



Willamette Falls Locks AUTHORITY

Authority Meeting Oregon City Library

606 John Adams St, Oregon City

Wednesday, April 24, 2024 – 2:00 to 3:30 PM

Optional hybrid attendee link: <https://us06web.zoom.us/j/89653603970>

Agenda

Authority Mission:

- *The mission of the Authority is to establish ownership, oversight, and management of the Willamette Falls Locks project, for the purposes of:*
 - *Enhancing the economic vitality of Oregon through facilitating the resiliency and navigability of the Willamette River; and*
 - *Repairing, maintaining, upgrading, and operating the Willamette Falls Locks project and associated properties and facilities for commercial, transportation, recreational, cultural, historic, heritage and tourism purposes.*

2:00 – 2:15	<p>Welcome, Agenda Overview, Board Officer Elections. Minutes Approval</p> <ul style="list-style-type: none"> ○ Welcome, Agenda Review ○ Approval of Minutes from WFLA Meeting (March 2024) <ul style="list-style-type: none"> ○ Secretary Edits ○ Accounting and Treasurer’s update <ul style="list-style-type: none"> ▪ Total Year to Date: Budget to Actuals ▪ Approval of Treasurer’s report
	<p>WFLA Director’s Report - Business Item Updates</p> <ul style="list-style-type: none"> - Financial Decisions and Policies <ul style="list-style-type: none"> ▪ First draft of the 2024-25 budget ▪ Financial Policies and Procurement Manual <ul style="list-style-type: none"> - Adopt Chapter 5 of Financial Policies - Review Chapters 3 and 6 ▪ Auditing Proposal <ul style="list-style-type: none"> - Approve Proposal ▪ Capital Budget Outlook
3:00-3:10	<p>Wrap-up & Adjourn</p> <ul style="list-style-type: none"> ○ Next Meeting, May 22, 2024

WILLAMETTE FALLS LOCKS AUTHORITY

Authority Meeting
March 27, 2024 – 2:00-3:30 PM
DRAFT Meeting Minutes
(Minutes: Pat Vivian and Sandy Carter)

Authority Board Members Present:

Russ Axelrod [*Geologist, former West Linn Mayor*]
Mary Baumgardner [*President, West Linn City Council*]
Sandy Carter [*Advocates for Willamette Falls Heritage*]
Robert Kentta [*Confederated Tribes of Siletz*]
Christine Lewis [*Metro Council*]
Denyse McGriff [*Mayor, Oregon City*]
Chris Mercier [*Vice Chair, Confederated Tribes of Grande Ronde*]
David Penilton [*Clackamas County Tourism/MERC Commission*]

Excused absences:

Mini Sharma Ogle [*PGE*]
Tootie Smith [*Chair, Clackamas County Board of Commissioners*]

Legislative ex officio members present:

Rep. James Hieb [*House District 51*]
Rep. Jules Walters [*House District 37*]

Staff:

Reed Wagner [*WFLA Executive Director*]
Georgia Langer [*Metro*]

Others Present:

Clark Balfour
Martha Pellegrino
Doug Riggs [*City of West Linn*]
Tracy Schwartz [*USACE*]
Lt. Robert Powell [*retired Coast Guard/member of the public*]
McKenzie Worthington [*SD 19 – Pres. Wagner*]

1. Welcome, Minutes Approval and Accounting Update

1a. Minutes Approval. Chair Christine Lewis called the meeting to order. Sandy Carter presented her edits to the February 28 minutes. Russ Axelrod moved the minutes be approved with these changes, seconded by Mary Baumgardner. Approval was unanimous.

The meeting was joined by a member of the public, Lt. Robert Powell, a retired Coast Guard officer, who said he has a long-term interest in seeing the Locks restoration succeed.

1b. Accounting and Treasurer's Update. Treasurer Denyse McGriff reported that budget vs. actual figures for July 23, 2023 to January 24, 2024 have been submitted by Marina and Co., the accounting firm contracted to handle the Authority's book keeping. Based on a near-term review, expenses are on track.

Russ Axelrod pointed out the third column is characterized as "over budget" when it's really relative to the budget. He expressed concern that characterizing it as "over budget" could be implied to mean excessive; Denyse agreed. Reed said he would consult the accounting firm about using a different term.

ACTION: Sandy Carter moved and David Penilton seconded a motion to approve the treasurer's report, which was unanimously approved.

2. Director's Report

2a. Real Estate Transfer. Director Reed Wagner reported that the lead USACE person handling the real estate transfer contacted him recently. She will work with the Authority's legal representative to compile language for the Board to review over the next several months in preparation for transfer of ownership. Tracy Schwartz, USACE historic properties expert, said she's looking forward to working with the Board on this.

2b. Financial Policies and Procedures Manual. Reed noted that last month the Board reviewed chapters 1, 4 and 5, but financial policies are still being approved in individual chapters. Chapters 1 and 4 of the final procurement manual were discussed by Board members today.

ACTION: Russ requested that the memo meeting date be changed from April to February, and that "TSCC" be defined in the footer. With that change, Denyse moved and Russ seconded a motion to adopt Chapters 1 and 4 as final. Approval was unanimous.

2c. Accounting and Auditing Update. A proposal for performing an audit is in negotiations for this fall. By the April meeting, the Board should know who the auditor will be for the coming year.

Georgia Langer presented a spreadsheet showing the adopted budget for the 2024-25 budget year. Reed discussed multi-year revenues.

A member of the community asked to speak. Lt. Powell asked questions about the locks project.

Members of the board agreed there is a strong sense of urgency about getting the Locks up and running again, even with no drop-dead completion dates. The Corps does have a rough timeline for their process.

The board discussed the need for a smaller group and a strategic plan for federal fundraising soon; it can take time to get into the grant cycle. Mary Baumgardner and Russ Axelrod volunteered to work with Sandy on reviewing federal grant writing.

The board discussed operating revenues and that partner contributions will be ending at the same time Locks construction begins, with only one legislative session to request funding. The board discussed the need to prioritize our asks of the Legislature and be very clear about what is needed. Reps. Hieb and Walters said they'll collaborate to bring that funding request to the attention of legislators. An upcoming tour of the Locks will be scheduled around legislators' availability, based on PGE's construction schedule.

