

## *Operating Budget Policies*

The City Council shall hold an annual Budget Retreat each Spring in order to establish priorities for funding in the next fiscal year and a Planning Session in the Fall to discuss long-range major capital improvements.

The City shall adopt a balanced budget annually. A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. Any subsequent amendment must identify the revenues or other financing sources. The City will strive to maintain current fund balances in its operating funds and to meet the reserve targets established under the “Reserve Policy” section of this document.

The City will continue to pay competitive wages and fringe benefits in order to attract and retain quality personnel.

All Enterprise Funds shall be self-supporting from their fees and charges, with no subsidy from the General Fund. By the same token, the General Fund shall receive no subsidy from any Enterprise Fund. This does not prohibit the normal Payment in Lieu of Taxes (PILOT) required from Cleveland Utilities.

The Fleet Management Fund should reflect the true costs to provide maintenance for city-owned vehicles, as well as outside governmental agencies contracting vehicle maintenance with the city. The City Council shall review annually the hourly rate and mark-up on parts and gasoline required to support the operation.

The Solid Waste Management Fund should reflect the true costs to provide residential and commercial garbage collection, disposal and recycling; bulk (white goods) collection and disposal; and leaf collection and disposal. The City Council shall evaluate annually the extent to which each service is supported by service charges rather than a subsidy from the General Fund.

The Cleveland City School System (CCS) shall be given an increase in City funding over the current fiscal year’s budgeted revenue estimate from the City, that is equal to the estimated percentage increase in the Local Taxes portion of the General Fund Revenues for the following fiscal year. The computation of this increased percentage shall not include any revenue increase due to increased property or sales tax rates which are earmarked for specific purposes. This will assure that the school system receives a reasonable inflationary increase for the portion of their Budget funded by the City. The City is not in a position to provide funding beyond this level and still have adequate financial resources for the other needs of the community. The increases necessary to cover inflationary increases in the CCS Budget currently funded by the Federal, State, and County governments must be obtained from those sources each year.

The City shall aggressively pursue improvements in technology and work methods that will improve service levels and/or reduce operating costs.

The City will not reduce the level of service of any program, activity, or function in FY 2009. Recycling will continue to be made available to the citizens of Cleveland at regional recycling centers.

The City shall use one-time revenues only for capital items or to build reserves, instead of operating expenditures.

The City shall raise property taxes only when absolutely necessary to balance the Budget and maintain adequate reserves.

All appropriations and expenditures shall be made in full compliance with applicable State laws and the City's Purchasing Manual.

The City will follow the Budget Preparation Calendar shown at the end of this section.

The City Manager and Director of Finance shall prepare an annual Budget which meets the requirements to receive the Distinguished Budget Presentation Award from the Government Finance Officers Association. The City received this award for the first time in 1998.