

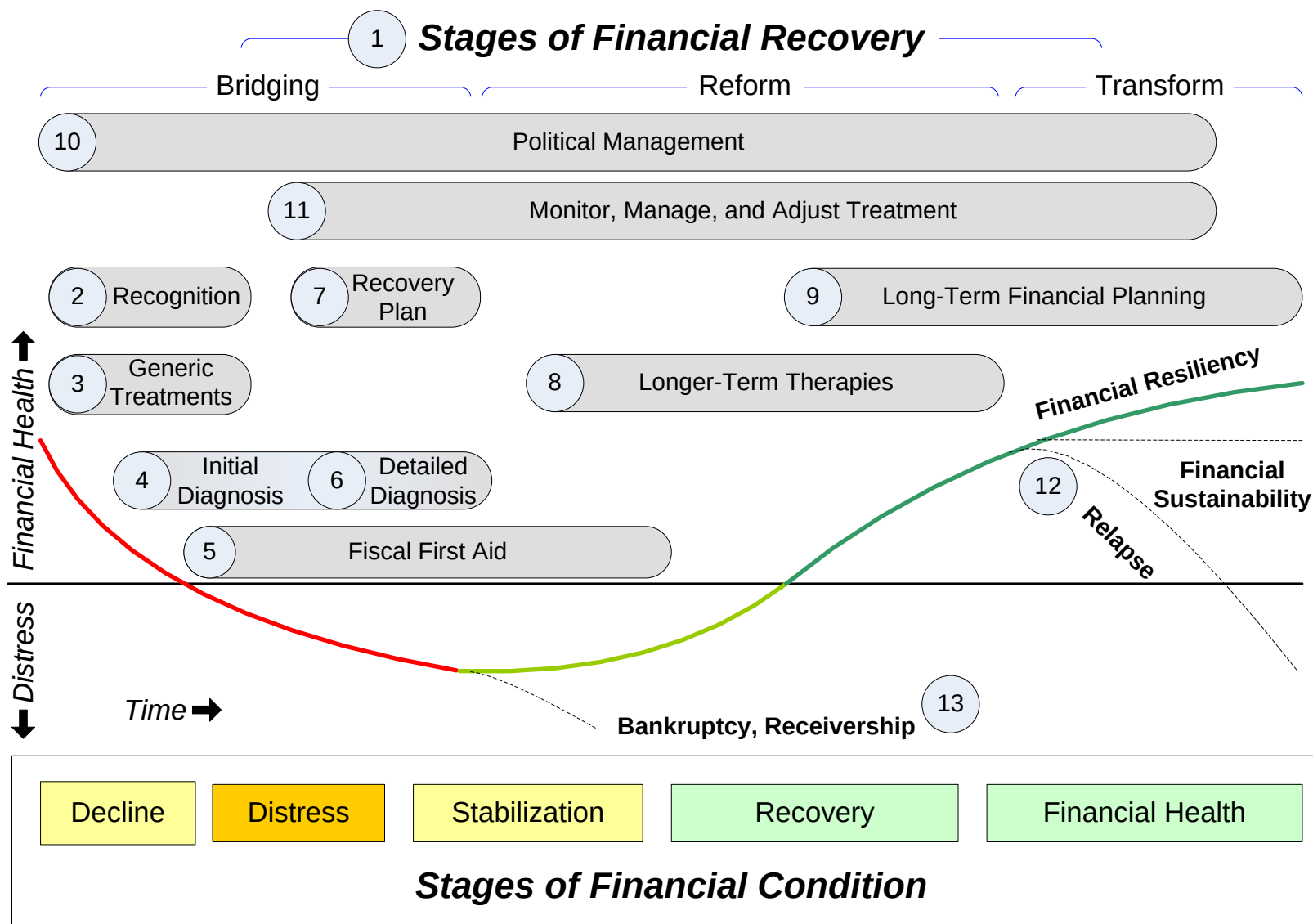
Long-Term Financial Planning: The Foundation of Resiliency



Government Finance Officers Association



Financial Resiliency Overview



Resiliency Prerequisites

- Know current financial condition
- Understand service demand drivers
- Anticipate potential impacts (political, economic, technological, demographic, etc.)
- Create a culture of flexibility and innovation
- Establish strategic, operational, and financial plans

Long-Term Financial Planning

Analysis + Strategy

Why?

- To determine financial condition
- To diagnose problems
- To build the case for action
- To develop a mix of strategies
- To build trust with citizens
- To comply with rating agency expectations
- To impose discipline

Building Blocks

- Strategic vision
- Financial policies
- Technically sound analysis
- Forecasting
- Collaboration and participation
- Integration into management system

Vision

- Organization-wide strategic plan
- Input from elected officials
- “Voice of the customer”
- Clear definition of success
- Understanding of the community’s strengths and weaknesses

Financial Policies

- Financial planning policies
 - Balanced budget
 - Long-range planning
 - Asset inventory
- Revenue policies
- Expenditure policies

Analysis

- Determine level of detail and funds to be used in the forecast
- Include all variables:
 - Revenues
 - Expenditures (operating and capital)
 - Debt and other liabilities
- Include five years of historical data
- Examine underlying assumptions (follow the causal chain)

Forecasting

- Establish a multi-year planning horizon
- Determine impact of demand trends
- Ensure the model is adaptable to changing circumstances
- Use scenarios

Promoting Buy-In

- Participation and feedback
- Outside validation
- Demonstrate support for decision-making
- Provide choices and trade-offs

Integration

- Strategic planning
- Capital planning
- Budgeting
- Land-use planning
- Internal communications
- Performance evaluation
- Service prioritization

Credibility

- Explain the use and limitations
- Schedule predictable updates
- Make clear and reasonable assumptions
- Use the plan to make decisions
- Put the plan into action
- Review the performance of the plan
- Be transparent



Other Ideas

- Financial trend monitoring system
- Fiscal health model
- GFOA's Fiscal First Aid website
- Implementing programs to promote innovation and continuous improvement