**LONG-TERM PLANNING AND FORECASTING POLICY**

*This template provides the basics of a long-term planning and forecasting policy. You should adjust this policy to fit your government’s needs. For further guidance, refer to the GFOA book “Financial Policies.” The book describes the elements in this template plus additional options.*

# **Why a Policy on Long-Term Planning and Forecasting Is Important**

[Name of your government] passes 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 [name of your government] to remain mindful of its long-term financial health. This gives us the best chance of a thriving community now and for future generations.

# **Length of the Forecast**

[Name of your government] will forecast revenues, expenses, and financial position at least five years into the future. The length of the forecast should be longer if five years is not enough to address issues that are a threat to the financial health of [name of your government].

# **Frequency of Forecasting**

The long-term financial forecast will be updated at least twice a year. It will be updated before the budget process to inform decision-makers of [name of your government]’s financial position going into budget discussions. It will also be updated after the budget has been created to show decision-makers how [name of your government]’s financial path has changed as result of the decisions made.

# **Scope of the Forecast**

The long-term financial forecast will include [*select which funds to include in the policy. At a minimum, you should forecast the general fund but should consider including other funds that have a major impact on your finances. For example, transportation or IT investments require a multiyear perspective, so it would be wise to require long-term forecasts for these funds in the policy*].

# **Assumptions and Analysis**

[Name of your government] staff will prepare a forecast that is based on assumptions that best reflect the status quo condition of [name of your government]. 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 revenues and expenses. It also includes assumptions about forces that impact revenues and expenses. Examples might include changes in population, property values, etc.

# **Long-Term Financial Plan**

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