



# FISCAL MANAGEMENT POLICIES

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# Table of Contents

<b>CHAPTER 1. FINANCIAL OVERSIGHT.....</b>	<b>5</b>
<b>1.1 Adoption of Management Systems.....</b>	<b>5</b>
<b>1.2 Budget Overview.....</b>	<b>5</b>
(a) Local Budget Law.....	5
(b) Budget Committee.....	5
(c) Meetings.....	5
(d) Approval.....	5
<b>1.3 Commission Responsibilities for Finances.....</b>	<b>5</b>
<b>1.4 Review of Financial Statements.....</b>	<b>5</b>
<b>1.5 Audit.....</b>	<b>6</b>
<b>1.6 Non-Discrimination.....</b>	<b>6</b>
<b>1.7 Grant and Audit Standards.....</b>	<b>6</b>
<b>1.8 Insurance and Bonding.....</b>	<b>6</b>
<b>1.9 Compliance.....</b>	<b>6</b>
<b>1.10 Internal Controls.....</b>	<b>6</b>
<b>1.11 Oregon Government Ethics.....</b>	<b>6</b>
<b>1.12 Gifts.....</b>	<b>7</b>
<b>1.13 Conflict of Interest.....</b>	<b>7</b>
<b>CHAPTER 2. ORGANIZATIONAL AND GENERAL ACCOUNTING POLICIES.....</b>	<b>7</b>
<b>2.1 Use of Funds.....</b>	<b>7</b>
(a) General Fund.....	7
(b) Bonded Debt Fund.....	7
(c) Facilities Maintenance Fund.....	7
(d) Construction Fund.....	7
(e) NOAA Lease Revenue Fund.....	7
<b>2.2 Accounting Policies.....</b>	<b>7</b>
(a) Basis of Accounting.....	8
(b) Property Taxes.....	8
(c) Capital Assets.....	8
(d) Unused Compensated Absences.....	8
(e) Long-term Liabilities.....	8
(f) Pensions.....	8
(g) Other Post-Employment Benefits (“OPEB”) Obligations.....	8
(h) Net position.....	8

(i) Restricted Assets and Related Liabilities.....	9
<b>CHAPTER 3. PAYMENTS.....</b>	<b>9</b>
<b>3.1 Procurement.....</b>	<b>9</b>
(a) Authority.....	9
(b) Purchasing Approvals.....	9
(c) Requests for Payment.....	9
(d) Contracts and Competitive Bidding.....	10
<b>3.2 Credit Cards.....</b>	<b>10</b>
<b>3.3 Debit Cards.....</b>	<b>10</b>
(a) Voided Checks.....	10
<b>3.5 Expense Reimbursements.....</b>	<b>11</b>
<b>CHAPTER 4. CASH MANAGEMENT.....</b>	<b>11</b>
<b>4.1 Cash Receipting/Depositing.....</b>	<b>11</b>
<b>4.2 Bank Reconciliation.....</b>	<b>11</b>
<b>4.3 Investments.....</b>	<b>11</b>
<b>CHAPTER 5. CAPITAL ASSET MANAGEMENT.....</b>	<b>11</b>
<b>5.1 Definition.....</b>	<b>11</b>
<b>5.2 Capitalization or Expenditure of Special Items.....</b>	<b>11</b>
(a) Studies & Planning.....	11
(b) Dredging.....	11
(c) Direct Labor Allocation.....	12
(d) Interest.....	12
<b>5.3 Depreciation.....</b>	<b>12</b>
<b>5.4 Bank Reconciliation.....</b>	<b>12</b>
<b>5.5 Property Dispositions.....</b>	<b>12</b>
<b>5.6 Property Maintenance and Insurance.....</b>	<b>12</b>
<b>CHAPTER 6. PUBLIC RECORDS AND RETENTION.....</b>	<b>12</b>
<b>6.1 Policy.....</b>	<b>12</b>
<b>CHAPTER 7. PERSONNEL POLICIES (REFER TO SEPARATELY APPROVED PORT OF NEWPORT PERSONNEL MANUAL.....)</b>	<b>13</b>

