

1. PURPOSE

Long-range financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies identified by the Strategic Plan can be developed to achieve long-term sustainability taking into account financial challenges.

2. SCOPE

The long-range financial plan (LRFP) will be used as a tool to recognize/identify financial challenges, stimulate long-term and strategic thinking, provide consensus on long-term financial direction and will be used in communication with internal and external stakeholders.

3. POLICY

The CapMetro LRFP will be reviewed/revised at least annually and will be acknowledged by the Board of Directors.

The Capital Metro LRFP will encompass the following elements:

1. Time Horizon - The LRFP will forecast revenues, expenditures, and financial position at least ten years into the future.
2. Frequency - CapMetro will update the LRFP as a prelude to and in conjunction with the budget process and the strategic planning process each year.
3. Content - The LRFP will include an analysis of the financial environment, revenue and expenditure forecasts (specifically service levels which drive operating expenditures), capital expenditures, debt positions and reserve requirements.
4. Transparency - The LRFP will be presented annually to the Board of Directors.

The Capital Metro LRFP will encompass the following procedures:

1. Gather Information: Engage Operational departments, Strategic Planning, and the Asset Management Plan in order to understand the components that will affect financial stability in conjunction with the budgeting process.
2. Resources: Analyze human resources (staffing capacity) to meet the goals set by the Capital Improvement Plan and the fiscal year operating budget.

3. Trend Projection: Project various elements of revenue and expenditures forecasts, grant funds (formula allocations), debt obligations and payments and funding of reserve accounts as required by the Reserve Policy.
4. Analysis: Analyze the results and challenges to fiscal stability (e.g., expenditures for capital and operating spending outpacing revenues, unfavorable trends due to service requirements, weakness in financial policies etc.)
5. Review: Schedule regular annual plan reviews and updates.

Roles and Responsibilities

Executive Vice President, Chief Financial & Risk Officer - owner of the LRFP model who has ultimate responsibility and accountability for maintaining the model, reviewing and validating critical assumptions of the plan prepared by the Deputy Chief Financial Officer.

Deputy Chief Financial Officer (Deputy CFO)- gather input for the LRFP in conjunction with the budgeting process and strategic planning process, maintain integrity and security of the plan. The Deputy CFO will coordinate with the Manager of Budget and Financial Planning to gather information from various operational managers concerning service levels and capital expenditure requirements for the Authority. The LRFP will be reviewed and updated annually during the budget development cycle. As needed, interim updates will be made to the LRFP to reflect changes in the existing assumptions and strategic objectives, new regulatory requirements and/or changes to revenue and/or expense projections.

This policy may be revised at any time. All revisions supersede prior policy and are effective immediately upon approval.

4. DEFINITION(S)

NA

5. REFERENCES

CapMetro Reserve Policy

CapMetro Policy on Financial Policies