

## **A simplified process in preparing a Budget.**

A municipal budget works by allocating resources to different services and programs based on the community's priorities and available funding. It is a legal document that must be approved by the governing body. The budget also serves as a tool for accountability, allowing residents to see how their tax dollars are being spent.

- **Gather Information:** Collect data on past revenues and expenses, economic forecasts, and community needs.
- **Set Priorities:** Determine which services and programs are most important to the community and prioritize those in the budget. Even if your budget only extends through the fiscal year, you will want to think about the future when creating it. That way, you will be considering how to budget for important projects that aren't right in front of you but will eventually require funding.
- **Estimate Revenues:** Forecast how much revenue the municipality will receive from taxes, fees, grants, and other sources. Because the majority of budgeting processes take information from previous years and the current year into advance—as well as projections for the next few years—you'll need to have at least some of your municipality's outcomes in mind while budgeting.
- **Allocate Expenses:** Determine how much money will be spent on each service and program. Many municipalities will align their major budget items to outcomes to demonstrate why they are spending their funds in a certain way. This way, your constituents can better understand why there's been an increase in taxes or why a program has been cut.
- **Balance the Budget:** Ensure that expenses are less than revenues. If not, adjustments must be made. No municipality has an unlimited budget. This means every municipality must carefully consider their limited resources and how to allocate them properly.
- **Review and Approval:** The proposed budget is reviewed by the Board of Aldermen and can be subject to possible changes before the final approval.