



# Health District of Larimer County 2025 Strategic Budget Study Session

 August 26, 2024

# August Budget Study Session

## Agenda

### Strategic Budgeting

- Budget Process
- Why Strategic Budgeting
- Connecting the Strategic Plan to the Budget

### Direction on 2025 Budget

- Consider New Information
- Examples of Budget Scenarios

# August Budget Study Session

## Session Objectives

- 1** | **Provide update** on current state of estimated property tax revenues for 2025 and beyond.
- 2** | **Obtain direction** to develop the 2025 Budget that considers new information.



# Section One

## **STRATEGIC BUDGETING**

*The Health District of Northern Larimer County – Meeting local health care needs since 1960*



## Building Clarity

Clarity on strategic **priority areas**

Clarity on strategic **direction**

Clarity on strategic **budget development**

| clarity + accountability = **IMPACT** |



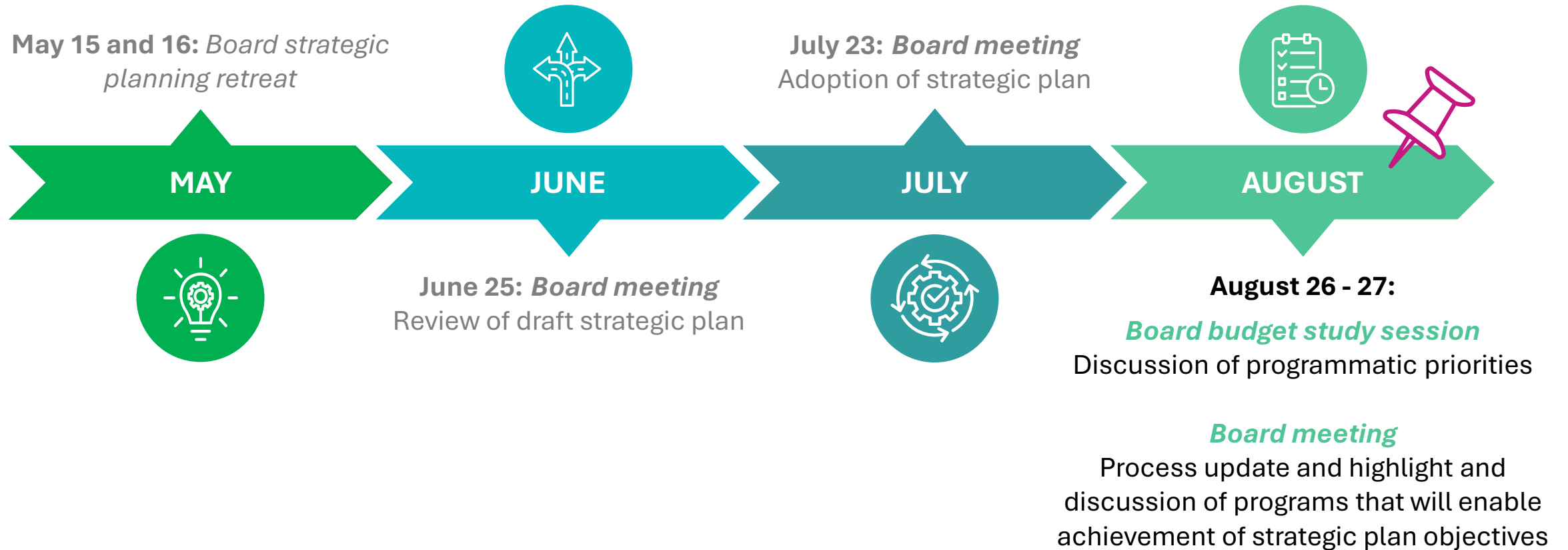
# Objectives

## Section One

**1** | **Define** *strategic budgeting*.

**2** | **Provide** an understanding and benefits of strategic budgeting.

# 2024 Strategic Planning and Budgeting Timeline



# 2024 Strategic Planning and Budgeting Timeline

## September 24: *Board meeting*

Update on administrative changes and considerations to inform the 2025 budget



November 12: *Budget hearing and board meeting*  
Public hearing of draft 2025 budget



SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



**October 15:** Board receives proposed budget

**October 22:**

*Board meeting*

Presentation of preliminary budget to Board, reflecting budget scenarios

*Board budget study session*

Revision of draft budget










**December 10:**  
*Budget approval and board meeting*

**Final approval of 2025 budget,** reflecting the organizational strategic plan, program priorities, and availability of funds



