



Budgeting Techniques

A practical approach for smaller municipalities



Budget Process

Benefits of Budget Process

- Allocate limited resources
- Improved Government Operations
- Sound Fiscal Management
- Internal Control




Components of Budget Process



Components of a Good Budget Process

- Long term perspective
- Links to organizational goals
- Focus on outcomes results
- Promotes Communication



Priority Based Budget Process



Identify Available Resources

- Fundamental shift in approach to budgeting
- Move thinking from “needed” to “available”
- Intended Result: Spend within your means

Identify Your Priorities

- What are your organizational strategic priorities
- Why does your organization exist
- Intended result: Shift from mission statements to priorities based on outcomes and results

Clarify Your Priorities

- What makes us relevant to our citizens
- Provide programs that achieve relevant results
- Create a map or a picture of how that objective can be received
- Intended result: Determine what is relevant to your community and define what that looks like

Evaluate you Programs

- Right sizing your programs
- Develop a true sense of your programs with a fully costed program inventory
- Program inventories are very helpful to decision makers and may help to identify immediate opportunities for efficiency
- Intended results: Prepare discrete decision units that can produce a clear result

Compare your Programs

- How do your programs contribute to your strategic priorities
- Is the program mandated or do citizens rely on it
- Has there been change in demand for service
- What's the level of cost recovery
- Intended result: each program should have a ranking that indicates its relevance to stated priorities

Allocate Resources

- Start with historical patterns
- Additional funding can go to programs ranked by highest priority
- Can group by priority tiers and fund that way
- Intended results: Resources are aligned with the results of priority driven services or programs



Create Accountability

- Performance measures
- Efficiency measures – innovation in delivery
- Incorporate Business process improvement
- Intended result: Hold those who have received allocations accountable for producing results promised



Building a Program Inventory

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- Define what your program inventory is going to look like



Building a Program Inventory

- Consider what information should be in your program inventory



Building a Program Inventory

- Create forms and templates
- Differentiate programs from functions



Building a Program Inventory

- Find the right level of detail

Overview of Priority-Driven Budgeting

- Prioritize Services
- Do Important Things Well
- Question Past Patterns of Spending
- Spend within your means
- Know True Cost of Business
- Provide Transparency of Priorities and Service Impacts
- Demand Accountability for results



Questions or Comments?