

Six Year Financial Plan

Policies Review - Financial and Budgetary

Policy Review Process: The City's long term financial planning process is founded on policy decisions accumulated through past City Council actions. Written policies, formally adopted by the City Council, provide conceptual and procedural frameworks for analysis of options and of the City's financial position. Therefore, review of all current policies and identification of appropriate changes are key components of the update of the City's Six Year Financial Plan (6YFP)

Procedurally, Boise City's review of financial and human resources policies within the 6YFP is an initial activity in the development of the Two Year Budget (2YB.) Because policies are constantly being tested against experience, revisions or additions are also made during the interim between development of the 2YB. Policies and proposed changes are reviewed through the Mayor's Budget Team (MBT), the Executive Management Team (EMT) and City Council policy liaison groups and are adopted by the City Council, usually by resolution or ordinance.

FY 2004 and 2005 2YB Process. During preparation of the 2004 through 2009 6YFP at the outset of the FY 2004 and 2005 2YB development process, the City was embroiled in a scandal related to unauthorized spending and other serious matters in the Mayor's Office. Much of the time that would have typically been available for the 6YFP and for budget policy work, was diverted to efforts by the City Council, the interim Mayor and the staff to resolve the scandal. Consequently, the review of policies was limited to 1) those that were imperative to balance the two year budget and 2) those identified for change in the JeffersonWells Forensic Audit (related to the Mayor's Office spending.)

Budgetary guidelines are used to implement financial and human resource policies in specific budget development activities. Budgetary guidelines for the FY 2004 and 2005 2YB were generally consistent with prior years and were modified through the projection modeling of available resources in the 6YFP.

Policy revisions were approved during the 6YFP process on March 4, 2003 and related to the Forensic Audit on May 6, 2003. Full policy statements of all adopted policies are included in the "Financial and Budgetary Policies" section - only revisions are noted below.

Policies (and revisions) Adopted March 4, 2003:

- 1. Franchise Fee Policy: Use of electric franchise fees related to "excess rates."** (Partial Revision): Continue to set aside for one time use, electricity and natural gas franchise fees related to "excess fees." Continue the approach until all "excess rates" are eliminated.

- 2. 5 % debt and cash flow designation.** For the tax funds, designate an amount equal to five percent of the General Fund budget to meet cash flow needs and to assure City bond holders of the City's ability to fund debt service. (Partial Revision): Achieve the full amount by 2006.

- 3. Funded contingency accounts.** (Partial Revision): The tax funds funded contingent account will be funded at 0.035 percent of total new appropriations within the General Fund.

4. **Electronic budget.** (Partial Revision): Continue to use and publish the electronic budget format developed in 2001. However, provide hard paper copies of all budget documents for City Council's review of the FY 2004 and 2005 Two Year Budget.

5. **Structural Balance within all Funds.** Match expenditures and funding sources by their predicted availability over the full six year financial planning window. (Partial Revision): Defer new debt to balance FY 2004 and FY 2005 the first two years of the planning period.

Policies (and revisions) Adopted May 6, 2003:

6. **Budget Transfers** (Department Head Authority for Budget Changes.)

7. **Chart of Accounts** (Clarification of accounts to improve disclosure.)

8. **DFM Fiduciary Responsibility** (Clarification duties of financial officers.)

9. **Quarterly Financial Reports to the City Council** (Clarifying reporting duties.)

10. **Rebudgeting Budgeted Projects or Accounts to a Subsequent Year** (Clarifying policy and procedures for carrying incomplete projects from one budget year to the next.)

11. **"Revenue Offset" Projects** (Clarification about project for which a dedicated revenue source is pledged to cover a majority of costs.)

Policies related to the Adopted FY 2004 and FY 2005 2YB. Because the City's 6YFP process had been in place since the 1980's, the City had a robust program of financial policies upon which the 2YB could be based. Even though the City was faced with turmoil and intense media scrutiny related to the 2002 Mayor's Office spending crisis, the budget process proceeded smoothly through development and adoption and into implementation in October 2003.

The next significant and comprehensive policy review will be completed in winter 2004 with the update of the 6YFP at the outset of FY 2006 and 2007 2YB development process.