



Gwinnett County Government  
Department of Financial  
Services

**Long-Term Financial  
Planning Policy**

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Effective Date: 12/11/2012

I. **Authority:**

The Chairman and the Board of Commissioners are responsible for legislation, policy formulation and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Gwinnett County. The County Administrator is responsible for carrying out the policy directives of the Board of Commissioners and managing the day-to-day operations of the executive departments, including the Department of Financial Services. This policy shall be administered on behalf of the County Administrator by the Deputy County Administrator / Chief Financial Officer and the Director of Financial Services.

II. **Purpose:**

The purpose of this policy is to ensure the County's on-going financial sustainability beyond a single fiscal year budget cycle in light of our long-term service vision and objectives. Financial sustainability is defined as the County's long-term financial performance and positioning where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services. This policy is intended to describe particular elements or aspects of such long-term planning Programs within the County and to memorialize this financial practice into a formal policy.

III. **Applicability and Scope:**

This policy is applicable to all funds with a minimum reserve requirement set by official action of the Board of Commissioners.

IV. **Definitions and Acronyms:**

- A. Business Plan - An operational plan that describes how a given department will accomplish its mission.
- B. Capital Improvement Plan (CIP) - A plan that describes the capital projects and associated funding sources the County intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof.

- C. Long-Term Financial Plan (LTFP) - An investment plan or strategy with a term of usually longer than one year.
- D. Program – A set of activities, operations, or organizational units designed and directed to accomplish a specific service outcomes or objectives for a defined customer.

**V. Related Documents and References:**

- A. Capital Asset Investment and Management Policy
- B. Enterprise Operating Fund Reserve Policy
- C. General Fund Operating Reserve Policy
- D. Operating and Capital Budget Policy
- E. Special Revenue Operating Fund Reserve Policy
- F. County Administrator policies as applicable

**VI. Policy:**

- A. Commitment to Long-Term Financial Planning - The LTFP process evaluates known internal and external issues impacting the County's financial condition. Such issues are identified, presented, and mitigated when and where possible. The process begins by identifying critical areas which have, or are expected to have, an impact on the financial condition of the County over the next five years. Once the issues are identified, specific goals and objectives are developed for each structural deficiency. The LTFP is a constantly changing and moving document which will be routinely updated and presented on an ongoing five-year rolling basis. The LTFP will be incorporated into the County's Business Planning Process and presented to the Chairman, the Board of Commissioners, and staff throughout the formulation of the annual financial plan. The LTFP is intended to help the County achieve the following:
  - 1. Ensure the County can attain and maintain financial sustainability;
  - 2. Ensure the County has sufficient long-term information to guide financial decisions;
  - 3. Ensure the County has sufficient resources to provide Programs and services for the stakeholders;
  - 4. Ensure potential risks to on-going operations are identified in the long-term financial planning process and communicated on a regular basis;
  - 5. Establish mechanisms to identify early warning indicators; and

6. Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the Board of Commissioners.

B. Scope of the Plan

1. Time Horizon - The LTFP will forecast revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon.
2. Comprehensive Analysis - The LTFP will provide meaningful analysis of key trends and conditions, including but not limited to:
  - a. Analysis of the affordability of current services, projects, and obligations:
    - i. An analysis of the County's environment in order to anticipate changes that could impact the County's service and/or financial objectives.
    - ii. Revenue and expenditure projections, including the financial sustainability of current service levels over a multi-year period.
    - iii. The affordability of current debt relative to affordability ratios prescribed by County policy and/or State law.
    - iv. The affordability of maintaining and replacing the County's current capital assets.
    - v. The ability to maintain reserves within the target ranges prescribed by County policy over a multi-year period.
    - vi. The impact of non-current liabilities on the County's financial position.
  - b. Analysis of the affordability of anticipated service expansions or investments in new assets:
    - i. The operating costs of any new initiatives, projects, or expansion of services where funding has been identified through alternative sources (CIP, grants, debt issuance, etc.) or adopted or approved by the Board of Commissioners through other actions. Service delivery of administrative services and functions shall be included to the extent needed proportionately with the expansion of other services.
    - ii. The affordability of the County's long-term CIP, including operating and maintenance costs for new assets.

iii. The affordability of other master plans that call for significant financial investment by the County.

c. Synthesis of the above to present the County's financial position:

i. A clear presentation of the resources needed to accomplish the capital improvements identified in the County's CIP and to maintain the existing capital assets.

ii. A clear presentation of the resources needed to maintain existing services at their present level in addition to the expansion of services as may have been identified through the analysis described above.

iii. Identification of imbalances between the County's current direction and the conditions needed for continued financial health.

3. Solution-Oriented - The LTFP will identify issues that may challenge the continued financial health of the County, and the plan will identify possible solutions to those challenges. Planning decisions shall be made primarily from a long-term perspective and structural balance is the goal of the planning process. For the purpose of this policy, structural balance means that ending fund balance (or working capital in enterprise funds) must meet the minimum levels prescribed by County reserves policies.

C. Continuous Improvement - County staff will regularly look for and implement opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements will primarily be identified through the comparison of projected performance with actual results.

D. Structural Balance - Long-term structural balance is the goal of long-term financial planning at the County. Should the long-term forecasting and analysis show that the County is not structurally balanced over the five-year projection period; staff would then make recommendations, for the Board of Commissioners consideration, on how the plan can be brought into balance.

E. Non-Current Liabilities - The LTFP will address strategies for ensuring that the County's long-term liabilities remain affordable. The Board of Commissioners supports efforts to ensure that critical long-term liabilities like debt service, asset maintenance, pensions and other post-employment benefits remain affordable.

I. **Quality Control and Quality Assurance:**

It is the responsibility of the Director of Financial Services to ensure the presence of procedures that provide sufficient guidance to affected County personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

II. **Metrics:**

To be developed and managed accordingly.

III. **Records:**

There are no records associated with this policy.

IV. **Process Flow Map:**

Not applicable.

V. **Forms:**

Not applicable.

VI. **Appendices**

Not applicable.

This the 10th day of January 2012.

GWINNETT COUNTY BOARD OF COMMISSIONERS

BY: Charlotte J. Nash  
CHARLOTTE J. NASH  
CHAIRMAN, BOARD OF COMMISSIONERS

ATTEST:

BY: Diana Kemp  
COUNTY CLERK / DEPUTY COUNTY CLERK



APPROVED AS TO FORM:

BY: Scott Fulk  
GWINNETT COUNTY STAFF ATTORNEY