

City of Ashland Financial Policies Update

CITY COUNCIL STUDY SESSION

NOVEMBER 16, 2020

Financial Policies Update

- ▶ Financial policies provide the backbone of the financial management system and long-term guidance for financial resiliency.
- ▶ Financial policies include:
 - ▶ Structure
 - ▶ Management
 - ▶ Operations
- ▶ Financial policies are implemented through Administrative Procedures.
- ▶ The City has updated portions of the financial policies as needed.
- ▶ It has been at least five years since the last comprehensive review and update.
- ▶ This update incorporates prior actions into a single document.

Financial Policies - Structure

- ▶ Significant changes include:
 - ▶ Consolidation of the Central Services Fund into the General Fund for greater flexibility and reflection of resources and structure
 - ▶ Separation of Storm Drain Fund from Streets Fund
 - ▶ Removes component unit designation as not applicable under GASB

Financial Policies - Management

- ▶ Significant changes include:
 - ▶ Increases minimum balances for stability and provides for restoration of balances should circumstances require use of minimums
 - ▶ Changes definition of required balance to consistent use of “average annual expenditures for prior three years” as base for calculating balances
 - ▶ Establishes parameters for funding and use of the Reserve Fund
 - ▶ Establishes policy for allocation of unbudgeted surpluses and sale of assets

Financial Policies - Operations

- ▶ Significant changes include:
 - ▶ Incorporation state law in Purchasing, Debt, and Investment policies
 - ▶ Incorporation of industry standards in Accounting, Budgetary, and Purchasing policies
 - ▶ Extension of capital planning with debt impacts out to 15 years
 - ▶ Increase emphasis on risk management activities to reduce loss

Next Steps

- ▶ Provide Feedback on proposed changes
- ▶ Adopt updated Financial Policies- December 15, 2020
- ▶ Review and modify, if needed, during BN2021-2023 budget process