# Update on Current State of Property Tax Revenue Forecasts

Year	2024 Current Legislation	2024 Special Session	2024 Ballot Initiatives
2024	\$10.6 + \$1M Backfill = \$11.6M		
2025	\$10.7M 		
2026	< \$10M 	< \$9.5M 	
2027	< \$10M 	< \$9.5M 	

# Budget Process

## “ A good budget process:

**Incorporates** a long-term perspective,

**Establishes** linkages to broad organizational goals,

**Focuses** budget decisions on results and outcomes,

**Involves and promotes** effective communication with stakeholders, and

**Provides** incentives to government management and employees.”

Source: *The National Advisory Council of State and Local Budgeting*

# Strategic Budgeting...

Is about allocating your resources toward the strategic priorities of an organization.

**Where** do you want to go?

**What** outcomes are you trying to achieve?

**How** can the resources be aligned achieve those outcomes?

# Roles and Responsibilities

## Board

- Provide strategic direction for the budget.
- Review the proposed budget, host a public hearing, and adopt the budget.
- Establish goals and objectives, approve guidelines for preparing the budget, and establish rules for fiscal operations.

## Executive Director

- Review budget requests with the Finance Director, Deputy Directors and Directors.
- Submit an annual operating budget and a five-year Capital Improvement Plan (CIP) to the Board.
- Ensure the adopted budget is properly administered.
- Keep the Board fully advised on the financial conditions of the District.

## Finance Department

- Prepare and communicate the Budget Process to Leadership Team
- Review departmental budget requests with the Executive Director, Deputy Directors and Directors.
- Prepare the final draft budget and CIP for review based on feedback and decisions made at the ELT review.
- Best practice: Develop, review and train ELT and Manager's on Cost Allocation Plan.  
<https://www.gfoa.org/materials/measuring-the-full-cost-of-government-service>
- Monitor expenditure and ensure funds are spent as intended.

# Budget

## Roles and Responsibilities

### Directors

#### Prepare budget requests.

- Develop budgets in collaboration with managers in accordance with Board's strategic direction
- Emphasize objectives and service levels as well as traditional line-item explanations and justifications for various funding levels and development of measures for evaluating progress toward objectives. (KPI/OKR)

#### Propose metrics to measure success (KPI/OKR).

- What is the desired level of accomplishment that can be expected from various funding levels, and how do we measure it?
- It is important that accomplishments, objectives, and estimated costs be established by those in the organization who know the most about it and can be held accountable.

#### Recommend and explain needs and opportunities for service or program changes.

- Reductions and expansions.

#### Prepare a 5-year list of capital projects.

- Years 1–3, fiscally constrained. Years 5–10 non-constrained), this becomes the Capital Improvement Plan.
- Capital (includes technology, facilities, items that meet policy thresholds for cost and useful life standards).

#### Are responsible for day-to-day department and activity budget administration.

# Important Financial Policies

## Budget and Planning

Your budget process should be formalized in writing, with methods and roles and responsibilities for finance staff and department heads. In addition, long-term financial planning processes should describe how many years will be forecasted and how often the forecast will be reviewed and updated.

## Fund Balance Policy

This policy directs cash reserve levels and annual commitments to create or replenish them. Best practice is 3–6 months operating reserve depending on organizational specific variables.

## Cash Management and Investment Policy

Crucial for delegating authority, planning for sufficient operating cash, establishing investment strategies, and ensuring monitoring controls over these high-risk assets.

# Important Financial Policies

## Capital Asset Management Policy

Provides the foundation for making important decisions about assets, such as a long-term strategy for maintenance and repair. Covers various accounting aspects, such as setting a capitalization threshold, inventory requirements, disposition procedures, and asset replacement.

## Conflict of Interest/Ethics

This policy should communicate expectations and give employees several ways to report concerns to the governing body. Washington state law provides the basis for these policies and is referred to in the following resources. Officers and employees should not have a financial interest in any transaction they authorize or are involved with (in the course of their duties). Also, they should not unfairly benefit as a result of having their position.

# Strategic Budgeting...

Provides a framework to consider the outcomes an organization wants to achieve with its budget, looking beyond the current fiscal cycle to tackle long-term, multiyear goals.



