

A Comprehensive Review of Kissimmee's FY2024 Budget Document

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PAD6227: Public Budgeting

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December 1, 2024

Executive Summary

In public budgeting, budget documents fulfill four distinct roles: a transparency device, a management tool, a policy statement, and a financial plan. These documents must include various components to accomplish each of these roles successfully. The most important of these components is an outline of the city's forecasted revenues and expenditures. This component grants insight into the municipality's strategic plan for the upcoming fiscal year – allowing the document to function as a management tool and financial plan. It also reveals to those outside the government how the city plans to collect and spend taxpayer money – allowing the document to function as a transparency device and a policy statement. But this is far from the only needed component: others include a capital improvement plan, strategic priorities, sustainability plans, performance measures, financial policies, and much more. With such a plethora of needed components and limited time to assemble them, municipalities often fall short in many ways – limiting the effectiveness of their budget document in each of its key roles.

This paper explores these complexities by examining the City of Kissimmee's 2024 budget document. It identifies the standards of a well-prepared and effective budget document. It then analyzes in which roles the relevant components of Kissimmee's budget document meet these standards and how those that fall short might be improved. For example, one of its most important recommendations is that Kissimmee refine its long-term strategic priorities and better connect them to the rest of the budgeting process. Doing so would greatly improve the document in each of its four roles. However, this is far from the only recommendation that it puts forward. Through this analysis, the paper showcases how proper financial documentation and sound budgeting processes can improve the delivery of a municipality's services and its perception among its residents.

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Introduction

Effective public budgeting is critical for municipalities as it is a requirement for creating a thriving community and is vital for earning public trust (Bland & Overton, 2019). The public budgeting process is organized around guidelines and regulations to ensure sound financial management. Municipalities use budget documents to ensure decision-makers and administrators satisfy these requirements (Bland & Overton, 2019). They also use the budget document to communicate with residents. It is essential for residents to have information on and a say in how public dollars are utilized, as they are the source of both elected officials' power and the municipality's funds (Rubin, 2019). This analysis examines how Kissimmee's FY2024 budget document accomplishes these functions through four key dimensions: transparency, management, policy, and financial planning.

This analysis evaluates the document's overall effectiveness as a governance tool by discussing its strengths and weaknesses in these four dimensions. Specific strengths within Kissimmee's budget document include incorporating extensive background information, providing the rationale for important decisions, and using a sleek design – improving transparency by facilitating public interaction with the provided information (City of Kissimmee, 2024). The document also reveals the use of well-founded financial policies and diverse revenue sources – improving its usefulness as a policy statement (City of Kissimmee, 2024).

But despite these strengths, Kissimmee must also address critical deficiencies in its strategic planning, performance measurement and reporting, debt policy, revenue-expenditure imbalance, long-term financial sustainability planning, and more (City of Kissimmee, 2024). These areas must be improved if future documents are effective management tools and financial plans, ensuring Kissimmee's continued fiscal health and economic development. Constantly

striving to improve budget policies and procedures empowers residents to hold city government accountable while facilitating sustainable growth and sound decision-making (Bland & Overton, 2019). Through a discussion of the budget document's strengths and weaknesses, this analysis will assess how well the City of Kissimmee formulates, adheres to, and reports its fiscal responsibilities, procedures, decisions, and strategies.

Transparency Device

The budget document is an essential medium through which a city government communicates with its residents (Overton & Bland, 2019). Therefore, the transparency of the budget document is of paramount importance. If it does not meet established standards of transparency, then citizens will not know what to expect from city governance in the upcoming fiscal year. This is a problem for any democratic government whose power is ultimately vested in the people. In analyzing Kissimmee's budget document, four conceptualizations of transparency emerge: accountability, accessibility, context rationale, and performance measurement.

Accountability

Accountability and transparency are essential to ensuring that government agencies are responsible stewards of public funds and maintain the public's trust (Rubin, 2019). They foster an environment where decisions are visible and understandable to the public, enabling citizens to monitor expenditures and encouraging government agencies to act with integrity (Bland & Overton, 2019). Making annual budget reports available allows citizens to review how funds are allocated and spent (Rubin, 2019), as demonstrated by The City of Kissimmee, which posts its fiscal reports online for public access (City of Kissimmee, 2024). The city's administration also hosts public hearings to present the city's budget to residents. Encouraging public participation in the city's budget process promotes transparency and accountability (Bland & Overton, 2019).

