

# Statistical/Supplemental Information of the Budget Document

The original recommended practice was developed by the Government Finance Officers Association (GFOA). Some aspects of the practice have been revised by the Financial Management Capacity Building Committee (FMCBC) for use by Nova Scotia municipal governments. The original GFOA recommended practice is *Statistical/Supplemental Section of the Budget*, approved by the GFOA in 2005. Other sources used are footnoted in the text.

## Recommendation

The GFOA recommends that governments improve the quality of the statistical/supplemental information in their budget document by ensuring that statistical/supplemental information is relevant. The GFOA also recommends organizing the information into major categories:

- Form of government
- Geography
- Community profile
- Demographics
- Economics.

Furthermore, municipalities should provide explanations surrounding the statistical/supplemental section of the budget.

## Purpose

The purpose of statistical/supplemental information in a budget document is to provide context for understanding the decisions incorporated into the budget document. A high-quality statistical/supplemental section presents a valuable perspective for interested taxpayers and stakeholders when reviewing budget issues and understanding how management makes recommendations related to allocation of government resources. Much statistical/supplemental information found within budget documents is not tailored to the specific government type, reflects disjointed information, a lack of future oriented focus, and insufficient explanation or interpretation of the data. The GFOA seeks to improve the usefulness of the statistical/supplemental information of the budget document.

## Background

The United States based National Advisory Council on State and Local Budgeting “Best Practices in Budgeting” states that a “government should regularly collect and evaluate

information about trends in the community condition, the external factors affecting it, opportunities that may be available, and problems and issues that need to be addressed.” Trends should be shown on a multi-year basis, using both a historical and prospective timeframe in the statistical/supplemental section of the budget document. By providing this information in a readable and understandable format, municipalities can cater to a wider audience and enhance their accountability and transparency. With more taxpayers and stakeholders better aware of the financial statements and statistics supporting sound decision making, the greater the understanding of the operations of the municipality.

## **Considerations for Policy Development**

The GFOA has developed two different tools to help municipalities develop a statistical/supplemental section of the budget. The GFOA offers a Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document that provides helpful guidelines for municipalities to develop their own statistical/supplemental section of the budget. The GFOA also offers the Distinguished Budget Presentation Award Program that requires a statistical/supplemental section of the budget document. The Award has a list of criteria outlining what is required in the statistical/supplemental section of the budget document. These guidelines and requirements can be useful for municipalities when developing their own statistical/supplemental section, which can be found in *Appendix I*.

When municipalities begin to develop their own statistical/supplemental section of the budget, a template may be helpful. *Appendix II* offers a template of what to include in the statistical/supplemental section of the budget document. *Appendix III* offers examples of statistical/supplemental section in the budget documents from Canadian GFOA Distinguished Budget Presentation Award recipients. These municipalities offer the best possible examples of statistical/supplemental sections of the budget.

## **Appendices**

Appendix I: Components of a Statistical/Supplemental Section

Appendix II: Statistical/Supplemental Section of the Budget Document Template

Appendix III: Examples of Statistical/Supplemental Sections

## Appendix I: Components of a Statistical/Supplementary Section

In order to help municipalities develop their own statistical/supplemental section of the budget document, the GFOA offers recommendations and guidelines for municipalities to follow.

### GFOA Statistical/Supplemental Section of the Budget Document Recommendations

The following is a list of components that the GFOA has determined critical to developing a comprehensive statistical/supplemental section. This list also provides advice to municipalities concerning how they should format the statistical/supplemental section.

