



I. PURPOSE

The purpose of the long-range financial planning policy is to establish strategic fiscal sustainability and resiliency principles for the Town which shall be used in the annual budget development process and to assist with making critical financial, economic development, and community development decisions.

II. SCOPE

The long-range financial planning process involves the evaluation of internal and external issues that may fiscally impact the Town. Long-range financial planning enables the Town to take proactive steps to mitigate known issues within its control. This is a mechanism to safeguard the Town's finances for current and future Town of Warrenton residents. To accomplish this, the Town shall prepare a financial forecast as part of the annual budget process. The financial forecast shall be for a period of 5 years. The forecast shall include revenues, expenditures, and the financial position of the Town. The Five-Year Forecast shall be conducted during the annual budget process to guide budget discussions and decisions.

III. POLICY

The Finance Department will conduct a comprehensive analysis to include the following in the five-year forecast:

- Historical analysis of revenue and expenditure trends;
- An analysis of affordability of existing programs, services, and projects;
- Research and analysis of known external factors (policy, economic, environmental, legislative, regulatory, social) that may impact the Town's budget. This shall not include major changes that are speculative;
- An analysis of anticipated new programs, services, and projects (such as the acquisition of land, expansion of facilities, and affordability of recurring operating expenses associated with the new program, services, and projects);
- A review current fees and rates for services;
- A projection of the required minimum fund balance reserves;
- An assessment of timing and funding requirements for equipment and fleet replacement;
- An analysis and projections of estimated debt service payments;
- A review of the actuarial reports on the Town's non-current liabilities

(such as Other-Postemployment Benefits, Pension, Risk, and Health) to determine the size of the liability, the Town's capacity to pay it, and planned approach to address it which will be factored into the forecast; and

- An analysis of Current year revenues, expenditures, and net position for all funds.

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