Your guide forward
The Results are In!

Cherry Bekaert is pleased to present the results of our 7th Annual State and Local Government Benchmarking Survey. Based on the feedback from over 150 survey participants, we are able to share these valuable results allowing government entities to compare their own performance, accomplishments and struggles with similar entities across the Southeast. We hope this report will help you better understand how your peers in the region are responding or planning to respond to a wide range of current issues.
Survey Topics

- Workforce and Benefits
- Use of Technology
- Freedom of Information Act
- Budget
- Financial Reporting
- Grant Reporting & Administration
- Risk Assessment & the Audit Process
- Debt Structure

Highlights

- **Retirement** was the most common factor attributed to turnover
- 83% of respondents indicated salaries *increased* in the past year
- 59% of respondents say their entity *does not need to be more transparent*
- **The replacement of aging infrastructure** is the most important concern for those budgeting funding
- 80% of respondents indicated they are not aware of any fraud being perpetrated against their entity within the last year
- 40% of respondents reported being *reasonably confident* of their respective entities' incident response program in detecting, responding to, and recovering from a security breach in a timely manner.
- 46% of all total respondents gave their infrastructure a *C rating* on a standard A to F grading scale.
Learning Objectives

Understand current management trends for local government entities

Gain insight into the current areas of concern shared by government finance professionals

Gain an understanding of what finance professionals believe the future holds for government financial management

Have data for internal benchmarking and budgeting
Participant Data
Participant Data

Type of Entity:
- County: 54%
- Municipality: 23%
- School: 17%
- Authority/Commission/Other: 6%

By Title:
- CFO/Director of Finance: 36%
- Controller/Acting Mgr.: 25%
- Accounting Staff: 17%
- Other: 22%
Participant Data (continued)

Size of Entity (by revenue)

- <50 million: 33%
- 50-250 million: 34%
- >250 million: 33%

Size of Entity (by number of employees)

- 0 – 500: 46%
- 501 – 2,500: 30%
- 2,501 – 5,000: 15%
- >5,000: 9%
In the last budget cycle, how has your staffing level for financial and accounting positions changed?

- Increased: 19%
- Decreased: 4%
- Stayed the Same: 77%
In the past year, how have salaries throughout the entity changed?

- Increase: 83%
- Decrease: 1%
- Stay the Same: 16%

In the next budget cycle, how do you anticipate salaries will change?

- Increase: 83%
- Decrease: 0%
- Stay the Same: 17%
Have you experienced any staff turnover in the last year?

- Yes: 74%
- No: 26%
Workforce and Benefits (continued)

What do you believe were the contributing factors to the turnover? Check all that apply.

- Layoffs due to budget constraints: 2%
- Competitiveness of salaries: 50%
- Competitiveness of benefits: 12%
- Low morale within government: 17%
- Perceived inability to advance within the locality/entity: 33%
- Career advancement upon changing jobs: 44%
- Unhappy with management: 27%
- Retirement: 54%
- Other: 11%
Given rising healthcare costs, has your entity implemented measures to help reduce healthcare costs?

- Yes: 78%
- No: 22%
Workforce and Benefits (continued)

Which of the following measures has your entity implemented to help reduce healthcare costs? Check all that apply.

- In-house pharmacy operations: 9%
- In-house medical facilities: 20%
- Wellness programs or incentives: 84%
- Account-based healthcare plans: 12%
- Reduced spouse and dependent coverage: 10%
- Increased employee premium: 37%
- Switched to self-insured: 16%
- Other: 23%
How does your entity maintain annual professional continuing education and training for its employees? *Check all that apply.*

- In-house training conducted by service providers: 40%
- National society conferences/training events: 47%
- State society conferences/training events: 88%
- Self-study: 52%
- Webinars: 90%
Use of Technology
Use of Technology

How many IT-related full-time employees does your entity have? *(by number of employees)*