#### *Relevance of Data*

Data in the statistical/supplemental section of the budget document should:

- Relate to the rest of the document.
- Fit to the specific type of government.
- Avoid excessive and unnecessary detail, such as salary ranges of each position or presenting a chart of accounts.<sup>1</sup>

#### *Organize Information by Major Category*

Effective organization of the statistical/supplemental section can be accomplished by creating distinct categories. For instance, the categories could be divided as follows:

1. *Form of Government*

The government structure is critical in shaping how budget decisions are made, and identifying the roles of elected and appointed officials. Political ramifications of elections, terms in office, or changes in administration should be included.<sup>2</sup>

2. *Geography*

The statistical/supplemental section should include a description of the community's location, including a map.<sup>3</sup>

3. *Community Profile*

A community profile should be included to provide the background of the municipality, creating a setting for government operations. A brief timeline or short historical narrative may provide perspective on current community issues. Healthcare, transportation, education, and culture could be major elements of the profile.<sup>4</sup>

4. *Demographics and Economics*

A municipality's demographics often determine the type and scope of government's service, while economic data may provide information on

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<sup>1</sup> Government Finance Officers Association. Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, Approved 2005.  
[http://www.gfoa.org/downloads/budget\\_statistical\\_supplementalRP.pdf](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

resources. Demographic and economic statistics should cover a wide range of items, as well as comparisons of the municipality's data with the data of other similar municipalities. Using trend data, rather than relying exclusively upon current-year data, can enhance comparisons and analysis.<sup>5</sup> A Nova Scotia municipality can compare itself against all other municipalities in Nova Scotia by using the Municipal Indicators established by Service Nova Scotia and Municipal Relations. This is an accurate and straightforward mechanism for municipalities to compare itself against the other municipalities in the Province. These indicators can be found at <http://www.gov.ns.ca/snsmr/muns/indicators/public/default.asp>.

5. *Provide Explanations*

Information in the statistical/supplemental section of the budget should be explained if the connection to the budget is not apparent. The use of pictures or graphs is encouraged, and sources of information should be identified.<sup>6</sup>

### **GFOA Distinguished Budget Presentation Award Program Requirements**

The GFOA offers an award for the exemplary presentation of a budget document. In order to achieve this award, municipalities need to meet the requirements outlined by the GFOA, which includes presenting a statistical/supplemental section. The following are the requirements for the statistical/supplemental section of the budget document from the GFOA Distinguished Budget Presentation Award.

The budget 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.

- Is statistical information that defines the community included in the document?
  - ❑ Population
  - ❑ Composition of population
  - ❑ Land area
  - ❑ Average household income
  
- Is supplemental information on the local economy included in the document?
  - ❑ Major industries
  - ❑ Top taxpayers
    - Each jurisdiction should check their authority to publish this information.
  - ❑ Employment levels
  - ❑ Comparisons to other local communities

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<sup>5</sup> Government Finance Officers Association. [Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, Approved 2005.](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf)

<sup>6</sup> Ibid.

- Is other pertinent information on the community included in the document?
  - ❑ Local history
  - ❑ Location
  - ❑ Public safety
  - ❑ Education
  - ❑ Culture
  - ❑ Recreation
  - ❑ Transportation
  - ❑ Healthcare
  - ❑ Utilities
  - ❑ Governmental structure<sup>7</sup>

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<sup>7</sup> Government Finance Officers Association. Detailed Criteria Location Guide Distinguished Budget Presentation Awards Program.  
[http://www.gfoa.org/downloads/budget\\_statistical\\_supplementalRP.pdf](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf).

## Appendix II: Statistical/Supplemental Section of the Budget Document Template

The following is a template for municipalities to follow when developing their own statistical/supplemental section of the budget documents. The components of the template have been divided into categories for clarity, and the components within the categories have been taken from the GFOA's Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, the GFOA Distinguished Budget Presentation Award Program Requirements, and municipalities that have been recipients of the GFOA Budget Award.

### Government Structure

Municipalities should begin their statistical/supplemental section with a description of the structure of its government. This should include an organizational chart of both the Council members and the administration. This can provide the readers with an understanding of how decisions are made.

For instance, the City of Mississauga and the City of Edmonton both begin their statistical/supplemental section with an organizational chart and a description of their electoral system. The statistical/supplemental section should also include the political ramifications of elections, terms in office, and any significant changes in administration.