<b>CHAPTER 8. ACCOUNTS RECEIVABLE COLLECTIONS .....</b>	<b>13</b>
8.1 Introduction.....	13
8.2 General Terms and Conditions.....	13
8.3 Delinquent Accounts.....	13
8.5 Customer Account Write-Offs.....	13
<b>CHAPTER 9. GRANT ACCEPTANCE .....</b>	<b>14</b>
9.1 Grants.....	14
9.2 Grant Applications.....	14
9.3 Grant Acceptance.....	14
<b>CHAPTER 10. OTHER FINANCIAL POLICIES.....</b>	<b>14</b>
10.1 Restricted Funds.....	14
10.2 Designated Funds.....	15
10.3 Prepaid Expenses.....	15
<b>CHAPTER 11. REFERENCES .....</b>	<b>15</b>

**PURPOSE:** This document will communicate the general management and financial policies established by the Port of Newport Board of Commissioners in order to ensure the Port of Newport (Port) complies with applicable laws and regulations and operates in a manner consistent with the organization’s mission statement and strategic vision.

## **Chapter 1. Financial Oversight**

**1.1 Adoption of Management Systems.** The Board Treasurer will review fiscal policies and procedures at least every five years. The Board Treasurer will recommend changes to the Board of Commissioners.

### **1.2 Budget Overview.**

- (a) Local Budget Law. The Port is subject to budget provisions established by law as determined by Oregon’s Local Budget Law, found in ORS Chapter 294.
- (b) Budget Committee. The Budget Committee consists of the Port Commission and five additional electors from within the district appointed by the Port Commission. The additional members serve terms of three years, with appointed terms staggered. Vacancies among the additional electors on the budget committee will be filled promptly and not later than one month prior to a scheduled budget meeting.
- (c) Meetings. In July of each year, the budget officer is assigned for the upcoming fiscal year. During the first Budget Committee meeting of each budget cycle (typically in May), the Budget Committee will elect a chairperson and a secretary and the new budget is proposed by the budget officer.

Additional meetings may be held through-out the year as needed to approve supplemental budgets.

- (d) Approval. The Port Commission shall enact resolutions or ordinances to adopt the budget no later than June 30<sup>th</sup>. The budget officer shall submit the approved budget and certification documents to the assessor’s office no later than July 15<sup>th</sup>. The budgetary fiscal period coincides with the annual reporting period (July 1 through June 30). Original appropriations may be increased or decreased, through resolutions, by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the General Fund to an appropriation in another fund, or they may be increased through the adoption of a supplemental budget. By state law, budget appropriations lapse at year-end.

**1.3 Commission Responsibilities for Finances.** The Commission is responsible for overseeing the financial operations of the Port including income, investments, expenditures, cash flow and audit. The Treasurer shall ensure that adequate accounts of receipts and expenditures are kept to show the financial condition of the Port, and shall cause these accounts to be opened at suitable times for the inspection of the Commission. The Treasurer will verify the accuracy and validity of all vouchers prior to each monthly meeting.

**1.4 Review of Financial Statements.** The General Manager, or their designee, shall prepare monthly financial reports sufficient for evaluating the organization's ongoing financial situation. The Commission will review applicable financial reports, as deemed necessary.

Program Managers will have access to monthly financial information for assigned programs and/or projects.

**1.5 Audit.** The Commission shall evaluate the need for the Port to request bids for auditing services every 3 years. If a bid is recommended, the General Manager, or their designee, shall secure bids from at least three independent CPAs for conducting an annual audit. The selected CPA will conduct the audit within 6 months of the fiscal year end. The Treasurer will ascertain that an audit of the Port’s financial condition is conducted at the close of each fiscal year. The CPA shall perform all audits under the accounting and auditing standards applicable to a government agency.

The audit must conform to the Minimum Standards for Audits of Oregon Municipal Corporations as defined by OAR 162-010. If Federal funds have been received during the audit period and exceed the federal threshold requiring an audit, the audit must also conform to 2 CFR Part 200 – Super Circular and any applicable amendments.

The audit must be approved by the Commission prior to filing with the Secretary of State Audits Division.

**1.6 Non-Discrimination.** The Port will not discriminate in the selection of vendors, suppliers, professional services, or in the hiring, promotion or termination of employees on the basis of gender, race, creed, national origin, color, religion, marital status, veteran status, disability, age or sexual orientation.

**1.7 Grant and Audit Standards.** As an Oregon municipality and a recipient of federal grants, the Port will adhere to and incorporate into its policy manuals 2 CFR Part 200 – Super Circular.