Kissimmee's budget planning process also relies on strong financial policies to ensure accountability among its public managers. Each department must utilize a standard budget preparation package with a manual, request forms, and previous budget data. This budget preparation package ensures that the city's subdivisions make informed and practical recommendations to the city's administrators. The city also displays its budget with line-item expenses, allowing citizens to view how each dollar is spent (City of Kissimmee, 2024). Another financial policy that is crucial in ensuring fiscal accountability is routine audits. Auditing mitigates waste, fraud, and abuse (Rubin, 2019). Formal audits facilitate fraud detection, drive performance improvements, and reinforce overall responsibility. Utilizing the State of Florida's Uniform Accounting System Chart of Accounts, the city must submit its annual financial report to the Department of Financial Services within 45 days of receiving the auditor's report on its financial statements (City of Kissimmee, 2024). These financial procedures foster transparency and strengthen trust between the city and its residents, ensuring that public resources are managed effectively and ethically.

Accessibility

Kissimmee's budget document utilizes many strategies to make the budget comprehensible to the general public. First, it has a sleek visual design and is consistently formatted. It also includes multiple budget overviews that give straightforward explanations of what the budget includes. The document's many graphs and tables emphasize key information, such as the final adopted budget of roughly \$267 million and the focal points of expenditures, such as law enforcement and the fire department (City of Kissimmee, 2024). Finally, the document includes a glossary that defines technical terms to make the sophisticated language used understandable. All of these characteristics make the document an easy and, even at times,

pleasant read. This encourages its use among residents who are overwhelmingly casual readers (Overton & Bland, 2019).

Yet, there are still factors that hinder its accessibility. The principal shortcoming of the budget's summary is online accessibility. When visiting the website, the link descriptions are reversed for the summary and full budget, directing users to the incorrect version. This could lead to confusion about what the official document entails – creating a gap in understanding among those referencing either document. Another drawback is Kissimmee's use of technical language in the glossary. This reduces the effectiveness of including a glossary for the average citizen, as it fails to clarify the terms used for the casual reader (Overton & Bland, 2019).

Context & Rationale

Kissimmee's budget document effectively goes beyond presenting data on city finances. It also includes explanations for the budgetary decisions made by the city commission – such as keeping the millage rate constant, dipping into city reserves, and approving budget transfers (City of Kissimmee, 2024). The document provides ample information on how and why each department's allocations have changed over time (City of Kissimmee, 2024). Further, it describes the expected benefits of the city commission's current budgetary decisions, expands upon the future opportunities that will be created, and lists the city's previous accomplishments (City of Kissimmee, 2024). Therefore, Kissimmee's budget document is transparent in explaining the rationale behind changes made from one year's budget to the next.

A truly transparent budget document must also provide detailed background information so that residents can understand the context of budgetary decisions. This has positive benefits because citizens who understand how budgetary decisions are linked to the broader environment are more likely to trust the government in effectively managing their tax dollars (Swain & Reed,

2014). Kissimmee's budget document accomplishes this by providing extensive details on the city's history, institutions, demographics, and economy (City of Kissimmee, 2024). The city's economic history is explored in depth, including descriptions of how the city's unemployment rate, economic growth, major employers, real estate market, and tourism industry have all changed over time. One section even explains the US economy and how macroeconomic trends are connected to and impact the city. Finally, the city's departments and fund structure are also presented, along with descriptive summaries of each fund. Overall, the abundant context and rationale provided by the Kissimmee budget document is perhaps its biggest strength as a transparency device.

Performance Measurement

Kissimmee's budget document fails to provide sufficient information on how effectively its departments perform their duties. While some basic performance measures are put forward for each department, none are connected to the outcomes or impact that department creates in the community. Instead, they measure rudimentary work outputs such as traffic citations issued, tons of garbage collected, or acres of parks mowed. Further, the city's departmental subdivisions do not track even basic output measures despite all line-item budgeting being done at the subdivision level. While the city's strategic plan puts forward some long-term goals, such as growing the transportation system and beautifying Lakefront Park, no methods for tracking these goals are provided (City of Kissimmee, 2024). No resident could use the performance measures included in this budget document to learn about the quality of the goods and services provided by the city of Kissimmee, nor could they use it to judge the city government's impact on the greater Kissimmee community. Thus, this document fails the performance criterion of a transparent budget (Stoeckel, 2024a).

