

BUDGET COMMITTEE

RECOMMENDED CHANGES AND OBJECTIVES FOR FY 2023

OCTOBER 12, 2022

EXECUTIVE SUMMARY

ADAPTING TO CHANGING CONDITIONS

Context Changes

- **Way more visitors**
 - Population growth
 - Behavioral changes
 - Business model changes of local lodges
 - Winter and Summer
- **Harder issues**
 - Are we a wilderness area? A Salt Lake City suburb? Or something in-between?
 - Environmental issues have long lead times and diverse stakeholders

Budget Changes

- **More structured processes**
 - Proactive, predictive, with multiyear time horizons
 - Increase automation to free staff time for analysis
- **Simpler and easier for citizens and stakeholders to digest and understand**

BUDGET COMMITTEE CHARTER

AT THE OUTSET WE IDENTIFIED SEVERAL PRINCIPLES TO GUIDE THE BUDGET COMMITTEE

Make recommendation on annual budget. The budget committee should assist the staff council employees in preparing, reviewing and recommending a detailed annual budget to the Town of Alta council members for their decision

Provide compliance oversight. The budget committee should periodically review records, and financial processes to ensure compliance with any and all statutory requirements, including proper separation of duties and oversight of the outside auditors

Provide reporting oversight. The budget committee should ensure reports are available to help the Town of Alta council members understand the short term and long term impact of their budget decisions, and make it easy for community members, and taxpayers to understand the expenditures and rationale for changes

Review use of technology and outside resources Each year we should review the total workload and ensure we are taking advantage of appropriate technology tools and outside resources to best leverage the Town of Alta's expenditures on finance and accounting

MAKE RECOMMENDATION ON ANNUAL BUDGET

CONTEXT AND OBSERVATIONS

Context

- Day visitors use of LCC is expected to grow significantly due to population growth and behavior of new entrants, with commensurate jumps in Town of Alta budget
- No longer a cozy small town with aligned business models, but now quite diverse stakeholders
- We are experiencing generational and business model change in both Alta Ski Lift and Snowbird

Preliminary Observations

- Last years budget was appropriately scrubbed and approved, but budget conversations seem rushed and unstructured
 - The *urgent* out priorities the *strategic*
 - The *technical details* crowd out the *substantive issues*
- Diversity of interests requires more proactive approach and longer time horizon
 - started this Fiscal Year by John's Byrne financial review of Water Fund, but possibly requires a further engineering review to ascertain expected lifetime and replacement/extension costs

MAKE RECOMMENDATION ON ANNUAL BUDGET

SUGGESTED ACTIONS/OBJECTIVES

Objective 1 - Organize the budget process into following three different areas of responsibility...

- Changes in internal staff pay (Roger)
- Changes in outside contractors fees - FTE types, not projects (Jen)
- Changes in our funding of projects (whether capex or outside the run the business paradigm) (Chris/John)

... and spread budget discussions over four meetings.

- October - update on FY projects, with revised projections (Chris/John)
- December - audit review (Craig/Auditor) and staff raises hopefully with benchmarking study (Roger)
- February - review and approval of outside services (Jen), and initial project proposals (Chris/John)
- April - final project discussion (Chris/John)

Objective 2 - Shift from annual to multi-year forecasting

- already started, but will take a few cycles
- May require some projects to hire outside engineering resources to assess useful lifetime of current infrastructure

Objective 3 - Tighten up financial processes to shorten timeline to close books

- Targets established by end of June

Objective 4 - Move financial process from transactional in arrears to predictive with variance analysis

- Preliminary revenue forecast model by end of June (maybe)

PROVIDE COMPLIANCE OVERSIGHT

CHANGE BUDGET COMMITTEE TO BUDGET AND AUDIT

Context

- Compliance is a must have with two main objectives - avoid fraud and ensure proper regulatory filing
- “Hurdle process”, not value added

Preliminary Observations

- Generally good
- Some normal disciplines missing (commissioning of audit, statistical testing, and regulatory review)

Suggested actions/objectives

- Objective 1 - Change Budget Committee to Budget *and* Audit committee
- Objective 2 - Formal review of outside auditor in December meeting

PROVIDE REPORTING OVERSIGHT

SIMPLIFIED REPORTING THIS YEAR

Context

- Budget process should help the ToA Council make the right decisions and build trust with citizens and stakeholders
- Transparency builds trust but too much complexity can result in “hiding in plain site”

Preliminary Observations

- Our reporting is accurate and compliant with state regulations, but difficult for citizens to understand
- Our reports should be easy to understand by citizens without a huge commitment of time to understand context
- Report should highlight the decisions and rationale by the ToA Council

Suggested actions/objectives

- **Objective 1** - Hope to an approved report format by end of Q1 -
 - *caveat - not sure if this is realistic given the workload of the ToA staff to implement*

REVIEW USE OF TECHNOLOGY AND OUTSIDE RESOURCES

NO MATERIAL CHANGES RECOMMENDED THIS YEAR

Context

- Technology continues its rapid pace of evolution, with no signs of slowing
- In finance, many of the previous manual functions have been partially or completely automated
- Long term trend is to automate the mechanical and manage by exception

Preliminary Observations

- Our primary tool, the Caselle GL is years behind the competitions' offerings
- Caselle is not, and will not be successful as a platform
- Rest of technology stack is a bit disjointed and also out of date

Suggested actions/objectives

- No material changes in FY23 as the technology fulfills the needs (but is inefficient)
- Research only because any tech migration has to be carefully planned in advance