CITY OF MANDAN

"WHERE THE WEST BEGINS"

BUDGET POLICIES

CITY OF MANDAN
BUDGET AND FINANCE COMMITTEE

BUDGET POLICIES*

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*City Commission approved on September 21, 2010.

☑ Budget Laws:

- The Budget will be prepared in accordance with the North Dakota Century Code, Chapters 40-40 and 57-15.

☑ Minimum Fund Balance Reserve Percentages:

- Minimum Fund Balance Reserve Operating Percentages for the following will be based on the Government Finance Officers Association's (GFOA) Best Practice recommendation:
    - General Fund = 17%[1]
    - Cemetery Fund = 17%[1]
    - City Visitors' Promotion Capital Construction Fund = 17%[1]
    - Morton Mandan Public Library = 17%[1]
    - Water and Sewer Utility Fund = 25%[1]
    - Solid Waste Utility Fund = 25%[1]
    - Street Light Utility Fund = 25%[1]

☑ 1% City Sales Tax Fund:

- 50% of sales tax revenue will be transferred to the General Fund for property tax reduction.[2]
- $250,000 of sales tax revenue will be transferred to the Mandan Growth Fund for business and economic development.[3]
- $100,000 of sales tax revenue will be expended for the Bismarck-Mandan Development Association.[4]
- Sales tax revenue will be transferred to the Mandan Community Center Revenue Bonds of 2005 Fund for debt service.[5]
- Sales tax revenue will be used to pay for a portion of the City's share of infrastructure costs for urban and main arterial projects.[6]
- Minimum Fund Balance = $500,000.[7]

☑ Mandan Growth Fund:

- Unexpended funds at year end will be carried forward to the next fiscal year.[8]

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[1]City Commission approved 17% reserve on September 21, 2010 and 25% reserve on September 5, 2000.
[2]City Commission approved on August 20, 2013 and is allowed under Mandan Municipal Code (MMC) Section 3-03-31.
[3]Current practice since 1992 and is allowed under MMC Section 3-03-31.
[4]City Commission approved on November 1, 2005 and is allowed under MMC Section 3-03-31.
[5]City Commission approved on April 20, 1999 and is allowed under MMC Section 3-03-31.
[6]Current practice since 1991 and is allowed under MMC Section 3-03-31.
[7]City Commission approved on May 17, 2011.
[8]City Commission approved on August 20, 2002.

☑ Water and Sewer Utility Fund:

- Water and Sewer Utility revenue will be used to pay for a portion of the City's share of infrastructure costs for urban and main arterial projects, and for over sizing of utilities.[9]
- Water and Sewer Utility Rates will not exceed the average city utility rates for the prior year of the other 11 largest cities in the state.[10]

☑ Solid Waste Utility Fund:

- Fund Balance Reserve for land acquisition and Transfer Station improvements = $1,000,000.[10]

☑ Fees/Charges and Revenue Estimates:

- Departmental Fees and Charges for Services will be compared to other cities in the state for possible rate adjustments.[11]
- Departmental Revenue Estimates for the current year will be reviewed and revised where necessary.[11]
- Special assessment fees:
    - Snow removal = 10%[12]
    - Weed cutting = 10%[12]
    - Health and safety = 10%[12]
    - Sidewalk = 10%[12]
    - Administration = 25%[12]
    - Construction contingency = 10%[12]
    - Interest added to the net interest cost of the bond = 1.5%[13]
    - Interest added to the net interest cost of the bond (sidewalk assessments only) = 2%[14]

[9]Historical practice and is allowed under MCC Section 9-01-04.
[10]City Commission approved on May 17, 2011.
[11]Historical practice.
[12]Historical practice and is allowed by North Dakota Century Code (NDCC) Section 40-23.1-04.
[13]Historical practice and is allowed by NDCC Section 40-24-02.
[14]Historical practice and is allowed by NDCC Section 40-29-11.