This lack of adequate performance measurement and data is the Kissimmee budget document's most significant weakness as a transparency device. Many public budgeting experts now stress the importance of including outcome data in the budget (Swain & Reed, 2014). One reason is that residents often want to know what value they are getting in exchange for their tax dollars, not only the specific line items on which those dollars are being spent and the basic outputs produced by the city's departments (Stoeckel, 2024d). Because this document does not include any such outcome performance measurements, it reduces public interest in the city budget and prevents residents from learning information that they may consider pertinent. Both of these effects make the budget more opaque rather than more transparent.

Management Tool

With expectations rising for the public sector, municipalities are pushed to maximize effectiveness while managing their limited resources. An organized financial document can help by highlighting where management practices are proving effective, how they might be improved, and how budget allocations can be altered to improve departmental outcomes and better pursue the city's strategic priorities (Bland & Overton, 2019). Unfortunately, the weaknesses of Kissimmee's budget document prevent it from being very useful as a management tool. Contrary to public budgeting best practices, Kissimmee's budgeting is done at the department level rather than the program level, performance measures are inconsistent and largely focused on outputs, the city's strategic priorities are not thoroughly incorporated into the rest of the budget, and the budget document includes almost no information on the services the city contracts out to private suppliers as well as its regional collaborations (City of Kissimmee, 2024).

Performance Measurement

Continuing the previous discussion on performance measures, tracking and reporting effective performance metrics is also crucial for improving management outcomes (Overton & Bland, 2019). Contrary to the public budgeting best practices, the City of Kissimmee makes each department create its own performance indicators, with some being more aligned with departmental goals than others. For example, the Department of Finance lists improving customer service as one of its key objectives, yet none of the performance indicators they created relate to customer service in any way. Conversely, the Public Works Department uses metrics – such as miles of paved streets and number of grants received – that align with their goal of improving city infrastructure. (City of Kissimmee, 2024) Furthermore, there is no standard for what factors contribute to departmental effectiveness. This inconsistency can be problematic since not having consistent metrics across an agency can create inequalities in judging performance and hinder the proper allocation of resources.

Despite its weaknesses, the City of Kissimmee's performance indicators provide some insight into the progress being made by each department. Each department includes a description of its goals along with yearly trends in the output performance measures it tracks (City of Kissimmee, 2024). Reporting on past performance strengthens a budget document by allowing for an assessment of departmental productivity (Overton & Bland, 2019). Kissimmee could also improve this document as a management tool by incorporating a benchmark system to analyze effectiveness or developing a tentative time frame for department activities to see if implementation is efficient (Melkers & Willoughby, 2005). This information can alter the performance trajectory of their budgets by affecting the City of Kissimmee's financial decisions and strategies throughout the fiscal year.

Program Level versus Departmental Level Budgeting

Regarding program or departmental budget reporting, the City of Kissimmee does a fair job of identifying and explaining its budget at the department level. There were descriptions of the departments, their fiscal standings, and expected forecasts (City of Kissimmee, 2024).

However, the budgetary plan could be seen as weak and would have benefitted from presenting more in-depth explanations surrounding their programs. Providing such information allows program managers to be held accountable to budgetary standards and the performance outcomes they produce (Welkers & Willoughby, 2005). Cities like Kissimmee use program budgeting to identify shortcomings, which allows them to create plans for solving problems or alter budget allocations to ensure that programs have the resources they need to be successful.

Strategic Decision-Making

In public budgeting, management involves decision-making that aligns with concise objectives alongside comprehensive metrics for each government program's inputs, outputs, outcomes, efficiency, and effectiveness (Bland & Overton, 2019). This method aligns financial resources with desired results and enhances accountability and transparency in the budgeting process. By focusing on measurable performance indicators, financial data enables policymakers to make informed decisions that drive improvements and optimize resource allocation within public sector initiatives. Municipalities generally decide between performance budgeting and program budgeting, which prioritizes funds based on initiatives but does not necessarily assess the success to determine the fiscal investment.

Kissimmee's approach to using performance information in budgetary and strategic decision-making appears limited, as the budget does not clearly outline specific performance measurements that align with their strategic goals (City of Kissimmee, 2024). The lack of these

metrics makes the management of resources challenging. The budget document mentions objectives and strategies but is not extensively outlined with specific details. For example, on page 23, the document explains that the city's goals and objectives, activities, and service levels for the city's departments are determined by the funding available but are not explicitly described (City of Kissimmee, 2024). In addition, on page 63, the city's priorities and target actions are outlined as a list. However, descriptions do not accompany them or redirect readers to other portions of the budget document to learn more about these initiatives.