**1.8 Insurance and Bonding.** The Port will obtain various types of insurance to protect Port property, activities and interests as deemed necessary to minimize risk. Refer to separate document for the Risk Management Policy.

At a minimum, the Board of Commissioners will authorize the purchase of Fidelity Bonding for the officers of the Board and the General Manager.

**1.9 Compliance.** The Port of Newport is committed to complying with all Federal, State and local laws and regulations. Ethical conduct and integrity guide the organization's actions and is part of excellent business practice. The Port will:

- Comply with all relevant legislation, laws, standards, codes and internal policies;
- Maintain awareness by providing training and obtaining legal advice as needed;
- Develop and implement processes to ensure compliance and ethical obligations;
- Monitor compliance with its legal and ethical obligations; and
- Take appropriate corrective action to prevent future compliance violations.

**1.10 Internal Controls.** The Port's policy is to establish and maintain an effective system of internal controls that allow for organizational structure and procedures to ensure the safeguarding of assets and the integrity of financial records. These controls reduce the possibility of error, mismanagement and fraud. The responsibility for these systems of control is delegated to the Director of Finance & Business Services and includes ongoing monitoring and enforcement of these control activities. The Director of Finance & Business Services should periodically review the established controls and assess their effectiveness and report the results to the General Manager and the current Port Treasurer and implement changes as needed.

**1.11 Oregon Government Ethics.** The Oregon Government Ethics Law applies to all elected and appointed officials, employees and volunteers (“public official”) at all levels of state and local government. The law states that no public official shall use or attempt to use an official position to

obtain financial gain or avoid financial detriment. Oregon's ethics laws prohibit each public official from gaining a financial benefit or avoiding a financial cost as a result of his or her position. However, several specific benefits, such as compensation packages and reimbursed expenses, are allowed.

**1.12 Gifts.** No public official shall solicit or receive any gift(s) with a total value of more than \$50 from any single source who could reasonably be known to have a financial interest in the official actions of that public official. A gift is defined as something of value given to a public official, for which the official does not pay an equal value. Gifts of entertainment are included in the \$50 gift limit. This does not mean that an official cannot receive any gifts. The law only restricts gifts from sources that have an administrative or legislative interest in the public official's actions, and does allow the public official to receive up to \$50 worth of gifts from each source. In addition, unlimited gifts may be accepted from a source that does not have a legislative or administrative interest in the public official.

**1.13 Conflict of Interest.** A conflict exists if a decision or recommendation could affect the finances of the public official or the finances of a relative. A few other situations can present a conflict of interest, as well. If a conflict of interest exists, the public official must always give notice of the conflict to a responsible party, and in some situations the public official is restricted in his ability to participate in the matter that presents the conflict of interest.

## **Chapter 2. Organizational and General Accounting Policies**

**2.1 Use of Funds.** The Port is a municipal corporation subject to Oregon Local Budget Law. As such, the general ledger must be maintained and reported by fund. A fund is defined as a self-balancing set of general ledger accounts. The Port currently maintains five individual funds for state legal compliance that are combined and reported as a unitary enterprise similar to a commercial entity organized for profit for financial reporting. When necessary, additional funds may be recommended by the Director of Finance & Business Services, reviewed by the budget committee and authorized by the Port Commission as deemed necessary and in accordance with applicable accounting standards. The Port's funds and general use of each are as follows:

- (a) General Fund – Used to account for the financial resources of the Port that are not accounted for in any other fund. Principal sources of revenue are from property taxes, service fees and lease revenue. Primary expenditures are for maintenance and general administration.
- (b) Bonded Debt Fund – Used to account for the redemption of general obligation bonds and interest thereon. The principal source of revenue is property taxes.
- (c) Facilities Maintenance Fund – Used to account for the accumulation of funds for maintenance, repairs and capital improvements.
- (d) Construction Fund – Used to account for capital improvements and acquisitions.
- (e) NOAA Lease Revenue Fund – Used to account for expenditures relating to capital improvements for the NOAA MOC-P facility. Primary resources were initially proceeds from revenue bonds and grant funds. Current resources consist primarily of lease revenue. This fund services the bond repayment and covers facilities maintenance costs over the term of the lease.

