

TOWN
Of
PARADISE VALLEY



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager

DATE: May 11, 2023

DEPARTMENT: Town Manager
Jill Keimach, 480.348.3533

AGENDA TITLE:

Discussion and Approval of Financial Management Policies

SUMMARY STATEMENT:

The Town financial policies, previously endorsed by the Town Council, establish the framework for the Town of Paradise Valley's overall fiscal planning, investment, and management. The policies were reviewed in full as part of the budget best practices this year with some changes to reflect current practices and/or expand the rationale for a policy for clarity.

BACKGROUND:

The Town of Paradise Valley has an important responsibility to its citizens to carefully account for public funds, manage Town finances wisely and plan for the adequate funding of services desired by the public and outlined in its General Plan.

As part of the budget discussion this year, the Town Manager and Mayor and Council reviewed the financial policies and proposed amendments.

The overall goal of the Town's fiscal policy is to establish and maintain effective management of the Town's financial resources. The policy statements below provide the foundation for achieving this goal. Accordingly, the current policies are used to guide the preparation and management of the Town's overall budget and the major objectives to be accomplished.

Financial policies are guidelines for operational and strategic decision making related to financial matters. Financial policies identify acceptable and unacceptable courses of action, establish parameters in which the municipality can operate, and provide a standard against which the government's fiscal performance can be judged.

Strategically, the stress test analysis provides an annual test to reaffirm the Town's fund balance and ensure the adopted Annual Budget will be sufficient to weather unforeseen financial emergencies, such as significant loss of revenue or catastrophic impacts on the Town.

The following Town financial policies, previously endorsed by the Town Council, establish the framework for the Town of Paradise Valley's overall fiscal planning and management. The Town of Paradise Valley's financial policies show the credit rating industry and prospective investors (bond buyers) the Town's commitment to sound financial management and fiscal integrity which in turn lowers cost of capital if the Town desires to issue bonds. The financial policies also improve the Town's fiscal stability by helping Town officials plan fiscal strategy with a consistent approach.

The fiscal and budgetary policies in Resolution 2023-04 were supported unanimously by Council at its Study Session on April 27, 2023.

ATTACHMENT(S):

- A. Staff Report
- B. Financial Policies Redlined
- C. Resolution 2023-04 Financial Policies