
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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FY 2009 Statement of Budgetary Principles

OVERVIEW

During the development of the FY 2008 Budget, the IBA expressed concern about the lack of service level and performance measurement information presented in the budget document, especially in light of proposed budgetary reductions for various departments. As the City began Business Process Reengineering efforts for various departments, concern existed that the Council and the public would be unable to discern if further budgetary reductions were enacted by the Mayor during the year, which could negatively affect service levels, following the adoption of the budget.

In order to address this concern, the FY 2008 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

The FY 2008 Statement of Budgetary Principles was adopted as an accompanying resolution to the FY 2008 Appropriation Ordinance (AO) in order to preserve the intent of the AO as a true appropriation setting document rather than a policy document, and spoke specifically to Fiscal Year 2008. It was envisioned that the City Council and Mayor would have an opportunity to consider its value and effectiveness for future years.

Most significantly, the final version of the FY 2008 Statement of Budgetary Principles requires:

- the Mayor 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

It is important to note that no notifications of budgetary reductions were made to the City Council during Fiscal Year 2008.

FISCAL/POLICY DISCUSSION

In a change from last year, the Mayor's Proposed FY 2009 Budget includes performance measures for all departments. As part of the City Management Program, it is planned that performance measures will be refined, and that periodic reporting will occur during the fiscal year to track and monitor performance measures, once the program is fully operational. This periodic reporting, in conjunction with quarterly financial reporting, should allow the Council and the public the opportunity to understand the status of the City's ability to deliver services throughout the year, and compare it to the information provided in the budget.

Attached is the proposed FY 2009 Statement of Budgetary Principles which continues the concepts approved by the Council in Fiscal Year 2008, with changes made only to dates. These Principles, together with performance measures, will provide ongoing communication between the Mayor and City Council. The City Management Program plans to monitor performance measures and make reports available to the City Council and the public on a regular basis. Over time, as 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 the adoption of the FY 2009 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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[SIGNED]

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Attachment