2d. Budget Calendar. Reed will publicize a subcommittee budget meeting in April, which must be open to the public. Christine asked when the Chapter 5 financial policies will be available for review. Reed plans to bring Chapter 5 to next month's meeting. Complete financial policies should be done by the end of summer. Sandy asked whether the schedule could be accelerated; Christine suggested trying to review three chapters next month.

2e. Multi Year Budget Outlook. The board suggested the development of a summary of the overall asks in budgets that have been approved by the Legislature. The original ask was in the range of \$15-20 million, he recalled, and was revised down to \$12-13 million in 2017 which ended up being \$7.2 million – which is not enough. Rep. Walters asked what number are you looking for vs. what's available? The board discussed the original ask for \$12-13 million and got half of that for construction. The request of the Legislature is to fund improvements for operations; the seismic work is being paid for by USACE; and the Authority's partners are funding operations, including contracted services.

The board discussed that we need to start thinking about issuing RFPs to engineering firms for repairs; and that USACE is responsible for repairs in the FERC regulatory zone, the Authority is responsible for seismic repairs north of that area.

Doug Riggs confirmed that the initial cost estimate was \$13-15 million. When asked by Ways and Means to scale it back, the Locks received \$7.2 million, even less than the scaled-back

request. At the time, legislators were trying to match federal dollars and understood the Locks would need further funding. The board discussed updating the 7 year old engineering estimates.

Doug will meet with Reps. Hieb and Walters to discuss funding issues. He expressed confidence that legislators will recognize the project is on track for further funding.

The board discussed exploring whether the Locks would qualify for a lottery bond. Reed and Denyse agreed to work together on a multi-year capital budget that reflects what has transpired from 2017 to 2025. The board discussed preparing a retrospective for legislators, given that there's been so much turnover.

Doug Riggs advocated reminding the Legislature that the Locks are essentially a transportation project, in addition to writing a separate bill for the Locks alone. Rep. Hieb offered to research options for a direct funding stream, whether via individual bills or inclusion in bills supporting larger efforts such as transportation, resiliency, and emergency management. There was general agreement to pursue multiple approaches.

The filing deadline will probably be the end of September, Doug Riggs said. Reps. Hieb and Walters agreed to work on drafting a bill together. Tracy said USACE would be willing to provide an overview of the work the Corps has done and the associated costs if that would be helpful.

2f. Procurement Manual. In Section 2.8 on solicitation, Russ said, the manual adopted in February 2024 states in boldface type that when we issue RFPs, price is not included as a criterion. Price ought to be part of the evaluation, he said. The Board should be able to consider cost in future decisions.

The board discussed architectural and engineering projects in regards to procurement. Reed said he will ask legal counsel about this.

3. Wrap Up and Adjourn

The next WFLA Board meeting will be April 24 in the community room at the Oregon City Public Library.

Willamette Falls Locks Authority

Budget vs. Actuals YTD Actual vs Total Budget

July 2023 - February 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
40001 Beginning Fund Balance		356,703.00	-356,703.00	
43100 Intergovernmental Revenue				
43110 Metro	40,000.00	40,000.00	0.00	100.00 %
43120 Clackamas County	40,000.00	40,000.00	0.00	100.00 %
43122 Marion County	30,000.00		30,000.00	
43130 City of West Linn	15,000.00	15,000.00	0.00	100.00 %
43132 City of Oregon City	10,000.00	10,000.00	0.00	100.00 %
43133 City of Wilsonville	7,000.00	7,000.00	0.00	100.00 %
43134 City of Gladstone	2,500.00	2,500.00	0.00	100.00 %
Total 43100 Intergovernmental Revenue	144,500.00	114,500.00	30,000.00	126.20 %
43200 Interagency Revenue				
43210 PSU		75,600.00	-75,600.00	
43230 Confederated Tribes of the Grand Ronde	10,000.00	10,000.00	0.00	100.00 %
43240 Oregon Mt Hood Territory	120,000.00		120,000.00	
43250 PGE	20,000.00	20,000.00	0.00	100.00 %
Total 43200 Interagency Revenue	150,000.00	105,600.00	44,400.00	142.05 %
Total Income	\$294,500.00	\$576,803.00	\$ -282,303.00	51.06 %
GROSS PROFIT	\$294,500.00	\$576,803.00	\$ -282,303.00	51.06 %
Expenses				
53300 Contract Services				
53310 Contract Management	80,000.00	120,000.00	-40,000.00	66.67 %
53320 PSU		12,000.00	-12,000.00	
53330 Administrative Services	2,250.00	12,000.00	-9,750.00	18.75 %
53340 Internet / Web Design	337.50	10,000.00	-9,662.50	3.38 %
53350 Communications		450.00	-450.00	
53360 Web Hosting	49.77	900.00	-850.23	5.53 %
53370 Zoom Webinar	379.96	1,140.00	-760.04	33.33 %
53390 Misc Contract Services	18.96	2,500.00	-2,481.04	0.76 %
Total 53300 Contract Services	83,036.19	158,990.00	-75,953.81	52.23 %
53500 Professional Services				
53510 Legal	7,052.50	15,000.00	-7,947.50	47.02 %
53530 Financial	11,070.00	25,000.00	-13,930.00	44.28 %
Total 53500 Professional Services	18,122.50	40,000.00	-21,877.50	45.31 %
53700 Administrative Expenses				
53710 Bank Fees		120.00	-120.00	
53720 Insurance	3,329.64	3,329.00	0.64	100.02 %
53730 Printed Collateral	159.47	2,500.00	-2,340.53	6.38 %
53740 Marketing/Fundraising	884.51	10,000.00	-9,115.49	8.85 %
53750 Memberships	750.00	6,500.00	-5,750.00	11.54 %
53760 Travel	1,559.97	3,000.00	-1,440.03	52.00 %
53770 Training /Conferences	1,180.00	3,000.00	-1,820.00	39.33 %