Additionally, the strategic priorities mentioned in the budget are broad and vague, which may hinder the ability to track progress and accurately measure success. The city could develop more explicit performance indicators and align them directly with specific strategic goals to demonstrate a stronger connection between management and budgeting. The Economic Development highlights overall departmental strategies on page 122, which is inconsistent for all city departments (City of Kissimmee, 2024). Also, many of the strategies listed are conceptual or describe a goal without mention of budgetary effects. Overall, the city's budget document could benefit from enhancing the clarity and consistency of its objectives and strategies to ensure proper municipal management and budget allocation.

Contracting & Collaboration

Another of the weaknesses of the Kissimmee budget document as a management tool is that it provides almost no information on the city's programs delivered through contracts with private companies. It is clear that the Kissimmee government has many such contracts. The budget of every departmental subdivision allocates funds for "other contracted services" (City of Kissimmee, 2024). However, it is unclear whether these "other contracted services" are payments to private companies that use them to provide public services directly or are for

services that merely support the agency in delivering public services. This lack of information on the city's contracting activities is a serious problem for those using this budget document as a management tool. According to Rubin, reporting information on contracts' details, scopes, performance standards, performance compliance metrics, costs, consequences, and multi-year trends is necessary for rational management and decision-making (2006).

The first reason for this is that it holds managers accountable for the actual results their contracts produce. Contracting is often marketed as an opportunity to lower costs while increasing service quality (Rubin, 2006). However, many examples of contracts failed to accomplish these promises in actuality. If information on contracts' performance metrics and costs goes unreported, then failures like these become extremely difficult to identify and discontinue. In Kissimmee's case, many of the city's contracts may not produce the assumed beneficial results. Yet, no one knows this for certain because the information necessary for making such judgments is not being reported. The second reason is that reporting on contracts gives managers a wealth of information to make better future decisions. Information reporting allows managers to learn from past successes and failures in ways that improve rational decision-making and contract design (Rubin, 2006). If this information is not being reported, as is the case in Kissimmee, then the same mistakes can continue to occur repeatedly. Furthermore, these lessons inform managers on when contracting makes sense and when it doesn't. According to Rubin (2006), many local governments are reluctant to contract out services because they are unsure of whether they will produce successful results. However, if a backlog of information exists on when contracting produced successful results in the past, managers can use it to determine whether contracting makes sense for their own situations. This reduces transaction costs and increases the likelihood that managers engage in beneficial contracting (Rubin, 2006).

However, this information has not been collected and reported in Kissimmee, so transaction costs remain high.

Kissimmee's budget document similarly provides almost no information on the city's collaborations with other governments in the region. The only one mentioned in the budget document is the city and Osceola County's joint oversight of the Toho Water Authority utility (City of Kissimmee, 2024). Not reporting information on intergovernmental collaborations produces similar drawbacks to those mentioned by Rubin regarding contracting: it reduces transparency and accountability, prevents managers from learning from past successes and mistakes, and increases transaction costs (Mitchell & Thurmaier, 2016). Another drawback of not reporting information on collaborations is that it fails to enhance participants' knowledge, trust, and mutual understanding of the collaborative project. By verifying accurate information on the collaboration and making it available to all members, budget documents can be essential resources for fostering this mutual understanding (Mitchell & Thurmaier, 2016). The Kissimmee budget document fails to provide this information and, therefore, also fails to foster knowledge, trust, mutual understanding, and success in the city's collaborative endeavors.

Policy Statement

Municipalities' budgets are developed according to pre-established policies. Well-founded policies support sound financial decision-making, ensure all needed budgeting procedures are accomplished, ensure sufficient revenues for funding expenditures, and promote financial sustainability (Allen et al., 2013). For these reasons, an important role of the budget document is stating these policies explicitly and analyzing the budget's conformance to them. This section investigates the financial policies Kissimmee utilizes, how these policies impact the city's budget, and how these policies may fall short of public budgeting best practices.

