

OPERATING AND CAPITAL BUDGETING EXAMINATION

A. Examination Specifications

Specifications account for 160 of the 175 prescribed examination questions. Item writers are instructed to develop examination items that require application of knowledge or higher cognitive levels.

I. Budget Process and organization (30)

- A. Understanding the relationship between operating and capital budgeting
- B. Legal foundations
- C. Organizational structures for budget process
- D. Roles and responsibilities of participants
- E. Budget classification structure
- F. Fund and fund structure
- G. Time period covered by operating and capital budgeting
- H. Relationship between budgeting and accounting

II. Linkage of budget to long-range planning and assessment (30)

- A. Strategic planning
- B. Setting Goals
- C. Performance measures and benchmarks
- D. Efficiency and effectiveness measures
- E. Multi-year forecast
- F. Short-term and long-term goals
- G. Relationship of action plans to long-term goals
- H. Cost analysis and pricing services

III. Budget and financial policies (30)

- A. Purpose of policies/roles in development (including consistency with goals/plans)
- B. Financial policies related to budgeting (areas)
- C. Planning and managing reserves (rainy day funds)
- D. Fund balance policies
- E. Programmatic policies/level of service standards
- F. Periodic review of policies, including impact of policies on budget

IV. The operating budget (30)

- A. Types of budgets (line item, program, performance and zero-base budgets)
- B. Administration
- C. Formulation of executive budget
- D. Legislative review and approval
- E. Legal level of control
- F. Amending the budget
- G. Budget request
- H. Expenditure planning (mandated and discretionary expenditures)
- I. Position planning and analysis
- J. Monitoring and reporting on budget performance
- K. Budgeting for outcomes

V. Revenue forecasting and analysis (20)

- A. Sources of revenue
- B. Revenue characteristics
- C. Taxes
- D. Setting user fees and charges
- E. Forecasting methodologies
- F. Reaching agreement on assumptions in the forecast
- G. Monitoring

VI. Preparing/adopting the CIP and budget (20)

- A. Capital improvement program (CIP)
- B. Capitalization policy
- C. Evaluating capital facilities needs and alternatives
- D. Identifying projects for CIP inclusion
- E. Evaluating capital financing alternatives
- F. Evaluating methods (payback, present value, and return on investment)
- G. CIP/Capital budget approval
- H. Monitoring and reporting on capital project implementation

Operating and Capital Budgeting Examination Recommended Readings

Readings from GFOA Publications

- GFOA Budget Series
 - Capital Project Planning and Evaluation - Chapters 1-5
 - Building a Better Budget Document (2nd Edition)
- # Organization and Design of an Effective Budget Function – Chapters 1 – 4
- Financial Policies: Chapters 1-10
- Financing the Future: Long-Term Financial Planning
- Informed Decision-Making Through Forecasting: A Practitioner’s Guide to Government Revenue Analysis

Best Practices (Budgeting and Financial Planning) GFOA Web site: www.gfoa.org

GFOA Research Reports (www.gfoa.org/research-reports)

- Anatomy of a Priority-Driven Budget Process
- Building a Financially Resilient Government through Long-Term Financial Planning
- Lessons from Performance Management Leaders: A Sample of Larger Local Governments in North America
- Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (NACSLB)

Available free of charge on the GFOA website