Willamette Falls Locks Authority

Budget vs. Actuals YTD Actual vs Total Budget

July 2023 - February 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 53700 Administrative Expenses	7,863.59	28,449.00	-20,585.41	27.64 %
53800 IT / Technology				
53810 Software Licenses	332.00		332.00	
53820 Web Hosting	264.63		264.63	
53850 Small IT Equipment	1,099.97		1,099.97	
Total 53800 IT / Technology	1,696.60		1,696.60	
54000 Operating Expenses	275.00		275.00	
Total Expenses	\$110,993.88	\$227,439.00	\$ -116,445.12	48.80 %
NET OPERATING INCOME	\$183,506.12	\$349,364.00	\$ -165,857.88	52.53 %
Other Income				
48100 Interest Revenue	58.58	86.00	-27.42	68.12 %
Total Other Income	\$58.58	\$86.00	\$ -27.42	68.12 %
Other Expenses				
81000 Operating Contingency		40,136.00	-40,136.00	
89999 Unappropriated Ending Fund Balance		309,314.00	-309,314.00	
Total Other Expenses	\$0.00	\$349,450.00	\$ -349,450.00	0.00%
NET OTHER INCOME	\$58.58	\$ -349,364.00	\$349,422.58	-0.02 %
NET INCOME	\$183,564.70	\$0.00	\$183,564.70	0.00%

Willamette Falls Locks Authority
Budget Worksheet
Three-year Operating Projection - FY 24-25 through

	2023-24 ProjectedActual	Proposed Budget FY 24-25
OPERATIONS FUND		
Income		
40001 Beginning Fund Balance	166,708.00	354,002.00
43100 Intergovernmental Revenue	-	
43110 Metro	40,000.00	40,000.00
43120 Clackamas County	40,000.00	40,000.00
43122 Marion County	30,000.00	-
43130 City of West Linn	15,000.00	10,000.00
43132 City of Oregon City	10,000.00	10,000.00
43133 City of Wilsonville	7,000.00	7,000.00
43134 City of Gladstone	2,500.00	2,500.00
Total 43100 Intergovernmental Revenue	144,500.00	109,500.00
43200 Interagency Revenue		
43210 PSU	85,000.00	85,000.00
43230 Confederated Tribes of the Grand Ronde	10,000.00	10,000.00
43240 Oregon Mt. Hood Territory	120,000.00	-
43250 PGE	20,000.00	20,000.00
Total 43200 Interagency Revenue	235,000.00	115,000.00
Total Income	546,208.00	578,502.00
Gross Profit	546,208.00	578,502.00
Expenses		
53300 Contract Services		
53310 Contract Management	120,000.00	132,000.00
53320 PSU	-	-
53330 Administrative Services	4,950.00	12,000.00
53340 Internet / Web Design	1,540.00	10,000.00
53350 Communications	-	1,000.00
53360 Web Hosting	50.00	1,000.00
53370 Zoom Webinar	483.03	1,300.00
53390 Misc Contract Services	200.00	2,500.00
Total 53300 Contract Services	127,223.03	159,800.00
53500 Professional Services		
53510 Legal	24,552.50	25,000.00
53530 Financial	24,540.00	15,000.00
53540 Audit	-	25,000.00
53550 Engineering and Design		20,500.00
53560 Planning		-
Total 53500 Professional Services	49,092.50	85,500.00
53700 Administrative Expenses		

53710 Bank Fees	-	120.00
53720 Insurance	3,329.64	3,600.00
53730 Printed Collateral	1,000.00	1,100.00
53740 Marketing/Fundraising	2,000.00	11,000.00
53750 Memberships	3,000.00	7,200.00
53760 Travel	2,675.00	3,300.00
53770 Training /Conferences	1,650.00	3,300.00
Total 53700 Administrative Expenses	<u>13,654.64</u>	<u>29,620.00</u>
53800 IT / Technology		
53810 Software Licenses	692.00	1,080.00
53820 Web Hosting	264.63	300.00
53850 Small IT Equipment	1,099.97	-
Total 53800 IT / Technology	<u>2,056.60</u>	<u>1,380.00</u>
54000 Operating Expenses	275.00	1,000.00
Total Expenses	<u>192,301.77</u>	<u>277,300.00</u>
Net Operating Income	<u>353,906.23</u>	<u>301,202.00</u>
Other Income		
48100 Interest Revenue	95.56	96.00
Total Other Income	<u>95.56</u>	<u>96.00</u>
Other Expenses		
81000 Operating Contingency	-	48,935.00
89999 Unappropriated Ending Fund Balance	-	252,363.00
Total Other Expenses	<u>-</u>	<u>301,298.00</u>
Net Other Income	<u>95.56</u>	<u>(301,202.00)</u>
Net Income	<u>354,001.79</u>	<u>-</u>

FY 26-27

Projected FY 25-26	Projected FY 26-27
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301,298.00	99,498.00
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-	-
40,000.00	-

-	-
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10,000.00	10,000.00
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10,000.00	10,000.00
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7,000.00	7,000.00
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2,500.00	2,500.00
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<hr/> 69,500.00	<hr/> 29,500.00
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-	-
10,000.00	10,000.00

-	-
-	-

<hr/> 10,000.00	<hr/> 10,000.00
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<hr/> 380,798.00	<hr/> 138,998.00
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<hr/> 380,798.00	<hr/> 138,998.00
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144,000.00	155,000.00
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12,000.00	13,000.00
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10,000.00	10,750.00
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1,000.00	1,075.00
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1,000.00	1,075.00
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1,300.00	1,400.00
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2,500.00	2,700.00
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<hr/> 171,800.00	<hr/> 185,000.00
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25,000.00	26,900.00
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15,000.00	16,200.00
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27,500.00	30,250.00
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10,000.00	-
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<hr/> 77,500.00	<hr/> 73,350.00
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120.00	150.00
3,600.00	4,150.00
1,100.00	1,400.00
11,000.00	13,000.00
7,200.00	8,500.00
3,300.00	3,800.00
3,300.00	3,800.00
<hr/>	<hr/>
29,620.00	34,800.00

