Graphs</th>
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<tbody>
<tr>
<td>1. Are charts and graphs used in the document to convey essential information (e.g., key policies, trends, choices and impacts)?</td>
</tr>
<tr>
<td>2. Do the graphics supplement the information contained in the narratives?</td>
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</tbody>
</table>

**Explanation**
This criterion requires that graphics be used to communicate key information in the budget document. Graphics should enhance the budget presentation, and clarify significant information. The state determines the most effective format to present graphic information. Graphics may be consolidated or included throughout the document. Normally, narratives should accompany the graphs. Graphs can be used for such topics as revenues, expenditures, fund balances, staffing, economic trends, capital expenditures, service levels, performance measures, or general statistical information. Originality is encouraged, but not at the expense of clarity and consistency. Consider using captions to explain the significance of 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.**

**Criteria Location Guide Questions**

<table>
<thead>
<tr>
<th>Understandability and Usability</th>
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<tbody>
<tr>
<td>1. Is page formatting consistent?</td>
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<td>2. Are the main sections of the document easily identifiable?</td>
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<td>3. Is the level of detail appropriate?</td>
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<td>4. Are text, tables, and graphs legible?</td>
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<tr>
<td>5. Are budget numbers in the document accurate and consistent throughout the document?</td>
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</tbody>
</table>

**Explanation**
The goal of this criterion is to make sure that the document itself contributes to the effectiveness of the communication to readers. Sequential page numbering throughout the document is encouraged. Budget numbers (both financial and operational) should be accurate and consistent throughout the document. Make it easy for the reader to find budget information on the state’s website. Refer to GFOA’s best practice on Making the Budget Document Easier to Understand and Presenting Official Financial Documents on Your Government’s Website.