**2.2 Accounting Policies.** The financial statements of the Port have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

- (a) Basis of Accounting - The annual financial statements are prepared on the accrual basis of accounting, while the budget and monthly financial statements are prepared on the modified accrual basis of accounting.
- (b) Property Taxes - The State of Oregon constitution and state statutes provide for several types of tax levies, all of which require voter approval before being levied. Included among such authorized levies are a permanent tax rate, which can result in a different levy amount each year as assessed valuations change, bonded debt levies which can be levied each year the related general obligation bonds mature, and local option levies for a voter-approved number of years.

The Port of Newport levies a permanent tax rate property tax levy. By July 15 of each year, the Port certifies its property tax levy to Lincoln County, Oregon. Lincoln County makes all assessments of property value and levies, collects, and distributes property taxes for all taxing districts within its boundaries. Assessments of property values are as of July 1 of each year, and the taxes levied are a lien on the properties as of July 1 of the year levied.

Taxes are payable in three installments on November 15, February 15, and May 15 following the levy date and become delinquent May 15. The County pools tax collections and makes distributions to taxing districts according to their pro-rata share of the total levy each fiscal year which collections are received.

- (c) Capital Assets - Purchased or constructed capital assets, including property, plant and equipment, and infrastructure (roadways, piers, drainage systems, etc.), are reported at cost or estimated historical cost where no historical cost exists. The Port defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. See Section 5 of this manual for additional information and policies.
- (d) Unused Compensated Absences - Employees are permitted to accumulate earned but unused personal time off and related employee benefits. Personal time off and holiday pay are recognized as expense when earned. See the Port's Personnel Manual for additional policies regarding earning, using and pay-outs of personal time off and related employee benefits.
- (e) Long-term Liabilities – General obligation bonds are payable from property taxes. Revenue bonds are payable from uniquely identified revenue sources. All other long-term obligations are payable from operations.
- (f) Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- (g) Other Post-Employment Benefits ("OPEB") Obligations - The Port's net OPEB Obligation is recognized as a liability and the annual OPEB cost is expensed, as determined by the Port's actuary.
- (h) Net position - The Port's net position is classified as follows:
  - i. Net Investment in capital assets. This consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was



used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- ii. Restricted for debt service. This represents assets that have externally-imposed restrictions related to making debt service payments.
  - iii. Restricted for maintenance reserve. This represents assets that have externally-imposed restrictions related to making required repairs and maintenance payments.
  - iv. Unrestricted. Resources not included in other classifications are unrestricted.
- (i) Restricted Assets and Related Liabilities – Assets whose use is restricted for construction related to the marine terminal redevelopment project (NOAA-MOC-P), the facilities maintenance reserve and the payment of bonded debt service, as well as all related liabilities are segregated on the Statement of Net Position.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

## Chapter 3. Payments

### 3.1 Procurement.

- (a) Authority. The Port Commission shall authorize all purchases necessary for the operation of the Port as included in the annual operating budget. The General Manager may enter into a contract or agreement to purchase goods and services, and may enter into an intergovernmental agreement provided the contract has received proper approval and is a budgeted item.
- (b) Purchasing Approvals. Program managers, as designated by the General Manager, may approve purchases that meet the following definitions:
- i. The purchase is within the budgetary restrictions as outlined in a grant/contract or the annual Port operating budget.
  - ii. The purchase is necessary for the execution of the grant/contract or department operation.
  - iii. The purchase is reasonable, allocable and allowable to the grants/contract or indirectly to the Port, as per federal guidelines and/or terms of the agreement.
  - iv. The purchase represents a best value option to the Port, as determined through general market inquiries or a formal bidding process, as deemed necessary, and according to policy.
  - v. The appropriate Commission action has been taken.
  - vi. The purchase may not exceed \$500 for Department Managers, \$2,500 for Directors and may not exceed \$6,500 for the General Manager.

All purchases that do not meet the above definitions must be approved by the Port Commission, and in accordance with Local Contract Review Board Rules as adopted by the Commission.

- (c) Requests for Payment. Once the service has been performed and goods have been received with satisfaction, requests for payments shall be submitted to finance via vendor invoices, purchase orders, or employee expense reports. These requests shall be accompanied by the following required documentation:

- i. Approved purchase order
  - ii. Supporting documentation (i.e. Invoice, Employee Expense Report),
  - iii. Proper approval, per Section 3.1b of the Financial Policies Manual,
  - iv. Account coding specific to grant/program/account dimensions,
  - v. Contract, Service Agreement, or for goods, a signed notice of delivery. (IF APPLICABLE).
  - vi. Vendor W-9 (NEW VENDORS)
  - vii. Insurance certificate (If worked performed on Port property)
- (d) Contracts and Competitive Bidding. The Port of Newport Board of Commissioners has adopted Local Contract Review Board Rules as documented in Resolution and Order No. 2007-07.

