

# TOWN OF PARADISE VALLEY

FY 2017 Municipal Budget Process



# Budget Approaches

Strategic Cost-based Incremental

- Line Item Budgeting: Budget based on the object of the expenditure and inputs
- Expenditure Control Budgeting: Control carry-forwards and focus only on “new” requests
- Zero-Based Budgeting: Meant to improve on incremental budgeting. Establish a base of zero and reauthorize all expenditures on an annual basis
- Program Budget: Develop organization-wide goals and design a budget around those priorities
- Performance Budget: Focuses on goals, objectives, evidence, and results



# Why Approach Matters

- Frames the question elected officials ask and the types of decisions they make
  - Line item: What are we buying?
  - Program: What are we doing?
  - Zero-based: What can we cut? *or* Is our budget relevant?
  - Performance: What are we accomplishing?
  - Outcome: What is our strategy and desired outcome?
- Establishes the point of reference for the organization
- Influences the political and organizational culture

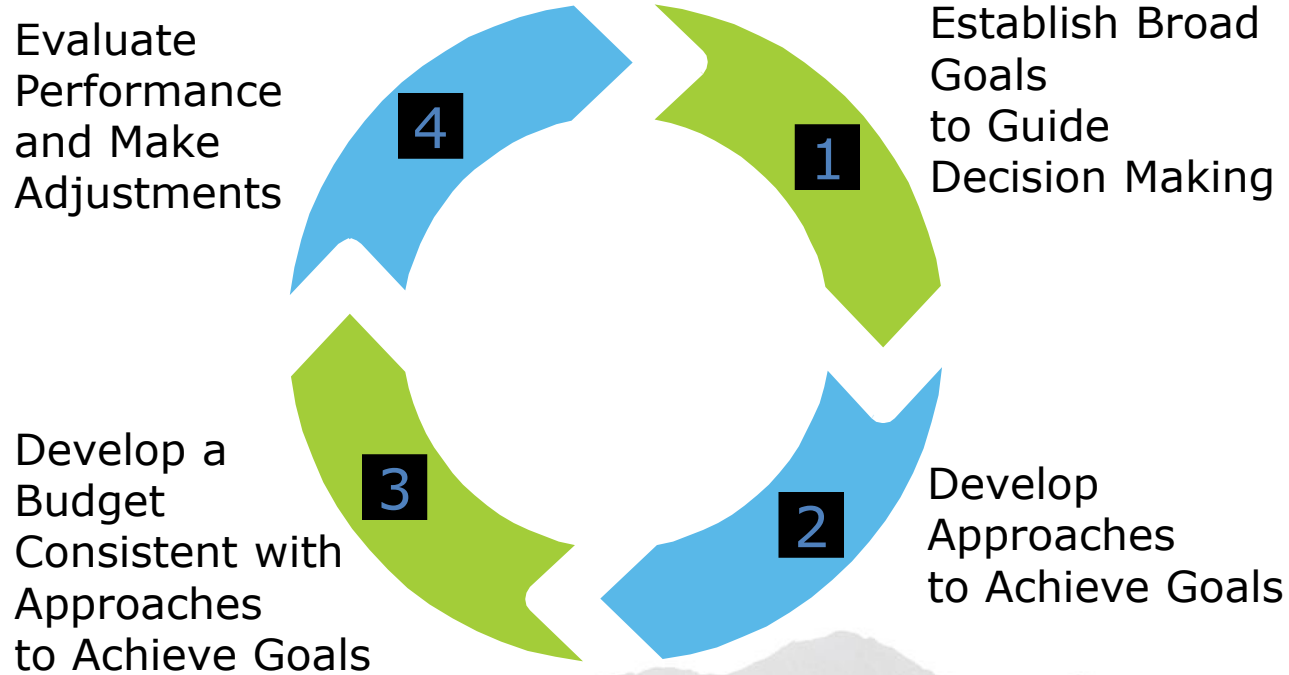


# National Advisory Council on State and Local Budgeting (NACSLB)

- The budget process goes beyond
  - Balancing revenues and expenditures
  - Traditional line-item expenditure control
- The budget also
  - Is strategic
  - Includes a multi-year financial perspective and strategies reflecting long-term goals
  - Provides flexibility to managers to be efficient and effective



# An Ongoing Process



# Characteristics of a Sound Budget Process

- Incorporates a long-term perspective
- Links the budget to broad organizational goals
- Focuses budget decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Provides incentives to government management and employees



# Steps in Budget Preparation

- Develop Budget Guidelines and Calendar
- Governing body priority-setting meeting early in the process (dollars and strategic priorities)
- Prepare forecasts and business plan based on long term plans
  - Long-Term Financial Plan
  - Strategic Plan
  - Other long term plans
- Send budget instructions/conduct training sessions
- Prepare Requests
- Review Requests
- Submit Proposed Budget



# The Budget Cycle

- Planning
  - Strategic planning  
(aligning with Council goals)
  - Long range financial planning
  - Capital planning
  - Other planning
- Preparation
  - Budget calendar
  - Short-term forecasts
  - Budget guidelines
  - Budget instructions, kick-off event
  - Budget requests
  - Budget review
- Adoption
  - Proposed budget
  - Public/legislative review
  - Final approval
- Administration
  - Implementation
  - Monitoring
  - Transfers and other adjustments
- Evaluation
  - Financial Reporting and Audit
  - Performance reporting and reviews





# Milestones

Q1: Jul-Sep

- Council goals
- Retreat

Q2: Oct-Dec

- Update financial forecasts and plans
- Operating and capital planning

Q3: Jan-Mar

- Departments submit budget request for TM review
- TM develops balanced budget recommendation

Q4: Apr-Jun

- Council review
- Tentative and Final Budget Adoptions