The statistical/supplemental section should provide a description of the various roles in the municipality. The description of roles should include:

- City Council;
- Various committees, boards, and agencies involved with the City;
- City manager/chief administrative officer;
- City auditor;
- Utilities board;
- Police commission; and
- Library board.<sup>8</sup>

The descriptions of each of the roles should be followed by detailed administrative organizational structures. This could include organizational structures of each individual department.

### Geography

The statistical/supplemental section of the budget should include a physical and geographical description of the municipality. This could include a map, with a description of the surrounding areas. These attributes are important to the

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<sup>8</sup> City of Edmonton, Alberta. [City of Edmonton Approved 2007 Budget](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).  
[http://webdocs.edmonton.ca/CityGov/Budget/budget\\_2007/approved\\_budget\\_in\\_brief07.pdf](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).

statistical/supplemental section because they can help the reader understand what may shape and affect the community. The following is an excerpt from the City of Surrey's statistical/supplemental section of the budget:

“Welcome to Surrey, the ‘City of Parks’. We are a City proud of its heritage and history of welcoming newcomers to our home. Our rich surroundings of green forests, tranquil rivers, and such spectacular parks provide a unique setting for residents and visitors alike. Nestled between precious agricultural lands, you’ll find a City full of potential, realizing remarkable economic growth.”<sup>9</sup>

### **Community Profile**

The statistical/supplemental section of the budget document should also include a section describing the community. All of the GFOA Budget Presentation Award recipient budgets include a detailed community profile. The community profile should consist of:

- History of the municipality;
- Special events and festivals;
- Academic and healthcare services;
- Artistic and cultural activities;
- Tourist attractions; and
- Sports teams.<sup>10</sup>

### **Demographics**

The discussion of demographics in the statistical/supplemental section of the budget document is a very important component. Municipalities should include a discussion on the municipality's demographics, including:

- Demographic statistics:
  - Population growth or decline over several years;
  - Income per capita;
  - Birth/mortality rate;
  - Median age of population;
  - School enrollment;
- Education level of citizens; and
- The number of different languages spoken in the municipality.<sup>11</sup>

This information can provide readers with an understanding of what the future will be for the municipality. This can help examine if the municipality has a growing or ageing

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<sup>9</sup> City of Surrey, British Columbia. 2006-2010 Financial Plan.  
<http://www.surrey.ca/NR/rdonlyres/F612C576-6022-418D-BC4824EDA164D9F8/0/20062010FinancialPlanWeb.pdf>.

<sup>10</sup> City of Edmonton, Alberta. City of Edmonton Approved 2007 Budget.  
[http://webdocs.edmonton.ca/CityGov/Budget/budget\\_2007/approved\\_budget\\_in\\_brief07.pdf](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).

<sup>11</sup> Government Finance Officers Association. Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, Approved 2005.  
[http://www.gfoa.org/downloads/budget\\_statistical\\_supplementalRP.pdf](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf).

population, an educated/skilled work force, or an ethnically diverse community. All of these statistics provide the reader with a greater understanding of the municipality and the community. These particular statistics can be effectively displayed in graphical format.

## **Economic**

Municipalities should also include a section discussing the municipality's current economic situation and prospective economic future. By providing this information, the readers can have the opportunity to understand the municipality's current financial situation, as well as the future situation of what the municipality can achieve. This information can also indicate the financial capacity and strength of the municipality.

Within the economic component of the statistical/supplemental section of the budget, municipalities should include:

- Expected economic growth rate;<sup>12</sup>
- Inflation rate for the municipality and the region;<sup>13</sup>
- Assessed value of taxable property;<sup>14</sup>
- Top ten principal taxpayers;<sup>15</sup>
- Top ten principal employers (both public and private employers should be included);<sup>16</sup>
- Trends in:
  - Retail sales;
  - Home sales;<sup>17</sup>
  - Construction projects;<sup>18</sup>
- Employment and unemployment rates;<sup>19</sup>
- Past and present financial trends;<sup>20</sup> and
- Future financial projections.<sup>21</sup>

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<sup>12</sup> City of Edmonton, Alberta. City of Edmonton Approved 2007 Budget.

