Determine long-term debt capacity

Conduct a general environmental scan that includes economic, community, and political/regulatory trends that may impact the organization’s financial position (strategic planning)

Identify and assess potential risks including those from natural disasters, economic shocks, or other societal issues that may cause financial distress

Identify strategies to take that will accomplish long-term financial planning targets and mitigate potential risks

Beyond the annual budget cycle and multi-year capital plan, governments need to identify long-term financial trends. Long-term financial planning involves projecting revenues, expenses, and key factors that have a financial impact on the organization. Understanding long-term trends and potential risk factors that may impact overall financial sustainability allows the finance officer to proactively address these issues. A long-term financial planning process allows decision-makers to focus on long-term objectives, encourages strategic thinking, and promotes overall awareness for financial literacy in an organization.

Long-term financial planning relates to strategic planning, financial policy development, capital improvement planning, and budgeting, but it is inherently different, as our 10 steps show.