- **>5,000 employees**: 100%
  - 0% 0% 0%

- **2,501-5,000 employees**: 100%
  - 0% 0% 0%

- **501-2,500 employees**: 79%
  - 21% 0% 0%

- **0-500 employees**: 0%
  - 9% 20% 30% 41%

Legend:
- Green: More than 10
- Purple: 5-10 employees
- Orange: 1-4 employees
- Gray: 0
Use of Technology (continued)

How would you rate your organization's preparedness for a cyber attack? *(by entity type)*

- **County**
  - Unprepared: 0%
  - Limitedly prepared: 14%
  - Somewhat prepared: 39%
  - Very prepared: 47%

- **Municipality**
  - Unprepared: 0%
  - Limitedly prepared: 6%
  - Somewhat prepared: 17%
  - Very prepared: 62%

- **School**
  - Unprepared: 0%
  - Limitedly prepared: 13%
  - Somewhat prepared: 37%
  - Very prepared: 50%

- **Authority/Commission/Other**
  - Unprepared: 0%
  - Limitedly prepared: 20%
  - Somewhat prepared: 35%
  - Very prepared: 45%
How would you rate your overall cyber risk management program? (by number of employees)

- **>5,000 employees**
  - It doesn't exist: 0%
  - Basic: 10%
  - Intermediate: 25%
  - Advanced: 45%
  - Total: 55%

- **2,501-5,000 employees**
  - It doesn't exist: 10%
  - Basic: 25%
  - Intermediate: 30%
  - Advanced: 35%
  - Total: 53%

- **501-2,500 employees**
  - It doesn't exist: 5%
  - Basic: 18%
  - Intermediate: 23%
  - Advanced: 23%
  - Total: 53%

- **0-500 employees**
  - It doesn't exist: 5%
  - Basic: 13%
  - Intermediate: 39%
  - Advanced: 43%
  - Total: 53%
How would you rate your overall cyber risk management program? (by revenue)

- **>250 million**
  - It doesn't exist: 7%
  - Basic: 28%
  - Intermediate: 28%
  - Advanced: 37%

- **50-250 million**
  - It doesn't exist: 2%
  - Basic: 17%
  - Intermediate: 19%

- **<50 million**
  - It doesn't exist: 8%
  - Basic: 35%
  - Intermediate: 15%
Use of Technology (continued)

In the past year, has your entity experienced a data breach?

- Yes (93%)
- No (7%)
How was the data breach perpetrated? *Check all that apply.*

- **Unintentional information release:** 33%
- **Deliberately perpetrated by an internal party:** 11%
- **Deliberately perpetrated by an external party:** 67%
- **Other:** 11%
Use of Technology (continued)

How confident are you of your incident response program in detecting, responding to, and recovering from a breach in a timely manner? (by title)

- **CFO/Director of Finance or Equivalent**
  - Not confident: 11%
  - Reasonably confident: 31%
  - Confident: 46%
  - Very confident: 56%

- **Controller/Accounting Manager or Equivalent**
  - Not confident: 14%
  - Reasonably confident: 32%
  - Confident: 43%
  - Very confident: 46%

- **Accounting Staff**
  - Not confident: 7%
  - Reasonably confident: 24%
  - Confident: 33%
  - Very confident: 43%

- **Other**
  - Not confident: 7%
  - Reasonably confident: 22%
  - Confident: 37%
  - Very confident: 33%
Use of Technology (continued)

How well are your employees trained on HIPAA requirements?

- **We don't formally train our employees on HIPAA**: 30%
- **Some general training is provided sporadically or if a significant event occurs**: 25%
- **Some general training is provided as part of the onboarding process only**: 23%
- **Very well; everyone receives required formal training at least annually**: 22%
Use of Technology (continued)

How well are your employees trained on the importance of cybersecurity?

- **22%**: Very well; everyone receives required formal training at least annually
- **25%**: Some general training is provided as part of the onboarding process only
- **27%**: Some general training is provided sporadically or if a significant event occurs
- **26%**: We don't formally train our employees on cybersecurity
Use of Technology (continued)

When was your last IT System overhaul (not including annual system updates)?

