

GREENVILLE WATERPOLICY No. FIN-3DATE: 05/07/2013SUBJECT: Long-Term Financial Planning Policy**CONTENTS**

- I. Objective
- II. Commitment to Preparing a Plan
- III. Scope of the Plan
- IV. Relationship between Financial Planning and Strategic Planning
- V. Finding Imbalances
- VI. Long-Term Balance

I. Objective

The Long-Term Financial Planning Policy provides a mechanism to consider the financial future of Greenville Water. Long-term financial planning will seek to identify financial opportunities and challenges facing Greenville Water beyond its annual operating budget cycle and aid in the development of strategies to address them.

II. Commitment to Preparing a Plan

Each year a financial forecast of revenues, operating and capital expenditures will be prepared.

III. Scope of the Plan

The forecast of revenues, operating and capital expenditures will consider the following factors at least five years into the future:

- projected water demand;
- policy changes;
- impacts of inflation;
- development activity;
- operations and maintenance costs associated with capital projects;
- legal and regulatory changes;
- analysis of financial trends;
- impact of demographic and economic changes on services, revenue and expenses; and
- the costs that are deferred or postponed until the future.

FINANCIAL POLICIES**IV. Relationship between Financial Planning and Strategic Planning**

Long-term financial planning will be a part of the strategic planning process for Greenville Water. Forecasting of recurring available revenues will be used to determine the fiscal capacity of the organization.

V. Finding Imbalances

Long-term financial planning will involve the analysis of financial trends and projections of revenues, expenditures, debt, and noncurrent liabilities in order to uncover potential long term imbalances.

VI. Long-Term Balance

Long-term financial planning will be used to identify alternative strategies needed to address future financial opportunities and challenges facing Greenville Water.