Why

- Creates **agility** and **impact**
- Budget as a **communication tool**
- Fiscally **responsible** and supported with **policy** (includes operating and capital)



# Capital Planning and Budgeting

## Budget and Planning

Your budget process should be formalized in writing, with methods and roles and responsibilities for finance staff and department heads. In addition, long-term financial planning processes should describe how many years will be forecasted and how often the forecast will be reviewed and updated.

## Capital Improvement Plan

Is a planning document that shows an organizations capital needs for the next five years.

A list of prioritized projects, years 1–5 are fiscally constrained, years 6–10 or 20 are not.

A capital project is defined as new, replacement of, or improvements to infrastructure (buildings) or capital equipment that has a minimum life expectancy of five years and a minimum cost of \$5,000.

# Putting It Into Practice

**Board direction is clear  
in proposed 2025 budget  
presented on October 15.**

Board policy development

Establishing clarity throughout process

Board agenda documentation connects  
regulatory requirements, policy, and  
strategic plan goals

Budget document reflects regulatory  
requirements, policy, and strategic plan  
goals



# Break Consider Your Questions!



## Section Two EXPLORING NEW POSSIBILITIES

*The Health District of Northern Larimer County – Meeting local health care needs since 1960*

# Objectives

## Section Two

- 1** | **Review** Mission, Vision, and Values.
- 2** | **Review** Strategic Plan goals.

# What Hasn't Changed?

**Mission** To enhance the health of our community.

**Vision** District residents will live long and well.

## Values

- Dignity and respect for all people
- Emphasis on innovation, prevention and education
- Shared responsibility and focused collaborative action to improve health
- Information-driven and evidence-based decision making
- Fiscal responsibility/stewardship
- An informed community makes better decisions concerning health

## Strategic Plan Goals



# New Information for 2025 Strategic Budgeting Consideration

**i** The Health District may legally contract with other service providers.

The District has the power to **contract/work cooperatively and in conjunction with** a health assurance district or other existing health-care service providers to the residents of such district.

The Health District has **latitude in service delivery models.**

For example: the Health District could **provide funding rather than staffing** to partner organizations.

# Connecting the Budget to the Strategic Plan

The strategic plan **provides direction and identifies goals** to achieve organizations mission.

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The budget **demonstrates how funds will be spent** to move forward the mission and strategic goals.

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Developing a budget that accurately reflects both operating and capital expenditures **demonstrates an organization's priorities.**





# What Does This Mean?

## This new information may allow us to...

- Provide exceptional health services that address unmet needs
- Facilitate community-wide planning and implementation of programs
- Utilize resources to effectively leverage other community resources
- Avoid unnecessary duplication of services
- Educate the community and individuals about health issues
- Promote health policy and system improvements
- Continuously evaluate programs and services for quality, value, and impact
- Share our approaches, strategies, and results
- Systematically assess the health of our community, noting areas of highest priority for improvement.