[http://webdocs.edmonton.ca/CityGov/Budget/budget\\_2007/approved\\_budget\\_in\\_brief07.pdf](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).

<sup>13</sup> Ibid.

<sup>14</sup> Government Finance Officers Association. Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, Approved 2005.

[http://www.gfoa.org/downloads/budget\\_statistical\\_supplementalRP.pdf](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf).

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> City of Edmonton, Alberta. City of Edmonton Approved 2007 Budget.

[http://webdocs.edmonton.ca/CityGov/Budget/budget\\_2007/approved\\_budget\\_in\\_brief07.pdf](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).

<sup>19</sup> Government Finance Officers Association. Recommended Budget Practice on the Statistical/Supplemental Section of the Budget Document, Approved 2005.

[http://www.gfoa.org/downloads/budget\\_statistical\\_supplementalRP.pdf](http://www.gfoa.org/downloads/budget_statistical_supplementalRP.pdf).

<sup>20</sup> City of Edmonton, Alberta. City of Edmonton Approved 2007 Budget.

[http://webdocs.edmonton.ca/CityGov/Budget/budget\\_2007/approved\\_budget\\_in\\_brief07.pdf](http://webdocs.edmonton.ca/CityGov/Budget/budget_2007/approved_budget_in_brief07.pdf).

<sup>21</sup> Ibid.

## **Appendix III: Examples of Statistical/Supplemental Sections**

In order to help municipalities develop their own statistical/supplemental section of their budget, some examples from Canadian municipalities have been provided. All four of these municipalities have been awarded with the GFOA Distinguished Budget Presentation Award Program for several years. These examples include what the municipality included in their statistical/supplemental section of the budget document. These examples can help other municipalities recognize how a comprehensive statistical/supplemental section of a budget can be organized.

### **City of Edmonton – Approved 2007 Budget**

[http://www.edmonton.ca/city\\_government/documents/CityGov/2007\\_approved\\_%20budget.pdf#xml=http://search1.edmonton.ca/texis/ThunderstoneSearchService/pdfhi.txt?query=city+budget+2006&pr=www.edmonton.ca&prox=page&rorder=750&rprox=250&rdfreq=0&rwfreq=0&rlead=750&rdepth=0&sufs=1&order=r&cq=&id=48e4694b17](http://www.edmonton.ca/city_government/documents/CityGov/2007_approved_%20budget.pdf#xml=http://search1.edmonton.ca/texis/ThunderstoneSearchService/pdfhi.txt?query=city+budget+2006&pr=www.edmonton.ca&prox=page&rorder=750&rprox=250&rdfreq=0&rwfreq=0&rlead=750&rdepth=0&sufs=1&order=r&cq=&id=48e4694b17)

### **City of Mississauga – 2006 Budget Book Introduction**

[http://www.mississauga.ca/file/COM/2006\\_Budget\\_Book\\_Overview.pdf](http://www.mississauga.ca/file/COM/2006_Budget_Book_Overview.pdf)

### **City of Surrey, British Columbia 2006-2010 Financial Plan**

<http://www.surrey.ca/NR/rdonlyres/F612C576-6022-418D-BC48-24EDA164D9F8/0/20062010FinancialPlanWeb.pdf>

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- City of Surrey, British Columbia. 2006-2010 Financial Plan.  
<http://www.surrey.ca/NR/rdonlyres/F612C576-6022-418D-BC4824EDA164D9F8/0/20062010FinancialPlanWeb.pdf>.
- City of Mississauga, Ontario. 2006 Budget and Business Plan Budget Book Introduction.  
[http://www.mississauga.ca/file/COM/2006\\_Budget\\_Book\\_Overview.pdf](http://www.mississauga.ca/file/COM/2006_Budget_Book_Overview.pdf).
- Government Finance Officers Association. Detailed Criteria Location Guide Distinguished Budget Presentation Awards Program.  
[http://www.gfoa.org/downloads/BudgetCriteriaExplanations\\_000.pdf](http://www.gfoa.org/downloads/BudgetCriteriaExplanations_000.pdf).
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