Financial Policy

The City of Kissimmee conducts its budgeting process using eight set financial policies. The first is the budget policy, which states that the City of Kissimmee must pass a balanced budget by October 1st. Second, the cash policy establishes the procedures for the city's cash collection and receipt-entering activities. Third, the accounting policy requires annual financial audits to be completed within 45 days of the budget being completed (City of Kissimmee, 2024). Fourth, the fund balance policy requires the general fund's reserves to equal at least 10% of its operating budget yearly (City of Kissimmee, 2024). Fifth, the procurement policy establishes purchasing limits that departments must adhere to and local vendor preferences (City of Kissimmee, 2024). Sixth, the long-term financial planning policy provides guidelines that assist the city in aligning its immediate decisions with its long-term strategic goals (City of Kissimmee, 2024). Seventh, the capital asset policy requires an up-to-date inventory of the city's capital assets be produced yearly. Finally, the investment policy focuses on defining objectives for the city's investment portfolio and the procedures to manage it (City of Kissimmee, 2024).

The budget document explains that the aims of these financial policies are streamlining the budget process, promoting sound financial decision-making, and ensuring that decisions are made with an eye toward their future consequences. Yet, these policies fail to achieve public budgeting best practices in many ways, which prevents them from fully accomplishing these aims. For example, there is a lack of information on how well the city adheres to these financial policies and how they are connected to the rest of the budget document. Kissimmee would, therefore, greatly benefit from adding clear, detailed descriptions that directly link budget outcomes and decisions back to the respective policy that motivated them.

Revenue Policy

Kissimmee's revenue policy is unique for two reasons. First, the city receives a plurality of its revenues (44%) from intergovernmental transfers (City of Kissimmee, 2024). These intergovernmental revenues include state and federal government grants and revenue-sharing transfers from the Toho Water Authority and Kissimmee Utility Authority. Because it receives so many revenues through these transfers, the city can avoid relying on revenue sources that fluctuate with the economy or create economic inefficiencies. Second, Kissimmee is the regional hub of the fifth fastest-growing county in one of the U.S.'s fastest-growing states (The Florida Office, 2024). Citizens continue to move in, build homes, and establish new businesses in the city year after year. This allows Kissimmee to consistently increase spending and provide high-quality municipal services despite having one of Florida's lowest property tax rates. Low property taxes and high-quality municipal services attract even more new residents and businesses, a snowball effect that has propelled the city's economic growth (Stoeckel, 2024c). Property taxes and intergovernmental transfers explain 70% of Kissimmee's revenues. The remaining revenue comes from a varied mix of smaller sources. Examples of these sources include a sales tax, a utility tax, a gas tax, mobility fees, airport leases, and much more (City of Kissimmee, 2024). This is another strength of the city's revenue policy, as tax diversification increases revenue stability (Overton & Bland, 2019).

Despite Kissimmee's unique advantages and the diversity of its revenue sources, the city still faces serious revenue policy issues. Most significantly, revenues fell \$10 million short of fully funding expenditures during the 2024 fiscal year (City of Kissimmee, 2024). Yet, the city still ended the year with over \$30 million in reserves. This revenue deficiency is not a short-term issue, but it may prove to be a problem in the long term should deficits persist or an economic

downturn decrease revenues. Kissimmee would benefit from strategically reviewing its revenue policy to identify and build upon its many revenue policy strengths. A strategic review would assist the city in identifying new revenue policies that close the revenue-expenditure gap, improve the sustainability of its revenue sources, and encourage reinvestment in the local economy (Overton & Bland, 2019).

Fiscal Slack

The financial strength of a municipality is reflected in its reserve balance, which is the amount of money set aside for use in future years (Bland & Overton, 2019). In the budget document, Kissimmee describes its reserve balance as a vital measure of financial health. Maintaining sufficient reserves is essential for meeting obligations during economic downturns or emergencies. In addition, a healthy carryover fund balance provides financial stability by acting as a buffer against unexpected expenses and revenue shortfalls. This stability enables the city to respond to unforeseen events without resorting to drastic measures like service cuts, salary reductions, or tax increases. Additionally, carryover funds support long-term planning and investment in capital projects, enhance creditworthiness, reduce borrowing costs, and foster community confidence in financial management (Bland & Overton, 2019).

