

FISCAL MANAGEMENT POLICY

The Niagara County Industrial Development Agency [“Agency”] recognizes that it is important to its future viability to accurately budget its income and expenses. The Agency believes that continued budgetary responsibility is necessary and in the long-term best interest of the Agency and Niagara County. For the Board of the Agency to act in a fiscally responsible manner and to respond to changing financial circumstances of the Agency, the following requirements are adopted.

1. Reporting Requirements

The Executive Director shall be responsible for providing the Board with the following information on a monthly basis:

- a. Month-to-date and year-to-date statements of revenue less expenses as compared to budget projections. Explanations of significant variances should be provided;
- b. Cash balances for each bank account with a comparison to the prior month’s balance;
- c. Accounts payable balance with comparison to prior months accounts payable balance; and
- d. Any other information and report requested by the Board of Directors.

2. Budgetary Procedures

At the September Board of Directors meeting of each year, the Executive Director shall supply the Board with a draft operating budget. The budget should contain the current year budget information, year-to-date actual information and draft budget information. Included in such budget projections shall be any recommended staff salary increases as determined by Section 2(F) of the Agency Employee Handbook. Information should be provided to justify each category’s projection. Thereafter, the Finance Committee shall convene to discuss the budget and make changes, if appropriate.

At the October Board meeting, the Board, upon the Finance Committee’s recommendation, shall approve the budget. At no time should the Board adopt the budget later than the November Board meeting. The Board of Directors should review the budget quarterly during the operating year, acting on any amendments the staff or Finance Committee may recommend due to changes in circumstances.

3. Internal Claims Audit Function

The Board of Directors shall appoint an individual on an annual basis to report directly to the Board as an internal claims' auditor. The internal claims auditor shall be responsible for the maintenance of proper procedures with references to the bills that are submitted to the Agency for payment. These procedures shall include, but not be limited to, proper documentation, proper approvals and adhering to a proper bid process, if applicable. If the internal auditor notes any exceptions to the adopted procedures, these exceptions should be reported immediately to the Chairperson, Treasurer and Secretary of the Agency. The above officers are then responsible for reporting these exceptions to the Board for approval. No payments shall be released before the Board has approved the monthly bill schedules.

4. Reserve Funds

The Agency recognizes that it is important to its future viability to increase its reserve account and to more accurately budget its income and expenses. It is this continued budgetary responsibility that is necessary and in the long-term best interest of the Agency. It is the policy of the Agency that any income in excess of the anticipated annual income as budgeted for a calendar year be placed in a reserve account. It is the hope and goal of the Agency to build its reserve account to an amount equal to or more than 24 months of monthly operating expenses.

The Agency further understands that the income associated with its operation fluctuates on an annual basis. The Agency believes that a proper barometer of its anticipated annual income would be a five (5) year average. Thus, it would be the policy of the Agency to direct the Executive Director to utilize this average in preparing the Agency's annual budget. If during a fiscal year there exists a budgetary shortfall either because of increased expenses or shortfalls in income, the Executive Director may request a transfer of funds from reserve to operating. Any such request must be made to the Board and accompanied by a detailed report explaining the request. No transfers shall be made from the reserve account without the express direction from the Board.

5. Capitalization

It is the policy of the Agency that on all purchased property costing \$5,000 or more per item and having a useful life of one (1) year or more shall be capitalized for both internal and external purposes.