

SHORT TERM BUDGET AND FINANCIAL POLICIES GUIDING THE DEVELOPMENT OF THE OPERATING BUDGET

The following is a list of short term Operating Budget and financial policies used in developing and allocating funding in the Operating Budget. The list is evaluated each year.

Operating Budget Policies:

- Adhere to the City's *Charter* for preparing, presenting, and deciding on budgets.
- Adhere to the State Code requirement (§22.1-93) that the governing body of a municipality shall approve an annual budget for educational purposes by May fifteenth or within thirty days of the receipt by the municipality of the estimates of state funds.
- Develop the Operating and Capital Improvement Budget under the supervision of the City Manager.
- Coordinate the development of the Operating and Capital Budgets in order to link the two together before making decisions on either.
- Implement approved/amended budgets and policy direction by Council under the supervision of the City Manager with input from the departments.
- Provide Contingencies appropriations for council discretionary spending.
- Reevaluate "Base Budget" to ensure removal or reduction of any nonrecurring requirement or service in the latest Approved Operating Budget.
- Assure quality of programs in preference to poor or marginal quality programs even if it is necessary to eliminate services to balance the budget.
- Evaluate the quality benefits of added resources to current services relative to new and/or expanded services during the dollar allocation process.
- Assure "Excellence in Stewardship" with a balance between resources allocated to good management and legal compliance versus resources allocated to service for our citizens.
- Ensure that the personnel complement in the Operating Budget accurately reflects the City's latest *Human Resources Management System and Compensation Plan*.

- Evaluate the benefits of computers, special equipment, vehicles, and other required equipment before purchase and/or replacement according to useful life criteria when not determined “economically non-repairable.”
- Recover full costs of common services provided by City Garage, Department of Information Technology, and Self-Insurance by charging the using departments and reimbursing for the services through Internal Service Funds.
- Evaluate the City’s allocation of resources to civic and external organization on the basis of need and relative benefits to its citizens and/or humanity. Require contracts and periodic reports of actual citizens and persons served.
- Provide for increased operating costs in the Operating Budget of newly completed or acquired facilities that were initially funded through the Approved Capital Budget.
- Adhere to the City’s Charter for Public Hearing before approving/amending budget and/or appropriating funds.
- Require advanced approval of both departments before transfer of charges budgeted by one department to another.
- Execute approved budget(s) as approved and manage to the extent required to assure compliance with the intent of Council and advise and seek corrective consent when latest Council intent is not being met.
- Fund, to the extent possible, the capital costs for technology which will improve the City’s efficiency and effectiveness.
- Evaluate new technology spending for future cost savings and adjust appropriations accordingly.
- Support economic development programs which will add to the City’s tax base.
- Support public safety programs which will have a direct impact on the safety and well being of citizens.
- Support programs and services for education, recreation, development of youth, and senior citizens.
- Look for alternative sources for providing services and programs within the community at no cost or at a lower cost than currently being provided by the City.
- Seek privatization opportunities where programs and services can be offered at a lower cost than what the City spends to provide the same services provided that the quality of services is not compromised.

- Support regional cooperation to the extent that all involved parties receive proportionate benefit and the City of Chesapeake's costs are minimized.
- Actively seek public/private partnerships for services currently funded 100% by the City of Chesapeake which will reduce the City's costs and either expand program scope or reach more citizens.
- Appropriate all grants, as defined by the City's Grants Special Revenue Fund Policy, to the Special Revenue Fund.
- Appropriate funds equal to estimated revenues from dedicated funding source including but not limited to: EMS Vehicle Registration, Fire Programs Grant, Virginia Juvenile Crime Control, State Aide for Public Libraries, and E-911 Wireless Service.

Financial Policies:

- Expect Operating Budget to be balanced on a current revenue and current expense basis.
- Continue to provide for 6% of General Fund revenue as "Cash Flow and Emergency Reserve."
- Maintain a reserve equal to 5% of the General Fund revenue as a reserve for operating emergencies.
- Use lease/purchase financing cautiously and for no greater period than the estimated useful life of the item of equipment and/or facility being financed not to exceed twenty (20) years.
- Expect the City Treasurer to pool all unrestricted monies and invest in a manner to maximize revenue in low to no risk offerings while measuring cash availability for payrolls and bills.
- Do not rely upon long-term debt for current operations.
- Continue to solicit and accept external grants only for non-permanent purposes so that the City dollars are not required to fully fund the program at end of the grant period.
- Continue to evaluate the necessity and value of required fund balance and reserves and communicate the criteria and methodology used. Maintain coverage of at least 120% of required fund balances at the end of each fiscal year.
- Use one-time revenues to support projects, programs, and purchases which will not require future year financial support.