1,080.00	1,300.00
300.00	400.00
-	-
<hr/>	<hr/>
1,380.00	1,700.00
1,000.00	1,500.00
<hr/>	<hr/>
281,300.00	296,350.00
<hr/>	<hr/>
99,498.00	(157,352.00)

<hr/>	<hr/>
-	-

49,641.00	-
49,857.00	-
<hr/>	<hr/>
99,498.00	-
<hr/>	<hr/>
(99,498.00)	-
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-	(157,352.00)

Board Report – Adopt Chapters 5, of Financial Policies and Procedures Manual; Review Chapter 3

April 24, 2024

Summary

Staff is requesting the Board to approved the following chapter of the Financial Policies and Procedures Manual:

- Chapter 5 – Expenditures

Staff is also requesting the Board review the following chapter of the Financial Policies and Procedures Manual for approval at a future meeting

- Chapter 3 – Revenues and Receipts
- Chapter 6 – Banking and Cash Management

Background

At the February 28, 2024 Board meeting Chapters 1, 4 and 5 of the Financial Policies and Procedures Manual were reviewed with the Board with the intention of bringing back individual chapters for adoption once all board questions and concerns had been addressed. Chapters 1 and 4 were subsequently adopted at the March 27, 2024 Board meeting.

Proposal

Chapter 5 - Expenditures

Based on the Board input regarding Chapter 5, the following changes were made and are reflected in the tracked changes version being presented for adoption:

- Headers and footers have been added to better track page numbering and date of adoption.
- Provided more clarity that purchase of alcohol will not be reimbursed, whether for travel or non-travel meals.

There were other comments on Chapter 5 that did not result in changes to the version being presented:

- Dual signatures on checks was not specifically added to Chapter 5. Since this is specific to bank activity it has been addressed in Chapter 6, Banking and Cash Management
- Mileage reimbursement rates was addressed. Section 4 specifies that mileage reimbursement would be at the standard mileage rates published by the IRS so no change was made.

Chapter 3 – Revenues and Receipts

Chapter 3 addresses Revenues and Receipts. Since the current revenue for the Authority consists mostly of intergovernmental and interagency payments that come in the form of a single large payment, this is a relatively low risk area. Nonetheless, Chapter 3 is intended to ensure adequate internal control in the following areas:

- Ensure that revenues from interagency funding agreements are billed in a timely manner, and that collections are monitored and followed up on.
- Ensure that revenue recognition and recording in the Authority financial statements is accurate.
- Ensure that paper checks received are properly secured and timely deposited.

Chapter 6 – Banking and Cash Management

Chapter 6 addresses Banking and Cash Management, with the intent of protecting deposited funds and preventing loss due to the banking fraud. Some of the specific objectives of this chapter include:

- Delegating authority of opening new bank accounts as well as initiating or approving transactions (including signing of checks) on existing accounts.
- Ensuring that banking services are periodically evaluated and procured.
- Ensuring that deposited funds are protected against loss either through federal insurance programs or state collateralization programs.
- Establishing protections against banking fraud.
- Establishing cash management practices to maintain proper balances of funds on deposit in banks versus funds invested in allowable investments.

Chapters 3 and 6 are being presented only for review at this time, and based on Board input, will be brought back for adoption at a future meeting.

Requested Board Action

The Board Adopts Chapter 5 of the Financial Policies and Procedures Manual, and the Financial Policies contained therein.

WFLA Financial Policies and Procedures Manual

Chapter 3 – Revenues and Receipts

Objectives

The policies and procedures related to Revenues and Receipts are intended to:

- Ensure that revenues are billed timely based on the underlying agreements.
- Ensure that revenues are properly recorded consistent with revenue recognition principles on the accrual basis of accounting.
- Ensure that billed revenues are timely collected, and that uncollected revenues are followed up on and appropriately resolved.
- Establish adequate internal controls to safeguard revenues received.

Section 1 Revenue Agreements

Policies

Revenue agreements, which are primarily for interagency support of the authority during the start-up phase, will be drafted as necessary to access committed funds from supporting agencies. These agreements may be executed by the Executive Director, unless they contain commitments by the Authority beyond existing capacity (i.e. insurance requirements beyond current policy limits). If the agreements do contain such commitments, they may be executed by the Board President or the Board Treasurer.

The Executive Director will ensure that necessary agreements are originated, negotiated and executed in sufficient time to maintain adequate cash flows for the Authority.

Procedures

The Executive Director will determine a supporting-agency's requirements for a revenue agreement and will initiate the process of developing one:

- If the supporting agency intends to use their own version of the revenue agreement, or a version created by them, the Executive Director will review the agreement and determine whether legal review, or board review, is required.
- If the supporting agency prefers for the authority to create the revenue agreement, the Executive Director will work with legal counsel to develop such an agreement, preferably from a standardized boiler plate agreement.

The revenue agreement should contain adequate detail of the time period covered by the agreement (i.e. a payment covering a fiscal year commitment), or any deliverables required by the Authority, to allow for proper determination of revenue recognition timing. If

WFLA Financial Policies and Procedures Manual

possible, funding agreements should provide payment terms of no more than 60 days from receipt of billing, and provide for interest on uncollected amounts beyond the payment terms of the agreement.

Section 2 Revenue Recognition and Recording

Policies

Revenue will be recognized and recorded as an accounts receivable under the in accordance with generally accepted accounting principles (GAAP) on the accrual basis of accounting:

- If no performance is required from the authority to funder, then revenue will be recognized upon the latter of the execution of the funding agreement or the initiation of the period covered by the funding agreement.
- If performance is required from the authority, then the revenue will be recognized upon satisfaction of the performance.

Revenue will be recognized in the accounting system through creation of a billing invoice and the recording of the corresponding accounts receivable. Billings will be generated and recorded no later than 30 days after the appropriate revenue recognition timing. Revenue will be classified to the correct object code when recorded.

Procedures

Executed revenue agreements will be provided by the Executive Director to both the Contract Accountant and the Contract Financial Services Consultant. The three parties will confer on the timing of the revenue recognition and the Contract Accountant will record the revenue as an accounts receivable at the appropriate time. Once recorded, a billing invoice will be created and sent to the supporting agency by the Executive Director; per policy this will be done no later than 30 days from the recording of the revenue, although in practice it should be done within a matter of days.