Historically, Kissimmee's policy aimed for a minimum reserve equal to 11% of the general fund's operating budget (City of Kissimmee, 2024). However, following recommendations from financial auditors, this target reserve balance was increased to 20%. The budget document's year-end fund balances and reserves chart indicates a significant decrease in total reserve balances across various funds, dropping from an actual balance of \$111.8 million in fiscal year 2022 to an estimated \$74.8 million by the end of fiscal year 2024. These reserves are earmarked for future capital outlays and are subject to restrictions by bond covenants or

budgetary policies. While the general fund remains the largest reserve, it also reflects a notable decrease in projected funds. The budget document data points to diminishing reserve balances, underscoring the necessity for careful fiscal management to ensure adequate funding for future needs (City of Kissimmee, 2024). Maintaining a responsible fund balance is crucial for sound financial planning, allowing cities to effectively navigate routine operations and unexpected challenges.

Policy Issues & Opportunities

Critically analyzing a city's policies for potential issues in the budget document is crucial for accomplishing its role as a policy statement. External conditions are constantly changing, meaning that cities will always need to adapt their policies at some point. Without policy changes, even the most thorough long-term plans cannot ensure that a city can effectively address all future challenges and ensure long-term financial sustainability (Elmendorf, 2017). This means that elected officials should always ask themselves whether their city's policies must be updated. This question can only be answered and communicated to the public through a critical analysis of the city's policies in the budget document.

While the City of Kissimmee's budget document may present the various policies it utilizes in its budgeting process, it does not highlight potential policy issues and how they influence financial management. Furthermore, there is almost no analysis of how policies have changed over time. The one exception to this is the Fund Balance policy. From FY2003 to FY2024, the target reserves for the general fund went from 11% of the operating budget down to 10% and then up to 20% (City of Kissimmee, 2024). In explaining these changes, the document explains why the previous policies were inferior and how the new policy sets the city up for long-term financial stability. If this critical analysis were extended to the city's other policies,

many more beneficial revisions would likely be identified. This would allow the city's policies, and thus its financial decision-making, to continually improve over time – ensuring financial stability and promoting the city's long-term growth.

Financial Plan

Municipal financial planning is essential for effective governance. It empowers municipalities to deliver essential services, manage debt, invest in infrastructure, and respond to future challenges—all while maintaining fiscal responsibility and accountability to taxpayers (Bland & Overton, 2019). Through strategic financial planning, municipalities can be well-positioned to meet current and future needs, supporting their community's well-being and economic growth. The City of Kissimmee's budget document is a key tool for transparent financial planning (City of Kissimmee, 2024). This analysis assesses the City of Kissimmee's financial planning through strategic planning, capital improvement programs, debt management, and sustainability.

Strategic Planning

Strategic planning is the “act of articulating where or what a city wants to be in the future, including the design of a vision and identified goals and objectives (*Strategic Planning*, 2023). Strategic planning is vital to a city, particularly when discussing a budgetary plan. The City of Kissimmee and its strategic goals and plans are unclear. The goals are briefly mentioned in the beginning portion of the paper but are not successfully connected further. There is no connection between the few listed strategic goals and the way the goals can/have impacted the budget. From pages 62-72 in the budget document, there are small descriptions of goals and potential action plans, but they are not interconnected. The relevant strategies that follow are

additionally vague and do not offer impactful insight into the cities' goals (City of Kissimmee, 2024).

Regarding strategic initiatives, they are identified in this budget document. However, even if they are present in the document, they must be correctly applied. On page 63 of the City of Kissimmee's budget document, the strategic initiatives are listed, making statements surrounding the use of the budget document as a tool for internal and external stakeholders, proper usage of fiscal resources while addressing critical topics, and, very importantly, the city's five-year capital program (City of Kissimmee, 2024). Yet, in the document, the connections between the strategic initiatives and the final budget cannot be identified. With strategic initiatives, it is essential for the city to not only list any in their budget documents but also integrate them properly into the budget, regularly look for changes, and state when they occur. Additionally, the city should list in its budget documents when revisions are made, why they are made, and the benefits that will follow (Stoeckel, 2024b). Strategic goals should be incorporated into a city's long-term financial plan (Stoeckel, 2024b). The City of Kissimmee would greatly benefit by ensuring that they not only list their strategic goals but are intertwined into their overall budget and plan. By doing so, they can track their goals, ensure they are making progressive steps, and make necessary adjustments. The city will also be able to provide insight to its stakeholders and community regarding how they strive to make changes financially and the benefits they hope to bring about.