- In the past year: 14%
- In the past 1 to 5 years: 55%
- In the past 6 to 10 years: 18%
- So long ago I cannot remember: 13%
Use of Technology (continued)

When do you plan to conduct your next IT System overhaul (not including annual system updates)?

- Recently upgraded: 11%
- In the upcoming year: 17%
- In the next 2-5 years: 38%
- In the next 6-10 years: 3%
- We do not have an IT System overhaul planned at this time: 31%
Use of Technology (continued)

Do you anticipate replacing your enterprise business systems or other business systems (tax revenues, human resources management, etc.) in the next 18-24 months?

- Yes: 31%
- No: 64%
- Does not apply: 5%

Do you anticipate a need to increase IT spending to support the new planned system environment?

- Yes: 84%
- No: 16%

Do you believe the increased use of technology will be necessary to keep costs under control?

- Yes: 71%
- No: 29%
Use of Technology (continued)

Do you believe your current business systems have adequate security access controls to support your anti-fraud program of controls from both internal and external threats?

- Yes: 77%
- No: 19%
- Does not apply: 4%

Are you considering expanded use of cloud-based services (i.e., Software as a Service (SaaS), Infrastructure as a Service) to reduce dependency on internal resources and potentially reduce costs to support your current business systems?

- Yes: 67%
- No: 33%

Do you anticipate changes in your locality’s need for risk management and oversight strategies for use with cloud-based services, such as business interruption, information security, privacy, availability and processing integrity?

- Yes: 50%
- Possibly: 30%
- No: 20%
Is an attack or penetration study or vulnerability assessment part of your entity’s strategic planning process? *(by revenue)*

- **>250 million**
  - No: 29%
  - Yes: 71%
- **50-250 million**
  - No: 28%
  - Yes: 72%
- **<50 million**
  - No: 28%
  - Yes: 72%
How often does your entity undergo an attack and penetration study or vulnerability assessment?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>10%</td>
</tr>
<tr>
<td>Semiannually</td>
<td>14%</td>
</tr>
<tr>
<td>Annually</td>
<td>32%</td>
</tr>
<tr>
<td>Once every 3 years</td>
<td>44%</td>
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</tbody>
</table>

How are these attack and penetration studies or vulnerability assessments performed? *(by revenue)*

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Both</th>
<th>Externally</th>
<th>Internally</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;250 million</td>
<td>50%</td>
<td>32%</td>
<td>18%</td>
</tr>
<tr>
<td>50-250 million</td>
<td>42%</td>
<td>42%</td>
<td>17%</td>
</tr>
<tr>
<td>&lt;50 million</td>
<td>46%</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>
Freedom of Information Act
Freedom of Information Act

Has your entity seen an increase in Freedom of Information Act (FOIA) requests in the past 5 years? (by entity type)

- County
  - Yes: 43%
  - No: 14%
  - I don't know: 43%

- Municipality
  - Yes: 57%
  - No: 20%
  - I don't know: 23%

- School
  - Yes: 38%
  - No: 25%
  - I don't know: 37%

- Authority/Commission/Other
  - Yes: 45%
  - No: 22%
  - I don't know: 33%
Freedom of Information Act (continued)

Does your entity need to be more transparent?

- Yes: 59%
- No: 41%
What actions has your entity taken or considered taking to increase transparency? *(by entity type)*

- **County**
  - Hire staff dedicated solely to handling FOIA requests
  - Include monthly financial reports online
  - Include searchable checkbook detail online

- **Municipality**
  - Hire staff dedicated solely to handling FOIA requests
  - Include monthly financial reports online
  - Include searchable checkbook detail online

- **School**
  - Hire staff dedicated solely to handling FOIA requests
  - Include monthly financial reports online
  - Include searchable checkbook detail online

- **Authority/Commission/Other**
  - Hire staff dedicated solely to handling FOIA requests
  - Include monthly financial reports online
  - Include searchable checkbook detail online