If performance is required by the Authority under the revenue agreement the Executive Director will notify the Contract Accountant when the performance is satisfied so that the revenue can recorded and the billing generated. The Contract Accountant will classify the revenue into the appropriate revenue object code; if the proper classification is not obvious, they will confer with the Executive Director and the Contract Financial Services Consultant.

WFLA Financial Policies and Procedures Manual

Section 3 Collection of Revenues Receivable

Policies

Billed revenue will be monitored no less frequently than monthly to ensure that accounts receivable is being collected in a timely manner. An aged listing of accounts receivable shall be provided to the Board of Directors monthly as part of their financial reports.

Monthly reminder notices will be sent monthly to agencies who have not paid the Authority in accordance with the terms of their funding agreements.

The listing of uncollected accounts receivable will be reviewed no less frequently than annually, to determine if any accounts receivable are uncollectible and should be written off. The Board will be informed of deemed uncollectible accounts before they are written off.

Procedures

The Executive Director and the Contract Accountant will monitor accounts receivables to determine accounts that are beyond the payment terms specified in their funding agreements. The Executive Director will contact these agencies to determine anticipated payment timing. The Contract Accountant will prepare an aged accounts receivable listing as part of the monthly financial reports presented to the Board.

The Contract Accountant will prepare and send monthly accounts receivable statements and reminder notices for any agency who has not paid their contribution to the authority in accordance with the terms of the funding agreement. Copies of these statements and reminder notices will be sent to the Executive Director.

No less frequently than annually at each fiscal year-end, the Executive Director will review the uncollected accounts receivable balances and make a determination as to the collectability of the receivable. In making this determination the Executive Director should consider the age of the receivable, communications with the funding agency on their intent and ability to pay the receivable, and any other relevant information. If a receivable is determined to be uncollectible, the Executive Director will inform the Board of the intent to write off the receivable and then notify the Contract Accountant to write off the amount as bad debt expense. If collectability is uncertain, the Executive Director may also opt to establish a reserve for uncollectible receivables in lieu of writing off the entire amount.

Section 4 Receipt and Deposit of Funds

Policies

WFLA Financial Policies and Procedures Manual

To best safeguard collected funds, the preferred method of payment will be through electronic transfer such as ACH or EFT.

Where payments are received in the form of a check, the check will be sent to the Executive Director, who will be responsible for depositing the check in a timely manner and for recording the payment in the accounts receivable ledger. The Executive Director will keep any undeposited checks in a secured location.

If a payment is only a partial payment against the accounts receivable, the payment will be first applied to interest on the outstanding balance, if any, and then applied to the balance of the receivable itself. A new billing statement showing the remaining balance will be generated and sent to the payor.

Procedures

In drafting Funding Agreements, the Executive Director will promote the use of electronic transfers for receiving payments from supporting agencies, and will provide necessary banking and routing information necessary to support such transfers. The Contract Accountant, or the Executive Director, will monitor banking activity and timely record electronic transfer payments against the appropriate accounts receivable.

If payments are received in the form of a check, the check will be received by the Executive Director. The Executive Director will either record the payment in the accounts receivable ledger or notify the Contract Accountant of the payment and request them to record it in the accounts receivable ledger. The recording or the notification should be completed by the end of the next business day after receipt of the payment.

The Executive Director will keep checks received in a locked safe until they can be deposited at the bank. Checks will be deposited no less frequently than weekly.

If payments received are for less than the entire amount due, the Contract Accountant will record the payment first against any interest owed on the outstanding balance, and then against billed amounts due. If there are multiple outstanding billings, the payments will be applied to the oldest balances first. Upon receipt of a partial payment, the Contract Accountant will prepare and send a new billing statement showing the remaining balance due; a copy will be sent to the Executive Director.

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Chapter 5 – Expenditures

Objectives

The policies and procedures related to Expenditures are intended to:

- Provide adequate internal controls, within the limitations of the Authorities staffing and systems, to safeguard assets from unauthorized expenditure or expenditures in excess of budgeted appropriations.
- Delegate authority for making expenditure that balances the need for efficient operations with the need for proper oversight.
- Ensure that expenditures are properly accounted for which includes
 - Proper classification of the nature of the expenditure to the correct object code (or asset or liability account) within the chart of accounts, and proper utilization of the corresponding appropriations,
 - Proper Class (Department) of expenditure
 - Proper accumulation of operating and capital project costs, and
 - Proper tracking of grant funded expenditures.
- Establish allowable methods of making expenditures and the proper controls within each method.
- Establish proper documentation requirements that meet IRS and audit guidelines

Section 1 Delegation of Authority

Policies

Expenditures will require approval by action of the full board, unless specifically delegated under this policy. In an emergency, where an expenditure is required before a meeting of the full board can occur, the President and Treasurer may approve the expenditure and have this approval ratified by the full board at the next regular meeting.

Delegation of Authority.

- The Board President and the Board Treasurer are authorized to approve expenditures as follows:
 - If the expenditure is payment on a purchase, contract, or other obligation previously approved by the full Board, then the President and Treasurer are authorized to approve expenditures of up to \$250,000, or
 - For all other expenditures the President and Treasurer are authorized to approve expenditures of up to \$100,000
- The Executive Director is authorized to approve expenditures as follows:
 - Approve and sign purchase orders of up to \$2,500 per transaction

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- Approve and sign checks up to \$2,500 per transaction
- Approve and make expenditures using the Debit/Credit Card up to \$2,500 per transaction, with a monthly limit of \$10,000.
- Approve expenditures using ACH, EFT or electronic bill pay up to \$2,500 per transaction

No expenditure shall be artificially divided into multiple transactions for the purpose of keeping the amount of the expenditure below an authorization threshold.

Procedures

Expenditures that must be approved by the board will be approved at a regularly scheduled meeting of the board. Approval may be done under consent. Once the Board has taken action approving the expenditure, the President, the Treasurer, or the Executive Director may sign or initiate the transaction.