Capital Improvement Program

Kissimmee's budget document includes an in-depth Capital Improvement Program (CIP). The capital improvement program outlines each project's scope and associated costs but does not explicitly detail the funding source. The projects are clearly described, and the budget document

includes the long-term impact on the city's operational costs, which include ongoing maintenance and necessary staffing. For example, constructing an aquatic center funded by the local option sales tax required allocating operation and maintenance costs to the general fund. The budget document explains that added expenses for running the facility were manageable due to a special transfer from the Kissimmee Utility Authority (City of Kissimmee, 2024).

The City of Kissimmee's budget document summarizes its Capital Improvement Program (CIP) in a long-term table projecting revenues and expenditures through 2028, providing detailed information on the ten most significant projects (City of Kissimmee, 2024). While this offers a valuable financial outlook, the document does not confirm whether the CIP is fully funded, and it would benefit from a more detailed breakdown of funding sources and contingencies. Although the CIP process overview addresses project identification, costs, funding, and operational impacts, the prioritization process needs further explanation. The budget document can be improved by adding a more detailed explanation of how projects are selected as a funding priority.

Debt Management

Having formal debt policies in place is standard for most American municipalities. Such policies provide fiscal discipline and guidance, improve financial stability and creditworthiness, and promote budgeting transparency (Bland & Overton, 2019). Nevertheless, nowhere in its budget document does the city of Kissimmee describe its debt policies or its budget's conformance to those policies. This is for the simple reason that the city has no formal debt policies. No legal debt limits are placed on the city through state law or local ordinances. This lack of constraints gives the city limitless flexibility in managing its debt, but it is also one of the most significant financial planning weaknesses of Kissimmee's budget. The lack of a formal debt

policy means the city has no guidelines to ensure consistently sound debt management. This introduces financial risk, as nothing stops the city from borrowing excessively, irresponsibly using debt to cover short-term deficits, or accumulating long-term debt that does not align with the useful life of capital projects (Bland & Overton, 2019). Even though the city has avoided these reckless practices up to this point, political pressures or the election of new leadership could change this. This likely worries investors who rely on the city prudently planning for the repayment of its debt obligations – thus preventing Kissimmee from receiving a AAA bond rating and accessing the lowest possible borrowing costs (Bland & Overton, 2019). Additionally, debt policy cannot serve the city’s long-term strategic priorities if it does not exist. While the budget document claims that the city commission will attempt to adopt formal debt policies in the coming fiscal year, the lack of such policies in the city’s 2024-2025 budget document reveals that this was not accomplished (Ritchie et al., 2024).

However, despite the lack of formal policy, Kissimmee has proven to be a highly responsible steward and transparent reporter of its municipal debt. The budget document clarifies that while the city prefers to rely on a pay-as-you-go strategy for financing capital improvements, it periodically issues long-term bonds to fund large projects. Each of these projects is described in detail, and a summary table of all debt issuances that includes principals, interest rates, maturity dates, and debt servicing payments made to date is provided. The document explicitly underscores that the city has never issued debt for any reason other than funding a capital improvement project. Additionally, it reveals that the city has never issued a single general obligation bond. All bond issuances are tied to the city’s special revenue streams, such as its local option gas tax, and debt service payments are paid out from the special funds into which these revenue streams flow. All of these are best practices that ensure the city does

not overextend its debt servicing capacity or jeopardize its ability to issue debt during future emergency situations – promoting long-term financial stability (Overton & Bland, 2019).

Finally, the budget document highlights the city’s conservative approach to adding debt obligations. The \$72.79 million the city holds in outstanding debt is \$895.66 in per-capita long-term debt – far below the \$2,473 per capita average for Florida municipalities (City of Kissimmee, 2023). This conservative approach and the city’s prolific use of revenue bonds mean that only 5% of the general fund operating budget was used to subsidize debt service payments in the 2024 fiscal year. This is far below the 20% threshold recommended by budgeting experts (Bland & Overton, 2019). Kissimmee’s budget document is transparent in reporting the city’s debt management practices and overall indebtedness.

Financial Sustainability Plan

Public entities should consider the consequences of their financial management decisions for the upcoming year and future to build financial stability. What may be an attractive strategy today can easily become a hindrance in future years. Long-term financial planning can assist with managing resources and alleviating fiscal burdens in the coming years to open more possibilities within a budget. According to the Board of Government Finance Officers, this type of financial planning involves creating ten essential components. These components include long-term forecasts of revenue and expenditures, descriptions of potential external threats, explicitly connecting decisions to long-term strategic goals, and assessing risk mitigation tactics. (Government Finance Officers Associations, 2022).