See also the Corresponding Procurement Chart incorporated into the Port's financial policies and attached in Exhibit A. Procedural guidelines for procurements not specifically addressed by Port Commission Resolutions should be obtained from The Oregon Attorney General's Model Public Contract Rules, entitled Oregon Administrative Rules, Chapter 137, Divisions 46-49.

- 3.2 *Credit Cards.*** The Port will provide the General Manager, and other staff, as designated by the General Manager, with access to a business credit card. The Credit Card Policy – Terms and Conditions of Card Use must be signed by the cardholder and approved by the General Manager prior to use. Annual training shall be provided regarding the use and applicable procedures of Port credit cards.

Employees with business credit cards must use the Port issued credit card for essential business purposes only, i.e., transactions authorized or needed to carry out required duties. Employees must pay for personal purchases (i.e., transactions for the benefit of anyone or anything other than the Port) with their own funds or personal credit cards.

If any employee uses the Port credit card for personal purchases in violation of this policy, the cost of these purchase(s) will be considered an advance of future wages, and may be recovered in full from the employee's next paycheck. If an employee uses a Port credit card for any other type of unauthorized transaction, i.e., incurs financial liability on the Port's behalf that is not within the scope of the employee's duties or authorization, the transaction(s) may become the financial responsibility of the employee and/or may result in disciplinary action, up to and including termination of employment.

Monthly, Port credit card holders should complete a Credit Card Activity form, attach supporting receipts, obtain required approvals and submit to the Finance Department for processing. The General Manager's credit card report shall be reviewed and approved by the Director of Finance & Business Services, and subject to review by the Commission Treasurer as requested.

- 3.3 *Debit Cards.*** The Port may provide employees with access to a company Debit Card for use while on Port business. Debit Cards will be preloaded with a maximum daily spending threshold, commensurate with anticipated spending needs. After the intended purpose is served, employees must remit receipts for all purchases, other than Meals and Incidental Expenses (per diem).

- 3.4 *Check Signing.*** All checks must be reviewed and signed by the General Manager or a Director in accordance with check signature authority rules approved by the Port Commission. All checks should be accompanied with proper supporting documentation at time of signature.

Check signature cards shall be kept up-to-date and reflect changes within 30 days.

- (a) Voided Checks. Checks containing errors, omissions, partially destroyed or those not

otherwise approved shall be “Voided”, bank routing information on the check destroyed, and filed for reference as needed.

- 3.5 Expense Reimbursements.** Most purchases should be initiated through the Port’s Finance Department and be pre-approved. Travel expenses and other miscellaneous small transactions (under \$100) may be initiated at the employee level and later reimbursed.

For the travel related expense policy, refer to the Port’s Personnel Manual.

## Chapter 4. Cash Management

- 4.1 Cash Receipting/Depositing.** As cash and checks are received, staff shall deposit funds within two working days, or within three working days if the total deposit is less than \$500. Funds received shall be restrictively endorsed upon receipt and locked until deposited.
- 4.2 Bank Reconciliation.** Each month, the Finance Department shall prepare bank reconciliations for all bank accounts, and they should be reviewed within 30 days of month-end by the Director of Finance & Business Services.
- 4.3 Investments.** The Port will manage all cash and investments according to the Commission approved Investment Policy maintained as **Exhibit B** in the finance manual.

## Chapter 5. Capital Asset Management

- 5.1 Definition.** The following guidelines are used in maintaining appropriate records for land, buildings, land improvements, vehicles, equipment, and furniture and fixtures.

Asset acquisitions are recorded as Capital Assets when the asset has a useful life greater than one year and when the cost exceeds \$5,000. Assets purchased that do not meet this threshold are expensed as incurred. Grouping of individual costs less than \$5,000 is not appropriate for capitalization purposes unless the costs are individual components of an entire project. The purchase must result in an item of physical existence or must benefit future years through increased revenues or reduced expenses.

