
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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FY 2010 Statement of Budgetary Principles

OVERVIEW

The Statement of Budgetary Principles was first put into place in FY 2008 to address issues of budget authority and communication of budget changes between the Executive and Legislative branches following budget adoption each year. These Principles were negotiated between the Mayor's Office and the City Council in response to specific situations that arose the first year of the new form of government with respect to Mayoral budget changes and the role of the legislative body. These Principles went through numerous iterations before settling on the language that has now been in effect for the past two fiscal years.

The Statement of Budgetary Principles was developed to:

- set budgetary operating principles
- establish budget authority regarding service levels
- enhance communication on management issues between the executive and legislative branches

For the past two years, the Statement of Budgetary Principles has been adopted as an accompanying resolution to the Appropriation Ordinance (AO) in order to preserve the intent of the AO as a true appropriation setting document rather than a policy document. Most significantly, the Statement of Budgetary Principles requires:

- the Mayor or his designee to provide quarterly reports to the Council regarding the administration of affairs of the City
- prior written notification of reductions in any program or service affecting the community, based on an established criteria
- budgetary reductions the Mayor may undertake for fiscal reasons be limited to a cumulative cap of 3% of the General Fund, and the Water, Sewer, Development Services and Airports Funds

No notifications of budgetary reductions were made to the City Council during Fiscal Years 2008 or 2009.

Attached is the proposed FY 2010 Statement of Budgetary Principles (including a strikeout version showing changes from the prior year) which continues the concepts previously approved by the Council, with changes made only to dates and to acknowledge a change in terminology due to the City's transition to a new financial and accounting system (OneSD). These Principles, together with performance measures, will provide ongoing communication between the Mayor and City Council.

While the Mayor did not exercise the notification requirement during either FY 2008 or FY 2009, we recommend the Principles remain in place for FY 2010. Over time, as the City's performance measures become better defined and data becomes more readily available and complete, a performance-based set of budget principles may be desirable and effective.

CONCLUSION

The IBA recommends adoption of the FY 2010 Statement of Budgetary Principles to ensure ongoing communication between the Mayor and the City Council regarding budgetary decisions throughout the year.

[SIGNED]

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Attachments:

1. FY 2010 Statement of Budgetary Principles
2. FY 2010 Statement of Budgetary Principles – Strikeout Version