## Does this sound familiar?

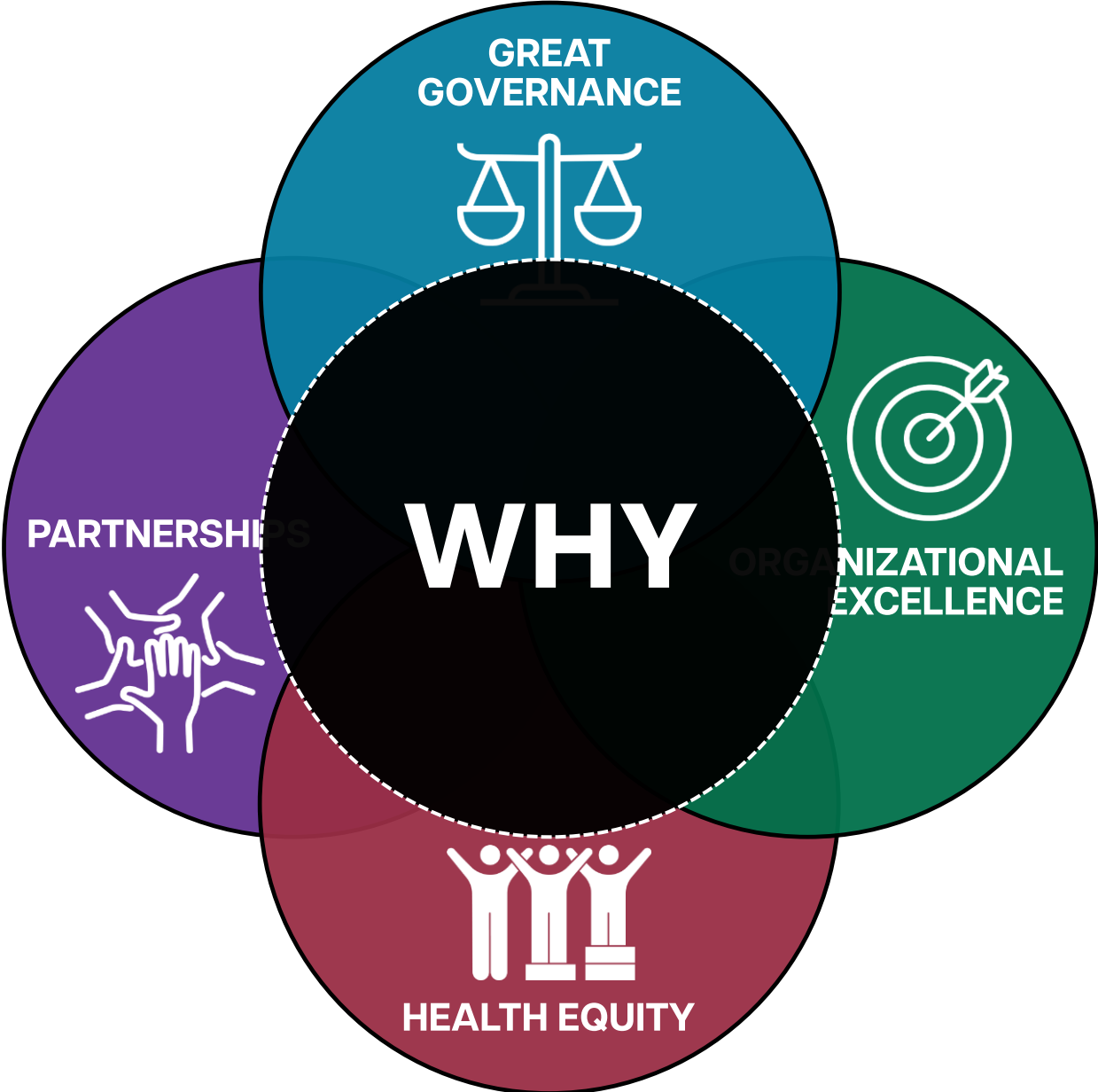


These are the strategies from our own website that we have been communicating with the public!

# What We Had Envisioned



# What Is Now Possible



# With This New Information, What If...

**We present you with the opportunity to consider options that achieve the strategic plan goals while also:**

1. Growing the “Why.”
2. Advancing the Mission, Vision, and Values of the HD.



## Section Three **BUDGETING FOR OUR FUTURE**

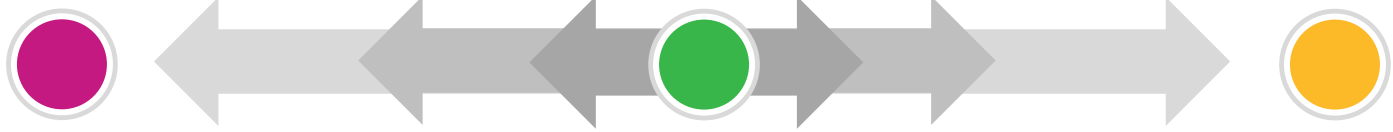
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# Objectives

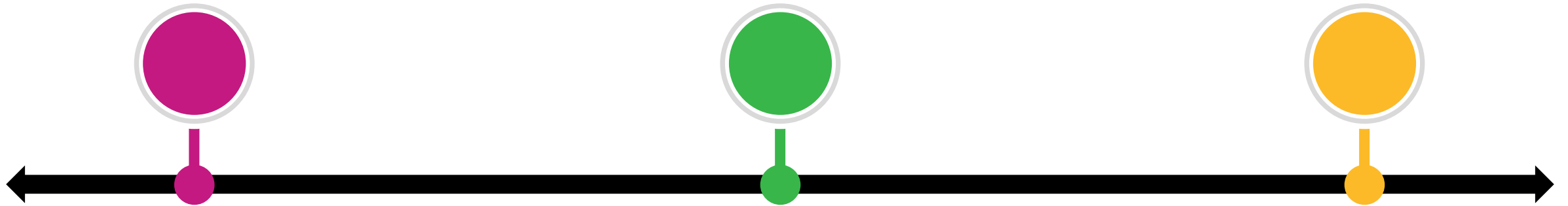
## Section Three

- 1** | **Present a spectrum** of opportunities for the 2025 budget.
- 2** | **Receive direction** for the 2025 budget considering the new information.



