

Sound Financial Policies

Establishing Policies that Stabilize
Your Budget Process



Dedham's Management Practices

- Charter Reform in 1995
- Town Administrator/Selectmen/Representative Town Meeting
- Further Charter Reform in 2001- Establishing the Position of Director of Finance



Steps to Financial Management Success

Establish the Three Core Financial Principles

- Overall Financial Management Policy
- Investment Policy
- Debt Management Policy



Seek Support and Buy-In

- Support Needed From All Major Policy Boards, Committees and the Local Legislative Body:
 - Board of Selectmen
 - School Committee
 - Finance Committee
 - Town Meeting



Practice What You Preach

- Refer to the Policies Whenever Major Financial Debates Occur
- Refer to the Policies in Developing the Annual Budget
- Refer to the Policies at Town Meeting
- Refer to the Policies When Meeting with Your Bond Rating Agencies

How are the Core Principle Policies Defined?

- Overall Financial Management Policy
 - Serves as the Core Guideline for Establishing a “Sound Financial Condition” that Includes:
 - ✓ Cash Solvency-the ability to pay bills on time
 - ✓ Budgetary Solvency-the ability annually balance the budget
 - ✓ Long Term Solvency-the ability to pay future costs
 - ✓ Service Level Solvency-the ability to provide needed and desired services



How are the Core Principle Policies Defined?

➤ Investment Policy

- Addresses Two Major Investment Actions-Short Term Investment and Long Term Investment
 - ✓ Short Term Investments Apply to the General Fund, Special Revenue Funds, and Capital Project Funds
 - ✓ Long Term Investments Apply to the Investment of Trust Funds, Bond Proceeds, and Stabilization Funds

How are the Core Principle Policies Defined?

➤ Debt Management Policy

- Addresses the Amount of Long Term Debt that a Community Should have to Maintain Infrastructure and Major Equipment Needs
- ✓ Establishes a Guideline on the Amount of Debt Service as Percentage of the Annual Budget
- ✓ Establishes a Guideline on the Length of Debt Maturity
- ✓ Addresses Debt Strategies



How have these Policies Helped to Define Our Local Government ?

- ❖ Greater Confidence from Lending Agencies and Bond Rating Agencies- Dedham has a AA+ Rating and a Strong Management Rating
- ❖ Greater Confidence from Town Meeting Members- In the Past Two Annual Town Meetings, the Budget has been Approved without a Single Question
- ❖ Greater Confidence from an Economic Development Perspective- Dedham is Viewed as a Good Place to Invest for Development