

Finance Committee Meeting

Topic: Financial Policies



City of Lockport, NY

February 8, 2023

Financial Policies – What are they?

- Structured organizations typically have various policies that dictate how managerial practices and operations must be done.
- Financial policies are no different- fiscal health and operations are also dictated by minimum standards introduced in various policies.
- Each year, four financial policies are reviewed and approved by Council. This PowerPoint reviews these policies.

Annual Review

- In the following eight slides, each policy is introduced and then followed by a slide of proposed changes. Please write down and discuss any changes you may have for the Finance Committee Meeting on February 8. A vote for each policy will then occur on February 22.

Investment Policy Purpose



- The City's investment policy provides standards and procedures for City investments. Namely, much of the language included is legally required by investment agencies, City Charter, and NYS OSC. The original iteration of this policy was introduced in 1993 via resolution 110393.7.

Investment Policy Changes

- What changes would you like to see in this policy?

Fund Balance Policy Purpose

- The City's fund balance policy dictates minimum requires that must be met to maintain financial well-being and solvency in the various operating funds. Originally stablished in resolution 051717.7, the City's current policy includes both budgetary and cash requirements.
- Typically, these figures come into play during the budget cycle, when technical work is done to analyze project budgetary and cash balances and to assess whether the projected budget amounts are to meet the minimums.

Fund Balance Policy Changes

- What changes would you like to see in this policy?
 - Proposal: Increase General Fund minimum unrestricted balance from 17% to 20%. Since this policy was originally created, sales tax revenue has continue to grow each year while many other revenues sources remain stagnant (outside of property taxes). As we increase our reliance on this volatile revenue, economic hardship could strain our finances quite easily. Increasing our 'cushion' to fall back on can prove to be beneficial in coming years.

Budget Amendment Policy Purpose

- Operating budgets of all entities require typically require some degree of flexibility in order to maintain operations while still meeting budgetary goals. In the City, we have a budget amendment policy that was originally introduced originally in resolution 071515.8C of FY 2015.



Budget Amendment Policy Changes

- What changes would you like to see in this policy?

Procurement Policy Purpose



- An entity's procurement policy is vital for its operations, as it provides minimum guidelines to abide by when making purchases and expenditures.

Procurement Policy Changes

- What changes would you like to see in this policy?
 - Proposal: add in language for required by the Department of Housing and Urban Development for Community Development's work (includes two new guidelines for section 3 participation as well as M/WBE's).
 - Proposal: in Guideline 6, clarify and expand the language for governmental entities and what constitutes a governmental agency (such as Sourcewell).
 - Proposal: in Guideline 6, include an exemption for professional services.

~Financial Policies Takeaways~

- The City currently has four main financial policies- budget amendment, investment, procurement, and fund balance. Each have their own distinct purpose in our financial well-being.
- Contextual and environmental changes in the organization may occur over time which weakens the intent and purpose of policies. It is important to annually review and update all financial policies to ensure that the current needs of the organization are being met.