Costs incurred to achieve greater future benefits shall be capitalized, and expenditures that simply maintain a given level of service should be expensed. In order for costs to achieve greater future benefits, one of three conditions must be met:

- The useful life of the asset must be increased (increased from its original estimated life, not restoring an asset in poor condition to its original estimated life);
- The quantity of services produced from the asset must be increased; or
- The quality of the units or services provided must be enhanced.

### **5.2 Capitalization or Expenditure of Special Items.**

- (a) Studies & Planning. Studies, master plans, strategic plans, development plans, marketing plans, and permits are expensed as incurred.
- (b) Dredging. Maintenance dredging is considered a routine and ongoing cost of operations and is therefore not a capitalizable expenditure. It is the Port's policy to capitalize the deepening of channels and berths and to categorize such expenditures as Land Improvements, and therefore not depreciated.

- (c) Direct Labor Allocation. From time to time, the Port may devote considerable direct staff time to the development of capital projects. In the event allocable Port staff wages are anticipated to exceed \$10,000, the Port shall separately identify and capitalize the expenditure to the project. This policy is intended to capture direct internal costs only. However, if allocable Port staff wages exceed \$100,000 to a single project, the Port, at its discretion, may also allocate a pro-rata share of indirect costs.
- (d) Interest. Interest paid on long-term debt during construction projects shall be capitalized in accordance with applicable accounting rules.

**5.3 Depreciation.** Depreciation is calculated using the straight-line method, where the asset acquisition cost less salvage value, is divided by the estimated useful life and expensed monthly. Depreciation will begin in the month in which the asset is placed into service and is generally available for use.

The estimated useful lives by asset class are as follows:

- a) Buildings ..... 25 – 40 years
- b) Land Improvements..... 10 – 20 years
- c) Docks & piers..... 20 – 40 years
- d) Equipment & Vehicles ..... 5 – 10 years

**5.4 Inventory Tracking.** Furniture and equipment is tagged at time of purchase with numbered tags. Items directly expensed due to cost limitation are placed on an inventory listing and tagged with appropriate labels.

The Port will inventory all property and equipment at least once every three years. Subsidiary ledgers (capital assets schedules) are used as additional detail in support of the general ledger.

**5.5 Property Dispositions.** The General Manager shall approve disposition of all personal property deemed to have a current net value to the Port of \$5,000 or less. Personal property with a current net value exceeding \$5,000 may only be declared surplus by the Commission.

Items declared surplus that are worth less than \$5,000 may be sold in a manner that will yield the greatest return to the Port. Items worth less than \$5,000 may be transferred without remuneration to other public agencies and any non-profit corporations certified to receive state or federal surplus property. Items worth more than \$5,000 shall be auctioned, unless the Commission determines another means of disposition would best serve the interests of the Port.

Items declared surplus can be traded in on other equipment for a reduction in the purchase price on the new equipment without auction and without seeking other offers.

Any property with an original acquisition cost of \$5,000 or more and which was acquired with Federal funds shall not be disposed of without prior funding source approval. All such disposals shall be made in accordance with 2 CFR, 200.311.

**5.6 Property Maintenance and Insurance.** The Port shall provide for proper maintenance and upkeep of property. When available and prudent, maintenance agreements shall be entered into and proper insurance should be obtained.

## Chapter 6. Public Records and Retention

**6.1 Policy.** The Port shall retain the financial and programmatic records, supporting documents, statistical records, and all other records relating to the Port’s operations according to OAR Chapter 166 Division 150 and any Port adopted Retention Policy.

## Chapter 7. Personnel Policies (Refer to Separately Approved Port of Newport Personnel Manual)

### Chapter 8. Accounts Receivable Collections

**8.1 Introduction.** Customers are expected to pay all invoices on or before the designated due date. When a customer is past due, the intent of this process is to determine the reason for non-payment and take appropriate steps to collect from customers unable to pay or correct the defect that renders the customer unwilling to pay. Actions are taken to obtain payment as quickly as possible, in a cost-effective manner, consistent with local laws and business practices. Effective collection practices serve to identify and minimize risk of loss and improve cash flow and serve to identify and minimize risk of loss.

**8.2 General Terms and Conditions.** General payment terms and conditions for Port customers are established in the Port of Newport Facilities Code, the Moorage License Agreement, and individual property lease agreements. The following criteria apply to all Port customer accounts receivable and collection efforts, unless it is in conflict with separate, legally binding agreements.