# Spectrum of Opportunity

**Less → More Change**



Continuing to  
Invest Exclusively in  
Health District Programs  
and Services

Re-imagining Programs  
and Services in  
Partnership

Investing  
Exclusively in  
Community  
Partners

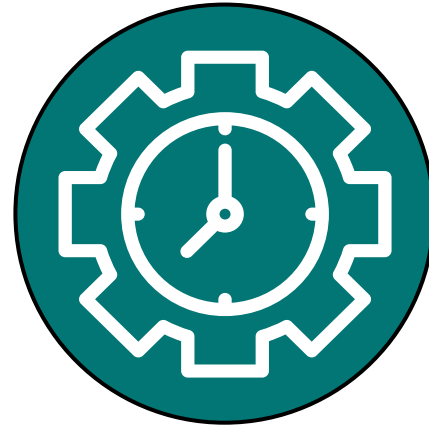
# Key Criteria



Community  
**Impact**



Fiscal  
**Stewardship**



Rate of  
**Progress**



Ease of  
**Transition**

## What else is important?



## Deep Dive

# Continuing to Invest Exclusively in Health District Programs and Services

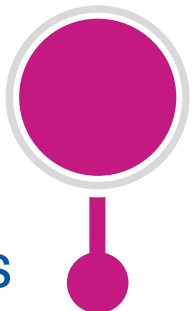


Invest in enabling and cross-cutting services and infrastructure.

Operating within existing conditions means status quo for health services and improved stewardship of public funding.

Requires ongoing assessment of services and community needs in order to refine programmatic objectives beginning in 2026.

**Rate of Change:** Steady state with iterative improvements



# REWARDS

Status quo = low change

1

# RISKS

1

**Low change is high risk.**

The landscape of health needs is always changing. Property tax revenues are decreasing. The funding landscape is changing/contracting.

2

**Unknown challenges** in addressing the Health District's substantial unmet foundational needs.

What else is important?

## Deep Dive

# Re-imagining Programs and Services in Partnership

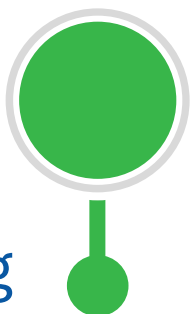


Invest in organizational infrastructure to build capabilities for assessment, iteration, and incubation.

Reduce organizational effort without reducing impact by adjusting select Health District service delivery models to high-quality partnerships.

Fund select services at partner organizations with a focus on role clarity, robust assessment, shared governance, and resource stewardship.

**Rate of Change:** Starting steady and accelerating



Greater stability and improved strategic planning for health services in priority areas.

Replicability of organizational strategies and programs.

Accelerated impact—higher impact/ lower effort.

Feedback loop for external funding priorities.

Leverage and invest in partner expertise and infrastructure.

The opportunity to improve programmatic evaluation across the community.

## REWARDS

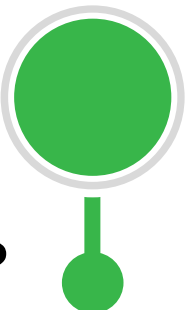


## RISKS

- 1 Partners select out of services.
- 2 Greatest opportunity cost; high potential for staff burnout due to investing in current infrastructure and changing service delivery models simultaneously.
- 3 Dependency on quality, performance, and stewardship of partnerships.
- 4 Requires developing appropriate infrastructure before funding.



**What else is important?**



# Deep Dive

## Investing Exclusively in Community Partners

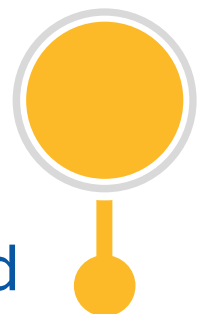


Maximizes the responsiveness and agility of Health District-supported programs and services.

