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Town Council agrees to a Biennial Budget

By Vera Kochan

The Moraga Town Council unanimously agreed to adopt a resolution directing the town manager to prepare a proposed Biennial Budget on a recurring basis. The 4-0 vote (Mayor Renata Sos was absent) during its May 10 council meeting will ensure that this budget will become effective with Fiscal Year 2023-24 and Fiscal Year 2024-25. Moraga's fiscal year runs from July 1 to June 30.

According to a staff report by Administrative Services Director Annie To, "Preparation of the annual fiscal year budget is an involved, time-consuming, and costly process. Over the past few decades, several California cities have converted from a one-year budget preparation process to a two-year preparation process in order to reduce staff time and cost, and to increase efficiency, effectiveness, and efficacy with respect to implementing governing board direction. This two-year budget format is more commonly referred to as a 'biennial budget' which consists of two annual one-year budgets which are prepared by staff and reviewed and approved by the governing board every two years."

This new format is encouraged by the Government Finance Officers Association (GGFOA) of the United States and Canada, as well as the California Society of Municipal Finance Officers (CSMFO).

By switching to a biennial budget, staff will only have to prepare one budget document for two separate fiscal years. Additionally, staff will produce a "mid-cycle budget review" for the town council's attention which will contain a summary of the estimated first fiscal year results, along with recommended budget adjustments for the second fiscal year. None of this will affect the Annual Comprehensive Financial Report (ACFR) which will continue on an annual basis.

The obvious benefit to the new biennial budget is a savings of staff's time with regards to an annual preparation process. "As experienced in other local governments that have made this conversion, the Town Council will be enabled to focus more on long-range strategic and fiscal planning, and relieved of the minutia of the annual budget process," To stated in her staff report.

"This format promotes conservative revenue estimates and more realistic appropriation requests," added To.

"This, in turn, provides the operating departments with greater responsibility to account for budget variances and allows for unused funds to be carried over to the second fiscal year, subject to Town Council review and approval."

The Mid-Cycle Review would provide the council with a glimpse of future expenditures to allow for any budgetary changes due to emergencies and the like.

Any fiscal impact would most likely show a cost savings for the town in that staff will spend less time on budget preparation. Additional savings are expected with regards to printing and distributing a biennial budget report.

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