**8.3 Delinquent Accounts.** Accounts are considered delinquent when there is: a) failure to register and prepay moorage within 24 hours of arrival or expiration of prior transient license; or b) failure to pay at the time services are rendered ; or c) for written agreements with the Port, accounts 30 days past due.

**8.4 Collection Strategy.** For accounts deemed to be delinquent, the following strategy should be implemented:

- Immediately upon delinquency, mail or email an account statement marked “PAST DUE” and include applicable invoices.
- If possible, follow-up with a phone call to verify receipt of invoices and when customer indicates their ability to make payment.
- Upon 30 days of delinquency, mail or email a 30-Day Collections Warning Letter. For Port Tenants, mail or email Default Notice, signed by a Port Director.
- Upon 60 days of delinquency, mail or email a 60-Day Collections Warning Letter.
- Upon 75 days of delinquency, assign customer to third-party collections vendor and mail or email customer a final collections letter.
- For balances owed greater than \$5,000, consult with the General Manager to determine whether legal action will be pursued.
- In exceptional cases where a customer is unable to pay their obligations within the standard timeframe, a payment plan may be agreed upon. Payment plans must be approved by the General Manager, or their designee. If the customer fails to adhere to payment plan conditions, the account should immediately be assigned to the third-party collections vendor, and notice provided to the customer.

Monitor payments received from customers and periodically follow-up with third-party collections vendor regarding progress and efforts made.

**8.5 Customer Account Write-Offs.** The Port of Newport may create a reserve for past-due accounts as needed, and write-off accounts determined to be uncollectible.

A write-off of uncollectible accounts from the Port’s accounting records does not constitute

forgiveness of the debt, nor should be considered a gift of public funds.

At least annually, the Director of Finance & Business Services will review outstanding customer account balances and determine the collectability. The General Manager, or his/her designee is authorized to approve the write-off of accounts with an outstanding balance up to \$5,000. Write-off of accounts with an outstanding customer balance greater than \$5,000 must be approved by the Port Commission.

## **Chapter 9. Grant Acceptance**

**9.1 Grants.** From time to time, the Port has opportunities to apply for and accept grant funds. Grant funds are available from various Federal, State and Local governments and are generally awarded for specific public purposes. Grantees are typically required to use the awarded funding as agreed upon in the stated grant award document as well as follow other applicable laws and regulations. Additionally, it is common for grants to require matching funds as part of the total award.

Grant funding should generally be used for programs or capital projects which address the Port's current priorities and leverage existing Port funds when possible. Inconsistent and/or fluctuating grants should not be used for ongoing operating needs.

**9.2 Grant Applications.** Grant applications shall be coordinated across all departments by the Director Finance & Business Services and evaluated based on several criteria, including:

- Ability to successfully implement the grant, based on terms and conditions, staff availability and current working capital.
- Alignment with the Port's Strategic Plan, Capital Project priorities and budget
- Ability to locate required matching funds.
- Ongoing obligations required in connection with the acceptance of grant funds.

The Director of Finance & Business Services will present all grant applications exceeding \$25,000 to the Port Commission for consideration and approval prior to completion. From time to time, grant applications may require an expedited response due to a pending deadline. In these circumstances when prior approval is not determined to be feasible, the grant application will be presented for approval at the next regularly scheduled Commission meeting.

**9.3 Grant Acceptance.** Grants awarded to the Port shall be reviewed and re-assessed using the grant application criteria as described in Section 9.2. Port Staff shall present grant awards exceeding \$25,000 to the Port Commission for consideration and approval.

## **Chapter 10. Other Financial Policies**

**10.1 Restricted Funds.** Funds may be restricted for various purposes from time to time. Restrictions may be placed on funds either by lender/grantor request and defined as follows:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions or enabling legislation.

Restricted funding will only be used for the purposes agreed upon and will be tracked separately. Restricted funds will be classified in the Port's net position as Restricted.

**10.2 Designated Funds.** Funds may be designated or reserved for various purposes by the Port Commission from time to time. These designations shall be tracked within the general ledger and classified in the Port's net position as Unrestricted.

**10.3 Prepaid Expenses.** Costs affecting subsequent accounting periods (minimum three months), if material in amount, are recorded as prepaid expenses or deferred charges and amortized to the appropriate expense over applicable accounting periods.

Minimum costs to be amortized are those expenses and charges greater than \$5,000.

## **Chapter 11. References**

Reserved