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