Approval by the President and the Treasurer may either be through the direct approval of the transaction, such as signing the check or approving the electronic transfer of funds, or through an email approval of a request that contains the transaction details.

The Executive Director will only sign or otherwise initiate transactions that are either within his/her expenditure authority, or have been properly authorized in accordance with the delegation of authority.

Section 2 Allowable methods of making expenditure

Policies

Where allowable by vendors/contractors, and in accordance with the Procurement and Contracting Manual and subject to delegation of authority in Section 1 of this chapter, expenditures should be initiated by the use of a Purchase Order (PO).

The Board will approve issuance of debit or credit cards to designated individuals, who may use these cards to make expenditures where necessary. The Board may chose to delegate this approval to the Executive Director in the future for staff other than the Executive Director.

To reduce the potential for check fraud associated with paper checks, expenditures should be made using electronic means such as ACH, EFT, or E-checks whenever possible.

Expenditures may be made by paper check, subject to delegation of check approval and signing in Section 1 of this chapter.

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Staff and Board Members may expend their own funds for Authority expenses and be reimbursed for these expenditures, but must receive prior authorization in accordance with the Delegation of Authority in Section 1 before making any expenditure.

Procedures

Purchase Orders (PO's) will be created within QuickBooks to document purchase commitments or contracts. This will be completed whether or not vendors/contractors accept PO's as a means of initiating a transaction.

At this time only the Executive Director is authorized to have a debit or credit card for the conduct of Authority business. The use of the cards is limited to \$2,500 per any single transaction, or \$10,000 per calendar month. It will be the responsibility of the Executive Director to comply with these limits, even if the cards have these limits built in. Itemized receipts must be retained for all charges on the cards, and must be provided to the Contract Accountant no later than the end of each billing cycle for credit cards, or bank statement date for debit cards. Undocumented transactions may be the personal responsibility of the card holder.

The Contract Accountant or the Executive Director, will use bill pay features in QuickBooks to initiate payment of invoices. The initiation should be based upon the date the payment is due for the invoice. Approval of invoices for payment must be supported by the person with knowledge of whether the goods or services being billed have been received; at this time that will be the Executive Director.

Until approvals can be built in to QuickBooks work flow, or through established approvals at the Bank, the Executive Director will ensure that checks, ACH payments, or electronic bill pay transactions are properly authorized before initiating the expenditure.

Checks are currently manually written and the check stock will be maintained by the Executive Director in a locked cabinet or safe.

Requests for Expense Reimbursement (other than Travel and Meals which are covered below) must include documentation showing the date, the amount, and the nature of the expense. Documentation must also show pre-authorization of the expenditure.

Section 3 Approval , Review and Recording of Expenditures

PolicyPolicies

Expenditures initiated through the use of a PO will be recorded in order to maintain a proper accounting of encumbrances.

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Bills from vendors/contractors must be recorded in the accounts payable register in a timely manner to ensure that a proper accounts payable balance is maintained and bills are paid on time.

Proper accounting of an expenditure will be established at the earliest point of recording the expenditure; generally this will be, in order, through the recording of the PO, the accounts payable for the vendor/contractor billing, the debit/credit card transaction, or the payment (whether by check or electronic means). The proper recording will include:

- Proper classification of the nature of the expenditure to the correct object code (or asset or liability account) within the chart of accounts, and proper utilization of the corresponding appropriations,
- Proper Class (Department) of expenditure
- Proper accumulation of operating and capital project costs where applicable, and
- Proper tracking of grant funded expenditures.

Proper recording of expenditures will be periodically reviewed by the Executive Director or their designee.

To ensure board oversight of expenditure activity, given the limited staff available to provide segregation of duties, the following reports will be provided to the Board Treasurer monthly, or any other board member upon request:

- Monthly report of expenditures
- Monthly statement for all Debit or Credit Cards issued
- Copy of Monthly Bank Statement and Reconciliation

Outstanding checks or other payment that are over two years old will be handled in accordance with the Oregon Unclaimed Property laws.

Procedures

Purchase Orders (PO'S) will be generated from the QuickBooks system to ensure that the purchase commitments are recorded. The proper categorization and class of the purchase must be identified before the PO is created; this includes project and grant funding identification where applicable. Where applicable ensure that a W-9 is received from the vendor/contractor prior to issuing PO's or signing contracts.

Bills from Vendors/Contractors should be sent directly to the Contract Accountant, who will be responsible for recording them in Accounts Payable. Where bills are received by the Executive Director, or a Board Officer, they will be responsible for forwarding them to the Contract Accountant. Upon receipt of Bills the Contract Accountant will record them in the Accounts Payable Register, and maintain a record of payment due dates for all Accounts

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Payable Bills. The Contract Accountant will use the identified expense category from the PO to categorize the expense when entering the bill.

The Executive Director will periodically review the detail of the expenditure activity to ensure that expenditures are being properly categorized when recorded, and are within budget appropriations.

The Executive Director will be responsible for ensuring that the required monthly reports to the Board Treasurer (the monthly report of expenditures, the monthly debit/credit card statement, and the monthly bank statement and reconciliation) are prepared and provided to the Board Treasurer no later than the end of the following month. Other board members who request these reports should request them from the Board Treasurer.

The Executive Director and the Board Treasurer will monitor outstanding checks or other uncleared payments. Payments that are over 6 months old should be reviewed for reissue if necessary. Payments that are over 2 years old must be conveyed to the Oregon State Treasurer as unclaimed property.

Section 4 Travel

PolicyPolicies

To ensure that reimbursement of travel expenses is not taxable to the recipient, payment for travel expenses will be done in a manner that complies with the Internal Revenue Service's definition of an *accountable plan*. An accountable plan requires the following criteria to be met:

- All expenses were incurred while on official Authority business
- Expenses must be adequately accounted for in a reasonable timeframe
- All excess payments or advances must be returned in a reasonable timeframe

The primary basis for payment of travel related expense is per diem. Per diem is the daily amount allowed for lodging (excluding taxes), meals, and incidental expenses. Incidental expenses include all gratuities; therefore, employees are not separately reimbursed for gratuities or tips of any kind including, but not limited to, meals and transportation. Payment to individuals on travel status to cover meals and commercial lodging is based on the rates published by the U.S. General Services Administration (GSA) for domestic travel in the continental U.S. For Alaska, Hawaii, and U.S. Territories and Possessions, the per diem is based on rates published by the U.S. Department of Defense. For international travel, the per diem is based on rates published by the U.S. Department of State. Under certain circumstances, individuals may be reimbursed for actual costs incurred, but this should be

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included in the travel pre-authorization. Even when actual costs are reimbursed, the purchase of alcohol will not be reimbursed.

