1. **Balanced Budget Required.** The City of Denton will develop balanced budgets in which current resources (current revenues plus fund balance) will equal or exceed current expenditures. The City will avoid budgetary procedures that balance the budget at the expense of meeting future years' expenses, such as: postponing expenditures, accruing future years' revenues, or rolling over short-term debt. The budget will provide for adequate maintenance and replacement of capital plant and equipment.

2. **Funding of Current Expenditures with Current Revenues.** The budget will assure that current expenditures are funded with current revenues. Current operating expenses will not be capitalized or funded through the use of long-term debt.

3. **Use of Non-Recurring Resources.** The City of Denton will use non-recurring resources to fund non-recurring expenditures.

4. **Performance Measures and Productivity Indicators.** An annual budget where possible will utilize performance measures and productivity indicators.

5. **Departmental Budget Reporting.** Regular monthly reporting on budgetary status will be provided by Departments. The reporting will be structured to provide projected balances for the end of the year.

6. **Return on Investment.** The Utilities shall transfer to the General Fund a return on investment based upon net Fixed Assets for the Utility System. The maximum amount to be transferred will not exceed six percent (6%) of equity in the Electric and Water/Wastewater Utility. Equity is assets net of accumulated depreciation, less the book value of any contributed capital.