- **Other**
Budget
What percent of your entity’s budget is spent on IT? *(by revenue)*

- **≤50 million**:
  - <1%: 17%
  - 1-1.9%: 14%
  - 2-2.9%: 9%
  - 3-3.9%: 23%
  - ≥4%: 0%
  - Not sure: 0%

- **50-250 million**:
  - <1%: 12%
  - 1-1.9%: 12%
  - 2-2.9%: 12%
  - 3-3.9%: 9%
  - ≥4%: 21%
  - Not sure: 35%

- **>250 million**:
  - <1%: 8%
  - 1-1.9%: 14%
  - 2-2.9%: 14%
  - 3-3.9%: 14%
  - ≥4%: 11%
  - Not sure: 39%
What is your annual IT budget? *(by revenue)*

- **<50 million**: 37% (Green) 43% (Orange) 11% (Purple) 9% (Teal)
- **50-250 million**: 26% (Orange) 21% (Purple)
- **>250 million**: 0% (Orange) 6% (Purple) 6% (Teal) 88% (Blue)

Legend:
- `<$100,000`
- `$100,000-$499,999`
- `$500,000-$999,999`
- `≥$1,000,000`
Is your entity currently producing multi-year revenue forecasts and/or budgets? (by revenue)

- <50 million
  - No, and don't plan to: 0%
  - No, but plan to: 10%
  - Yes: 90%

- 50-250 million
  - No, and don't plan to: 20%
  - No, but plan to: 20%
  - Yes: 60%

- >250 million
  - No, and don't plan to: 10%
  - No, but plan to: 10%
  - Yes: 80%
Do you have concerns about budgeted funding for any of the following? Check all that apply. (by revenue)

- Services for the increasing population
- Services for the increasing aging population
- Technology
- Security and prevention of cyber attacks
- Security and terrorism preparedness
- Transportation
- Replacement of aging infrastructure
- None

#### By Revenue Range

- **<50 million**
- **50 - 250 million**
- **>250 million**
In 2017, the American Society of Civil Engineers gave the American infrastructure a D+. How would you classify your infrastructure?
Financial Reporting
Financial Reporting

Did you make significant changes to your procurement policies to become compliant with the Uniform Guidance?

- Yes
- No, our policies were already compliant
- No, we are not yet compliant
- We are not subject to procurement standards

Does your entity currently fund its OPEB liability by contributions to a trust?

- Yes, we contribute to a single-employer trust
- Yes, we contribute to an agent multiple-employer trust
- Yes, we contribute to a cost-sharing multiple-employer trust
- No, but we plan to in the future
- No
- I'm not sure
What type of OPEB benefits does your entity offer? (by number of employees)
Financial Reporting (continued)

Does your entity plan to make changes to its OPEB benefits as a result of the new standards?

- Yes, benefits are being reduced: 7%
- Yes, benefits are being increased: 3%
- No changes to benefits: 3%
- We do not have the authority to change our OPEB benefits: 87%

From whom do you anticipate receiving assistance in implementing the OPEB standards required by GASB 75?

- No outside assistance anticipated: 19%
- The state: 2%
- Actuaries: 38%
- External auditors: 37%
- Other: 4%
Financial Reporting (continued)

Do you offer tax abatement programs?

- Yes: 70%
- No: 30%
Given the new Tax Abatement Standard required by GASB 77, which of the following tax abatement programs do you offer? Check all that apply.

- Economic development: 87%
- Residential improvements: 39%
- Technology investments: 10%
- Infrastructure: 13%
- Green initiatives: 10%
- Other: 10%
GASB Statement No. 87 on Leases is effective for reporting periods beginning after December 15, 2019. Do you expect this standard will have a material effect (adding a lease asset and lease liability) on your organization’s financial statements? (by entity type)

- I am not yet sure how GASB 87 will affect my organization's financial statements
- No, GASB 87 will have little to no impact on my organization's financial statements
- Yes, GASB 87 will significantly affect my organization's financial statements
Do you believe recent accounting standards have improved financial reporting for the primary users of your financial statements?