The City of Kissimmee’s budget document touches on many of these essential components. For example, it includes revenue and expenditure forecasts and the methodologies used to produce them. However, these components’ lack of detail decreases their effectiveness.

Regarding these forecast methodologies, historical trend analysis is alluded to as a frequently used method, but nowhere are the calculations behind these analyses described or the trends they rely on provided. Further, while the document touches on economic difficulties like inflation and the potential of a recession, it does not elaborate on how the city's decisions are designed to mitigate the risks of economic instability. Also, while the document describes many practices the city is pursuing to promote financial stability, like improving workforce development and investing in infrastructure, exactly how these measures improve the city's long-term financial stability is not explained (City of Kissimmee, 2024). For this reason, the City of Kissimmee would do well to create an explicit long-term financial sustainability plan that explains exactly how the city is proactively planning to address future threats and promote fiscal resilience.

Conclusion

Overall, the Kissimmee budget document displays many strengths and weaknesses in its four roles. Beginning with its strengths, the document largely succeeds as a transparency device. It describes its financial policies, the budget formation process, forecasted revenues and expenditures, and the rationale behind important decisions like allocation changes. Further, perhaps its biggest strength in transparency is its attention to background details, such as information on the city's history, the region's economic context, and the previous year's budgets. There are also multiple budget summaries at the beginning of the document, which, combined with its stylish appearance and consistent formatting, make it accessible to casual readers. For these reasons, it is an effective communication device between the city government and its residents. Conversely, the document largely fails as a management tool. Perhaps its only strength as far as this role is concerned is that it at least attempts to put forward performance measures.

As a policy statement, the budget document does well to exhaustively list all of the financial policies the city abides by. Another strength is that these policies largely reflect public budgeting best practices. For example, the city's fiscal slack policy ensures financial stability by requiring that it maintain a sizable reserve balance. Revenue policy is also a major strength of this budget document. The wide variety of revenue sources promotes both revenue stability and economic neutrality. Lastly, the budget document also succeeds as a financial plan in many ways. A detailed five-year capital improvement plan is provided, debt issuances and their future consequences are described in detail, and the city is committed to utilizing sound debt management practices.

Yet, despite the many strengths the document displays in each of its four roles, it is also held back by several weaknesses. In identifying and listing these weaknesses, this paper can serve as a list of recommendations on how the City of Kissimmee may be able to improve its budget documents in subsequent years. The most important of these recommendations, and thus the most significant of this document's weaknesses, regards the city's long-term strategic priorities. These priorities are vague, not well-connected to any other part of the document or the budgeting process, and the progress of their completion is not tracked or reported. This holds the document back as a transparency device, as citizens have no way to monitor how well the city is formulating and accomplishing its goals; as a management tool, as city managers cannot be held accountable for failing to pursue the city's goals; as a policy statement, as well-defined strategic goals are among the most important policies included in a budget; and as a financial plan, as long-term planning necessarily requires clearly defined goals for guiding decisions. Kissimmee should, therefore, describe its long-term strategic goals in more depth, design ways of tracking and reporting their completion, and explicitly include them at every stage in the budgeting

process in future budget documents. Doing so would greatly improve its budget documents in each of the four roles they play.

Similarly, focusing department performance measures solely on outputs is another weakness that holds back the document in multiple roles. As a transparency device, the lack of outcome performance measures prevents citizens from learning the true impact the city government is having on the community. As a management tool, this weakness prevents public managers from being held accountable for the impacts they create in the community. The remaining weaknesses mentioned in this analysis primarily hold back the document in only one of its four roles, but this does not make them any less important. As a transparency document, additional weaknesses include inaccessibility created by the document's online links and complicated glossary descriptions. As a management tool, additional weaknesses include budgeting at the department level rather than the program level and a lack of description surrounding the city's contracted services and regional collaborations. As a policy statement, additional weaknesses include a lack of critical analysis of the city's budgeting policies, a lack of connection between its policies and the budget document as a whole, and insufficient revenues to cover all of the city's expenditures. Finally, as a financial document, additional weaknesses include a lack of transparency in the capital improvement prioritization process, a lack of a formal debt policy, and a lack of proactive planning for long-term financial stability. While many components of Kissimmee's budget document achieve the professional standards of public budgeting, there is still much room for improvement in how the document satisfies each of its four key roles.

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