

# **LONG-TERM FINANCIAL PLANNING POLICY**

## **Why a Policy on Long-Term Financial Planning is important**

The City of Mandan adopts an annual budget. A balanced budget is critical, but it only looks one year into the future. A thriving community requires a long-term perspective because financial challenges are often created over many years and can take more than a year to solve. A long-term financial plan and budget allows the City to remain mindful of its long-term financial health.

## **Length of the Financial Plan**

The City will forecast operating revenues, expenses, and financial position at least five years into the future. The length of the financial plan will be longer if five years is not enough to address issues that are a threat to the financial health of the City.

## **Frequency of Financial Planning**

The long-term financial plan will be updated annually before the budget process to inform decision-makers of the City's financial position going into budget discussions.

## **Scope of the Financial Plan**

The long-term financial plan will include all major funds of the City. Department managers are to prepare and update a long-term plan for personnel and machinery & equipment or capital requests for the next five fiscal years. The engineering and public works departments are to prepare and update a long-term capital improvement plan for infrastructure projects for the next five fiscal years. Department managers are to present the long-term plans to the City Commission for review and for the City Commission to determine the spending priorities for long-term financial planning purposes.

## **Assumptions and Analysis**

The City's finance department will prepare a forecast that is based on assumptions that best reflect the status quo condition of the City. The forecast will not assume any major changes in policy where such change is speculative. Other assumptions behind the forecast will be made clear. This includes assumed growth rates in operating revenues and expenses. It also includes assumptions about forces that impact operating revenues and expenses. Examples might include changes in population, property values, taxable sales and purchases, federal & state grants and shared revenues, salaries and benefits, O&M costs, etc.

## **Long-Term Financial Plan**

The goal of the City is for the financial plan to be balanced over the time period of the forecast. Therefore, the City will maintain a long-term financial plan that describes how the City will achieve and/or maintain balance over a multiyear period.