

LONG TERM FINANCIAL PLANNING POLICY

Policy Purpose

The purpose of this Financial Planning Policy is to have a comprehensive long term financial planning process in order to stimulate discussion and to engender a long range perspective for the Administration and City Council in order to prevent or plan for any potential financial challenges.

This policy is intended for the following funds:

- General Fund;
- Street Fund;
- Bond Retirement Fund; and
- Capital Improvement Fund

For the purpose of this policy, the general fund does not include any sub funds of the general fund, such as the budget stabilization fund and economic development fund as well as any other funds that are included as part of the general fund for GAAP related purposes.

It is the intention of this policy to provide guidelines to ensure that sufficient reserves are maintained and to preserve flexibility throughout the fiscal year.

Background

Long term financial planning is the process of projecting revenues and commitments over a long period of time, using assumptions about economic conditions, future revenue and spending scenarios as well as other variables.

Long term financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability

Long Term Financial Planning Policy

The long term financial planning forecast period shall be at a minimum of five years and potentially more if needed.

At a minimum, the forecast shall be updated annually and presented to the Mayor and City Council as part of the annual budget process.

In developing the forecasts, the following items shall be considered, but not limited to:

- Recent trends;
- Economic factors including assessed valuations and unemployment rate for income tax purposes;
- Tax rates;
- Current existing policies, which may include but not limited to debt management and fund balance policies;
- Union contracts;

- Healthcare costs;
- Capital needs;
- User fees;
- Inquiry of other stakeholders such as the County Fiscal Office, the Regional Income Tax Agency and local businesses;
- Goals by City Council and/or Administration;
- Debt position; and
- Future uses

Monitoring and Reporting

The Finance Director shall review this policy annually and present any proposed modifications or changes to the Mayor and City Council by May 1st of the fiscal year in advance of the budgetary process. City Council will then review and vote on any proposed changes if necessary.