The mode of travel must be selected based on the overall cost relative to the time required. If a private vehicle is used then mileage will be reimbursed at the standard mileage rate published by the IRS. Air, Train, or any other mode of transportation will be reimbursed at coach class rates.

Travel must be pre-authorized by either the Board President or the Board Treasurer in order for the expenses to be eligible for reimbursement. These officers should consult with the Executive Director on appropriations available for travel before authorizing.

Procedures

Meal Per Diem. The per diem meal allowance is a fixed amount of reimbursement for a meal. It is not reimbursement for the actual costs incurred. Receipts are not required for meals if claiming per diem. Travel expenses must not be claimed prior to travel taking place and individuals must be in travel status to receive a meal allowance.

Occasionally, individuals may be reimbursed for actual costs. For example, when individuals attend an official Authority business meeting where the meal is an agenda item but not included in the fee and the selection and cost of the meal are beyond the control of the individual, the reimbursement will be for the actual cost of that meal. Proper documentation of the cost must be provided. Cost of alcohol will never be reimbursed.

Meal per diem allowances for overnight travel are based on where the related lodging takes place. Even when a traveler is eligible for reimbursement of actual meal costs, any purchases of alcohol shall not be reimbursed.

Meals included as part of the registration fee(s) for a conference, seminar, etc., must be subtracted from the individual's daily meal per diem based on the per meal amounts that comprise the total daily per diem.

Lodging Expenses. Lodging expenses are reimbursed at actual cost up to the specific daily maximum allowable lodging rate in effect at the time of travel for the specific area or locality. Lodging taxes, credit card surcharges, and "hospitality" or "resort" fees are not included in the continental U.S. per diem rates, and therefore, these items paid by the individual are reimbursable as a miscellaneous travel expense. Receipts are required for lodging and associated miscellaneous expenses.

Exceptions to the published lodging per diem rates are allowed. Exceptions to lodging rates must be accompanied by documentation and receipts. For example, if personnel attend a conference or meeting and stay at an official hotel/motel, as defined in the conference or meeting registration or agenda for that conference or meeting, and the lodging cost exceeds

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the per diem for that location, the reimbursement of actual lodging expenses is allowed. Any such exception must be noted in the Travel Pre-authorization request and be properly authorized as part of the travel authorization. Any approval to exceed lodging rates is to be made on a case-by-case basis, and thoroughly documented for audit purposes.

Pre-authorization Requirements. Until a Travel Pre-authorization form is developed, pre-authorization may be done by email. The email pre-authorization request must include the following information:

- Name of the individual(s) traveling
- Destination of travel
- Dates of travel
- Purpose of the requested travel (including benefit to the Authority)
- Estimated costs of the travel (itemized between categories such as Transportation, Lodging, Meals, and Miscellaneous cost). Where possible attach documentation of the estimated costs.

Documentation Requirements. Receipts for lodging, lodging taxes, and surcharges on lodging are required.

Receipts for meals are not required if the traveler is claiming the meal per diem.

Receipts for meals are required if an individual is requesting reimbursement for actual cost rather than the per diem amount under the exceptions noted above. A credit/debit card payment slip does not constitute a receipt. A receipt should include the vendor, amount, date and itemized description of the item or items purchased.

Use of Authority Debit or Credit Card. Individuals who carry an Authority Debit or Credit card may pay for travel related expenses with this card rather than paying with personal funds and being reimbursed, provided that the travel is properly preauthorized. Proper documentation of travel costs, including the preauthorization, must be provided to the Contract Accountant within 2 weeks of the completion of the travel event.

Section 5 Non-travel Meals

Policy

To ensure that reimbursement of non-travel meal and refreshment expenses is not taxable to the recipient, payment for these expenses will also be done in a manner that complies with the Internal Revenue Service's definition of an *accountable plan*. Meals expenses paid by the Authority must be reasonable and necessary.

Meals while not traveling, such as meals with meetings, must be substantiated using the actual expense method. Consistent with travel related meals, the purchase of alcohol will not be reimbursed.

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Procedures

A request for reimbursement of non-travel meals or refreshment costs, or payment with an Authority debit or credit card, will require the same level of documentation as travel related meals paid on an actual cost basis. In addition, the documentation must include the clear business purpose of the meal or refreshment expenses. Generally, this will include the purpose and attendees of the meeting where the meals or refreshment costs were incurred. If available a meeting agenda should also be included.

As with travel related meals, the cost of alcohol will never be reimbursed.

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Chapter 6 – Banking and Cash Management

Objectives

The policies and procedures related to Banking and Cash Management are intended to:

- Delegate authority for accessing bank account information and initiating banking transactions.
- Ensure that funds held at banks are adequately safeguarded from loss.
- Ensure that banking practices provide adequate protection from fraud.
- Control transaction costs of banking activity

For purposes of this Chapter, the term bank, banks, or banking shall include credit unions as well as banks.

Section 1 Delegation of Authority

Policies

The opening of a bank account must be approved by the Board President and the Board Treasurer.

The Board President, Board Treasurer, and Executive Director are authorized to have signature authority for signing of checks, or initiating any other form of banking transaction. Authorization of any other individual will require specific board approval. The Board President, Board Treasurer, and Executive Director are authorized to access accounts online with the ability to initiate online transactions. Additional access without the ability to initiate online transactions (read-only access) will be provided to others as necessary for recording or transactions and reconciling bank accounts.

Checks over _____ will require dual signatures. Any other online expenditure over _____ will require confirmation of approval by a second party before being processed. *(Note: we need board input on this to ensure that the amount is not too low and becomes an administrative burden. An alternative to dual signature is periodic reporting to the Executive Committee, or the full Board of checks issued.)*

Procedures

The Executive Director may open a new bank account with written approval, including by email, by the Board President and the Board Treasurer.

