

## CITY OF NEW ORLEANS OPERATING BUDGET

The Home Rule Charter sets forth the timelines and responsibilities of the Mayor and the Council for preparation and adoption of the annual budget. These are contained in Sections 3-115 and 3-116, and 6-101 through 6-103 of the Charter.

### **Who does what:**

The **Revenue Estimating Conference** adopts the official forecast of revenues, which is the basis for the Operating Budget of Revenues. The conference consists of the Mayor, the Chief Administrative Officer, the Director of Finance, one councilmember selected by the Council, and one faculty member of a college or university in New Orleans.

The **Mayor** develops an operating budget of revenues and expenditures, and presents it to the Council for approval. The Charter provides that the Chief Administrative Officer (CAO) is the Mayor's principal assistant and is the budget officer of the City.

The **Council** considers the Mayor's proposal and holds public hearings on the budget. Within certain parameters as set forth in the Charter (discussed below), the Council may amend the Mayor's proposal. After the public hearings, the Council adopts the budget for the upcoming year.

### **Timelines prescribed in the Charter:**

**Mayor** – must submit an operating budget to the Council for approval no later than **November 1** each year. Prior to presenting the proposed budget to the Council, the Mayor may hold either formal or informal hearings on the individual departments' and agencies' budget requests.

**Council** – must approve an operating budget no later than **December 1** each year. The Council must hold **public hearings** on the proposed budget.

### **Balanced Budget requirement:**

The proposed budget must be a balanced budget; revenues must equal expenditures. New revenue measures may be proposed, and the proceeds from those measures may be included in the proposed budget.

### **What the Operating Budget includes:**

The Budget of **Revenues** includes all operating revenue from whatever source – taxes, licenses and permits, service charges, fines and forfeits, miscellaneous revenue, and other financing sources. Within those broad categories, estimates are detailed for major sub-categories (e.g., the various property taxes).

The Budget of **Expenditures** includes the appropriations for the city departments, agencies, and boards and commissions. Appropriations are made in the general categories of Personal Services (salaries and benefits), Other Operating Expense (e.g., rents and leases, insurance premiums, utility bills), Debt Service (short term debt only; this is not the city's bonded indebtedness, which is paid through the Board of Liquidation City Debt), and other classes as the Mayor may annually establish.

Some city agencies are "enterprise funds". Depending on their enabling legislation, they may have more or less independent authority. The Mayor's proposals for these agencies are presented to the Council for approval in the form of individual motions, and are not included in the budget ordinances.

### **The Budget process:**

**March through June** – the **Mayor** establishes results expected from programs for the upcoming year, departments prepare preliminary budget proposals, and the proposals are reviewed by **teams of administrators**.

**July** – **departments** revise their budget proposals based on feedback from the preliminary review.

**August** – **departments** submit final budget requests to Chief Administrative Office, initial revenue estimates are made, and funding allocations are determined by the **Mayor's leadership team**.

**September** – department proposals are ranked by the **teams of administrators**.

**October through November** – the **Mayor** reviews and approves the proposed budget, the **Chief Administrative Office** prepares budget documents, and the budget is submitted to the Council.

**November** – the **Council** conducts public hearings on the Mayor's proposed budget.

**December** – the **Council** adopts the budget for the upcoming year.

### **The Budget documents:**

The Mayor presents and the Council considers a number of documents related to the annual Operating Budget. These include:

- Tax levy ordinance (sets property tax rates)
- Budget of Revenues ordinance
- Budget of Expenditures ordinance

- Motions approving budgets of enterprise funds
- Ordinances for any new or increased fees or charges proposed by the Mayor as part of the upcoming year's revenue

In addition to the Operating Budget, the annual Capital Budget is also presented by the Mayor by November 1 and considered by the Council during that month for adoption on December 1. Capital Budget documents include:

- Capital Budget ordinance
- Motion for five-year Capital Plan

The "**Budget Book**" is a supplemental document provided by the Mayor. It contains additional details on the departments' budgets, as well as narrative information on policies, a discussion of revenue assumptions, and other general information about the proposed budget. Separate books are usually provided for the Operating Budget and the Capital Budget.

#### **The Council's budget deliberations:**

The Council schedules hearings throughout the month of November. Though the Charter does not prescribe the specific form of the hearings, the Council typically schedules a separate hearing for each department, agency, and commission, as well as for certain non-governmental organizations for which city funding is proposed. Hearings are conducted in the Council chamber, and are televised on the government access cable channel. Hearings are open to the public, and public comment is permitted. The Council Budget Committee may also schedule separate meetings of the Committees, which are also public, to consider specific elements of the budget and to review proposed amendments.

#### **Amending the Budget prior to adoption:**

The Charter provides that the Council may amend the Mayor's proposed budget; it may increase, decrease, or delete any item of appropriation proposed by the Mayor. By a two-thirds vote of its members, the Council may add new items of appropriation. Appropriations for Personal Services must be made as lump sums, not by specific positions or rates of pay.

#### **Amending the Budget after adoption:**

Once the Budget has been adopted, adjustments are made by ordinance.