☑ Expenditure Estimates and Operation & Maintenance Expenditures:

- Departmental Expenditure Estimates for the current year will be reviewed and revised where necessary.[15]
- Increases in Operations and Maintenance Expenditures (O&M), excluding salaries and benefits, capital outlay, debt service, and transfers, will be based on the Consumer Price Index (CPI-U) for Midwest urban cities less than 50,000. The total increase in departmental O&M Expenditures for the past two years, prior year actual and current year budget, cannot exceed the CPI-U for the prior two years.[16]
- Justification will be required for O&M Expenditures in excess of the departmental spending cap.[16]

☑ Mill Levy and Taxable Valuation:

- City's share of the Mill Levy will not exceed the average city mill levy for the prior year of the other 11 largest cities in the state.[16]
- Property tax revenue will be used to pay for a portion of the City's share of infrastructure costs for urban and main arterial projects.[17]
- Taxable Valuation will be determined by the Morton County Board of Equalization and adjusted by the value of the utilities for the prior year.[18]

☑ Salaries and Benefits:

- Performance increases (2014 Budget) will be based on the Consumer Price Index (CPI-W) for Midwest urban cities less than 50,000.[19]
- New personnel requests will require separate Board approval.[15]
- Salaries and Benefits will be computed in accordance with the Mandan Code of Ordinances, and also with applicable state and federal laws.[15]
- Minimum and maximum salary ranges will be adjusted annually to 95% of comparable positions at the City of Bismarck (June 18, 2013).

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[15]Historical practice.
[16]City Commission approved on September 2, 2008.
[17]Historical practice and is allowed by NDCC Section 40-24-10.
[18]Historical practice and City Commission approves annually.
[19]Historical practice and is considered a municipal standard.

☑ Capital Outlay and Construction/Maintenance Projects:

- Capital Outlay requests in excess of $1,000 will require separate Board approval.[20]
- Construction/Maintenance Projects will also require separate Board approval.[21]

☑ Debt Service:

- Debt Service expenditures will be based on Board approved projects.[23]
- Special assessment amortization periods:
  - Snow removal = 1 year[22]
  - Weed cutting = 1 year[23]
  - Health and safety = 5 years[24]
  - Sidewalk = 10 years[25]
  - Street and Water & Sewer = 15 years (standard) or 20 years[26]

☑ Bismarck-Mandan Transit Board funding:

- 2 Mills[27]
- Operating Subsidy = $100,000 – 2 Mills[28]

☑ Mandan Airport Authority funding:

- 4 Mills[29]
- State Aid Distribution = $5,600[30]

☑ Morton Mandan Public Library funding:

- 7 Mills[31]
- State Aid Distribution = $10,650[32]

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[20]Current practice since 2001.
[21]Historical practice.
[22]Historical practice and is allowed by MCC Section 10-04-16.
[23]Historical practice and is allowed by MCC Section 17-04-05.
[24]Historical practice and is allowed by NDCC Section 40-28-04.
[25]Historical practice and is allowed by NDCC Section 40-29-11.
[26]Historical practice and is allowed by NDCC Chapter 40-24.
[27]Voters approved on April 7, 1992.
[28]City Commission approved on November 1, 2005.
[29]Maximum allowed by NDCC.
[30]Maximum allowed by NDCC Section 57-39.2-26.1(2).
[31]Maximum 4 mills allowed by NDCC + voters approved 3 mills on May 31, 1983.
[32]Maximum allowed by NDCC Section 57-39.2-26.1(2).

☑ Long-Term Capital Planning:

- Equipment Replacement Schedules.[33]
- Master Plans for Water and Sewer Utility.[34]

☑ Operating Deficits:

- Operating deficits for the City's major Funds will only be allowed for one-time expenditures such as capital outlay and special projects. One-time expenditures will only be paid for from funds in excess of the minimum Fund Balance Operating Reserve.[35]

☑ Budget Balances:

- Transfer of Budget Balances from the prior year to the current year will only be allowed for incomplete programs or projects from the prior year and the transfer must be approved by the Board no later than March of the current year.[36]

☑ Multi-Year Budgets:

- Budget Committee will prepare Budgets for the current year and the following two years for planning purposes.[37]

Note: The Budget Policies provide direction and guidance to the budget development process. The Budget and Finance Committee reserves the right to use discretion in implementing these Policies if funding constraints result.

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[33]Current practice since 2005.
[34]City Commission approved Advanced Engineering and Environmental Services, Inc. to complete Master Plans and Cost of Service & Rate Design Study Reports.
[35]City Commission approved on September 21, 2010.
[36]Historical practice. March deadline was implemented on March 1, 2011.
[37]Implemented for 2012 Budget.