Who would you deem the primary users of your financial statements? *Check all that apply.*

- Governing body: 76%
- Management: 83%
- Bond counsel or other: 67%
- Customers: 10%
- Vendors: 7%
- Taxpayers or constituents: 30%
- State government: 54%
- Federal grantors or pass-through: 46%
- Other: 2%
Financial Reporting (continued)

Do you follow current GASB projects?

- Yes: 65%
- No: 35%
Which current GASB project(s) are you following? Check all that apply.

- Revenue and Expense Recognition: 69%
- Financial Reporting Model: 86%
- Conceptual Framework: Recognition: 40%
- Other: 0%
Does your entity submit its financial statements to the GFOA for the certificate program? (by entity type)

- County: 100%
- Municipality: 86%
- School: 88%
- Authority/Commission/Other: 45%

Legend:
- Yes
- No
- No, we do not prepare a CAFR
Over the next two years at your entity, how will grant funding or spending levels change?

- **Increase**
  - 2018: 35%
  - 2017: 35%
  - 2016: 36%

- **Decrease**
  - 2018: 14%
  - 2017: 10%
  - 2016: 7%

- **Stay the same**
  - 2018: 55%
  - 2017: 51%
  - 2016: 57%
Risk Assessment & the Audit Process
Risk Assessment & the Audit Process

If a fraudulent event occurred at your entity in the last year, how was it caught?

- External auditors: 80%
- Fraud hotline: 1%
- Another employee: 2%
- I am not aware of any fraud that has been perpetrated against our entity in the past year: 17%
Risk Assessment & the Audit Process (continued)

Is your fraud hotline an effective tool in detecting fraud and abuse?

- Yes: 66%
- No: 7%
- We do not have a fraud hotline: 27%
Risk Assessment & the Audit Process (continued)

Does your entity have an internal audit function? *(by revenue)*

- **≤50 million**
  - No
  - Yes, it reports to management.
  - Yes, it reports to the governing body.

- **50 - 250 million**
  - No
  - Yes, it reports to management.
  - Yes, it reports to the governing body.

- **>250 million**
  - No
  - Yes, it reports to management.
  - Yes, it reports to the governing body.
Debt Structure
Debt Structure

Does your entity have debt? *(by revenue)*

- **>250 million**
  - Yes: 80%
  - No: 20%

- **50-250 million**
  - Yes: 90%
  - No: 10%

- **<50 million**
  - Yes: 70%
  - No: 30%
How do your personnel get the knowledge they need to ensure your entity’s compliance with the Public Finance Act and SEC regulations?

- Training provided by the entity's bond counsel
- Training provided by other financial consultants
- Training provided by GFOA
- Other
Debt Structure (continued)

When do you plan to incur debt?

- Within the next year: 46% (2018), 41% (2017), 32% (2013)
- In 1-3 years: 22% (2018), 22% (2017), 27% (2013)
- No time in the foreseeable future: 37% (2018), 32% (2017), 41% (2013)
Debt Structure (continued)

What do you intend to use your next financing for?

- Capital expenditures: 90% (2018), 90% (2017), 73% (2013)
- Operations: 2% (2018), 1% (2017), 6% (2013)
- Refunding: 3% (2018), 8% (2017), 15% (2013)
- Fund pension/OPEB liabilities: 0% (2018), 0% (2017), 2% (2013)
- Other: 5% (2018), 1% (2017), 4% (2013)

In the next two years, do you project interest rates will?

- **Increase**:
  - 2018: 91%
  - 2017: 64%
  - 2016: 40%

- **Stay the same**:
  - 2018: 8%
  - 2017: 9%
  - 2016: 22%

- **Decrease**:
  - 2018: 0%
  - 2017: 1%
  - 2016: 0%
Will increasing interest rates have an impact on your decision to issue debt?

- Yes, we will likely forego issuing new debt: 9%
- Yes, we will likely consider interest rate swaps: 4%
- No: 87%