This approach has the potential for rapid impact and greatest need for change management to mitigate risks associated with fast-paced change.

Leverages community partner expertise and spreads investments more broadly in the community.

**Rate of Change: Accelerated**



# REWARDS

Accelerated impact of financial stewardship and leveraging by leveraging dollars to build upon existing community resources.

Leverage partner expertise and the opportunity to improve programmatic evaluation across the community.

Opportunity to delineate between best practice, emerging evidence or innovation programming.

Highest level of organizational change.



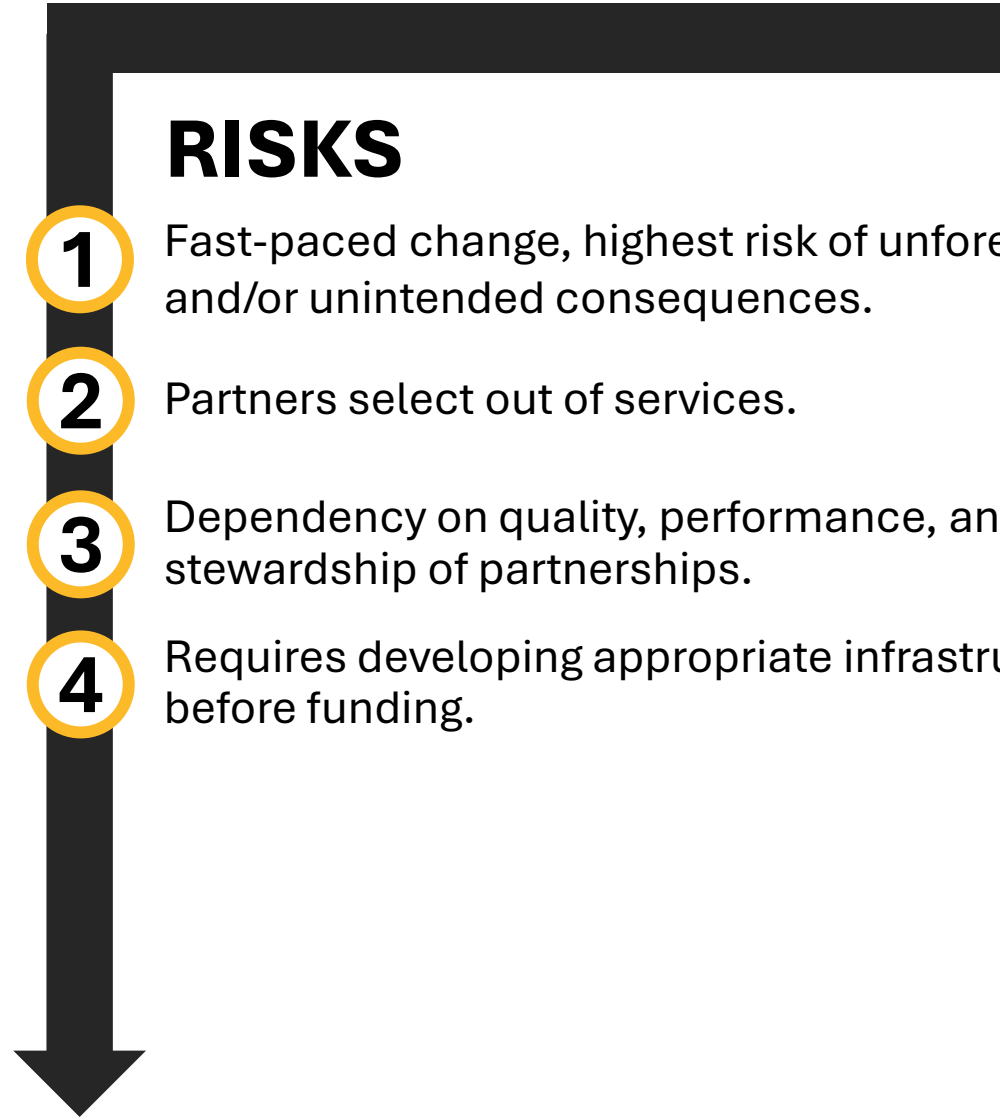
# RISKS

1 Fast-paced change, highest risk of unforeseen and/or unintended consequences.

2 Partners select out of services.

3 Dependency on quality, performance, and stewardship of partnerships.

4 Requires developing appropriate infrastructure before funding.



What else is important?

