

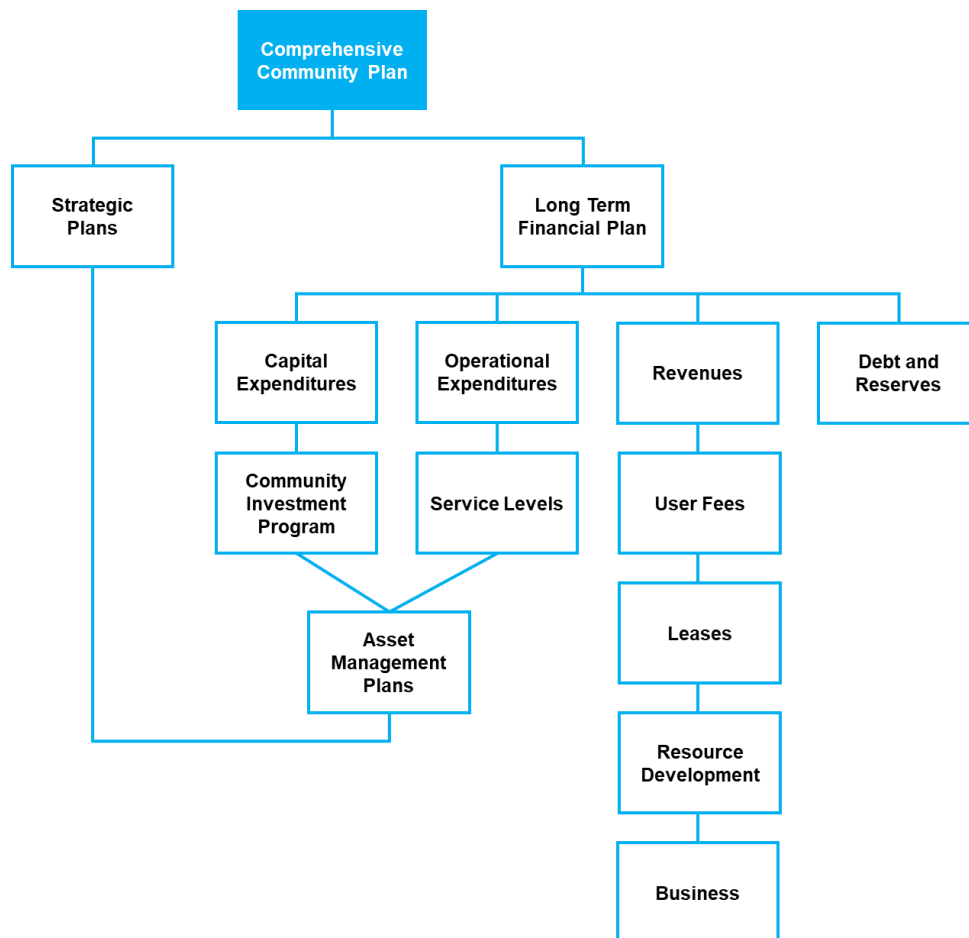
# PART 2 – WEAVING THE PIECES

## Resources for Developing a Short and Long-term Financial Plan

Creating a financial plan allows a community to allocate its resources effectively for both short-term and long-term priorities. Linking short- and long-term financial plans with an asset management plan enables informed decision-making for infrastructure services. Connecting the asset management plan with the financial plan allows the community to make the case for investment based on condition data, desired levels of service and risk.

Developing a financial plan allows the community to plan for renewals, upgrades and expansion of its asset base when they are needed. The plan answers the question, “What do we need to do today to be ready for tomorrow?” What needs to be done is determined through the asset management plan. Renewals will ensure that current levels of service can continue to be met in the future. For planned projects that will enable the provision of a new service or an increased level of service, it is important to consider both capital and operational costs in the financial plan.

The graphic below shows the link between a community’s Comprehensive Community Plan, the Long-Term Financial Plan and the Asset Management Plan



## 5-Step Financial Planning Process

1. Comprehensive Community Plan	<ul style="list-style-type: none"> <li>• Define the community’s aspirations.</li> <li>• Define needs and priorities for Governance, Land and Resources, Health, Infrastructure, Culture, Social, and Economy.</li> <li>• Include community engagement and support.</li> </ul>
2. Asset Management Plan	<ul style="list-style-type: none"> <li>• Identify strategic goals and objectives for each area. Rank them according to community priorities.</li> <li>• Review the asset inventory, levels of service, and risk tolerance.</li> <li>• Use the Gap Analysis and prioritized goals to inform decisions on forecasted projects.</li> </ul>
3. Analysis	<ul style="list-style-type: none"> <li>• Complete a Financial Condition Assessment to understand the current financial position of the community. Use the AMP and budget to inform the analysis.</li> <li>• Identify challenges and trends within the community’s finances.</li> </ul>
4. Decision Making	<ul style="list-style-type: none"> <li>• Outlined in the “Documenting Decision Making Process” supplementary material. There are a variety of methods that can create an informed decision-making process for a community’s financial plan.</li> </ul>
5. Financial Plan	<ul style="list-style-type: none"> <li>• Use business cases to approve programs / projects which move you towards desired future state.</li> <li>• Create short- and long-term financial plans that align with the Comprehensive Community Plan.</li> <li>• The optimized plans should be aspirational, but possible.</li> </ul>

This process is presented in a linear fashion, although there may be iterative processes at each step. For example, after analyzing the financial position of the community, you may need to go back and re-evaluate the reinvestment rate to insure there is enough money in the reserve funds to complete upcoming renewal projects.

The end result of the process is to answer the question, “How will we pay for projects and do we need at change anything?”