Signature cards for all bank accounts will be obtained for the specified account signers. Upon the resignation or termination of an approved signer, new signature cards must be obtained

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as soon as possible removing the former approved signer. This will be the responsibility of the Executive Director, unless the Executive Director is being removed, in which case it will be the responsibility of the Board Treasurer. This must be done whether a replacement signer has been identified or not.

Checks over \$_____ will require dual signatures. Where dual signatures cannot be reasonably obtained in time for a payment to be made, secondary approval by email or other writer approval will suffice.

Online banking access with the ability to initiate or approve transactions will be limited to the authorized signers on an account. Online read-only access may be provided as needed to the contracted Accountant, Financial Services Consultant and Auditor. This online read-only access may also be used to link bank accounts to the Online accounting software.

Section 2 Banking Services

Policies

Banking services shall be solicited on a competitive basis no less frequently than every five years. To be eligible for consideration a bank or credit union must be recognized by the Oregon State Treasurer as a qualified depository for deposit of public funds. Other minimum criteria will include:

- Be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA).
- Be able to facilitate transfers to and from the Local Government Investment Pool (LGIP).
- Provide annual audited financial statements

Procedures

The Executive Director will monitor the timeline for soliciting banking services and initiate a request for proposals (RFP) for banking services; this must be done in time to comply with the five-year interval requirement. The Executive Director, Board President and Board Treasurer can mutually agree to initiate a banking services RFP at any time prior to the five-year interval if deemed appropriate for any reason.

The selection criteria for the banking services RFP must include but is not limited to the criteria above. Other criteria should include, at a minimum:

- The fees for banking services
- The security protocols for online access and banking activity
- Available fraud prevention measures such as positive pay

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Section 3 Banking Fraud Protection

Policies

Where available, all reasonable fraud prevention measures offered by the bank should be implemented by the Authority. The intent of the fraud prevention measures is to ensure the security of funds deposited at the bank, and to prevent unauthorized or fraudulent transactions from accessing these funds.

Bank accounts will be reconciled monthly.

Procedures

Examples of banking fraud prevention measures that should be implemented include:

- Use of multi-factor authentication for on-line account access, and periodic expiration of passwords.
- Timely removal of on-line account access upon resignation or termination of authorized accessors.
- Use of electronic payment instead of checks where possible
- Implementation of Positive Pay (pre-authorizing check payments with the bank to avoid check washing or counterfeit checks). Where Positive Pay is not available checks should be filled out by gel pen, and hand delivered instead of mailed where possible.

The contracted Accountant will reconcile all bank accounts monthly. The bank account reconciliations will be provided to the Executive Director and the Board Treasurer. They will also be provided to any other Board member upon request.

Section 4 Cash Management

Policies

Funds deposited at a banking must either be within the federally insured (FDIC or NCUA) amounts or be adequately collateralized by the bank under the Oregon State Treasurer Public Funds Collateralization Program.

Large balances of cash on deposit at a bank must be routinely monitored, and where feasible, transferred from the bank into approved investments in accordance with the Investment Policy contained in Chapter 8. A cash flow projection will be maintained to guide maturities of investments and eliminate risk of loss due to early termination of investments.

Procedures

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The Executive Director and the contract Accountant will monitor banking activity to ensure that balances in bank accounts are kept at reasonable balances. They will initiate transfers to investments periodically as necessary to ensure that bank account balances are adequate to meet expenditure needs, but not so large create undue risk or lost opportunity for investment income. If Authority participation on the Local Government Investment Pool (LGIP) is approved, funds may be transferred here while other investments are considered. Where possible unusually large receipts, that would create a risk of loss in the bank accounts, should be deposited directly into the LGIP account.

The Executive Director will ensure that a cash flow projection is prepared at least annually, generally shortly after the budget approval, to help guide cash balances as well as investment maturities.

Board Report – Appoint Auditor

April 24, 2024

Summary

Staff is requesting the Board to appoint Talbot Korvola and Warwick (TKW) as the Auditor for the Authority, and authorize the Executive Director to execute and agreement for audit services for a period of three to five years.

Background

The statutes creating WFLA include a requirement to have an annual audit conducted by a public accounting firm. Specifically ORS 196.24 (1) states:

The Willamette Falls Locks Authority shall submit to periodic audits by the Secretary of State. The authority shall, no less than annually, retain a public accounting firm to examine and attest to the financial operations of the authority. The authority shall include the results of any public accounting in the annual report submitted to the Legislative Assembly under subsection (2) of this section.

To comply with this requirement a request for proposal (RFP) for audit services was issued January 31, 2024. Given the unique nature of WFLA, several firms were contacted to inquire if they would like to receive the RFP and would be likely to propose. Based on these inquiries the RFP was sent to two firms that expressed interest.

The due date for proposals was February 28, 2024, and one proposal was received from TKW. Despite only one proposal being received, a proposal review committee reviewed the proposal and assessed the elements of the proposal as qualified or not qualified. The TKW proposal was assessed as qualified on all elements.

The RFP stated that the appointment of the auditor would be for multiple years and anticipated a three-to-five-year agreement for services.

Proposal.

Staff is requesting that the Board of Directors accept the proposal from TKW and appoint them as the auditors for WFLA. TKW has submitted a qualified proposal to provide these services. This proposal included a resume of TKW's work with audits of public sector organizations, which is extensive.

Consistent with the terms of the RFP, staff is recommending that the appointment be for an initial period of three years, with the option for a two-year extension for a maximum of five years.

The fees for the audit, per the proposal, were \$25,000 for the FY 23/24 audit and \$27,500 for the FY 24/25 audit. The fees for the FY 25/26 audit and beyond will be negotiated in future years based on the level of fiscal activity and complexity in those years.

Requested Board Action

Appoint Talbot Korvola and Warwick, LLP as the auditor for the Willamette Falls Locks Authority and authorize the Executive Director to enter into an agreement for audit services for a period of three years, with the option for a two-year extension.