

# **Twin Parish Port District**

## ACCOUNTING POLICIES AND PROCEDURES MANUAL

Adopted May 2011

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## 1.00 BACKGROUND INFORMATION

### 1.01 Purpose

The following manual is a description of the accounting system and responsibilities for the Twin Parish Port District (Port.) The Port is a political subdivision of the state. The Port's enabling legislation states that the powers of the Port includes authority to regulate the commerce and traffic within such port area in such manner as may, in its judgment, be for the best interest of the state.

A Board of Commissioners shall be appointed in accordance with the law of the enabling legislation.

### 1.02 Service Area

The primary service areas includes the territorial designated boundaries per La. R.S. 34:1601 in portions of Iberia and Vermilion Parish.

## 2.00 CHART OF ACCOUNTS

<b>Account</b>	<b>Type</b>
Construction	Bank
Debt Service	Bank
Four Mill	Bank
Marina	Bank
Market	Bank
One Mill	Bank
Operating	Bank
Petty Cash	Bank
Special	Bank
Accounts Receivable	Accounts Receivable
Accumulated Depreciation	Other Current Asset
ATM Machine	Other Current Asset
Inventory Asset	Other Current Asset
Prepaid Expenses	Other Current Asset
Prepaid Insurance	Other Current Asset
Undeposited Funds	Other Current Asset
Construction In Progress	Fixed Asset
Equipment	Fixed Asset
Improvements	Fixed Asset
Land	Fixed Asset
Marina and Improvements	Fixed Asset
Accounts Payable	Accounts Payable
Direct Deposit Liabilities	Other Current Liability
Payroll Liabilities	Other Current Liability
Retained Earnings	Other Current Liability
\$1.5 m Limited Tax Bond	Long Term Liability
Opening Balance Equity	Equity
Perm. Restricted Net Assets	Equity
Temp. Restricted Net Assets	Equity
Unrestricted Net Assets	Equity

Government Grants	Income
Grants	Income
Interest Income	Income
Marina Income	Income
Other Types of Income	Income
Pavilion Rental	Income
Pay Station	Income
Program Income	Income
Program Income:Market Fees	Income
Program Income:Pavilion Rental	Income
Program Income:Permits	Income
Program Income:Retail Fees	Income
Program Income:Sales	Income
Program Income:Sponsors	Income
Rent	Income
Slip Rentals	Income
Tax Revenue (1 mill)	Income
Tax Revenue (4 mill)	Income
Cost of Goods Sold	Cost of Goods Sold
Business Expenses	Expense
Contract Services	Expense
Contract Services:Administrative Assistant	Expense
Contract Services:Asst Manager	Expense
Contract Services:Audit Fees	Expense
Contract Services:Cleaning Service	Expense
Contract Services:Community Relations	Expense
Contract Services:Cruisers Manager	Expense
Contract Services:Dock Master	Expense
Contract Services:Market Manager	Expense
Contract Services:Outreach	Expense
Contract Services:Planning	Expense
Contract Services:Port Director	Expense
Contract Services:Program Registration	Expense
Contract Services:Steward	Expense
Contract Services:Water Patrol	Expense
Contract Services:Website Improvements	Expense
Contract Services:Website Maintenance	Expense
Customer Returns	Expense
Depreciation Expense	Expense
Facilities and Equipment	Expense
Facilities and Equipment:Equipment	Expense
Facilities and Equipment:Fuel	Expense
Facilities and Equipment:Improvements	Expense
Facilities and Equipment:Maintenance and Repairs	Expense
Grant Programs	Expense
Grant Programs:FEMA	Expense
Grant Programs:FEMA:Consultant Planning	Expense
Maintenance Supervisor	Expense
Miscellaneous	Expense
Operations	Expense
Operations:Bank Charges	Expense
Operations:Event Rentals	Expense
Operations:Garbage	Expense

Operations:Lodging	Expense
Operations:Meals	Expense
Operations:Mileage	Expense
Operations:Office Expenses	Expense
Operations:Office Rent	Expense
Operations:Permit Fees	Expense
Operations:Phone & Internet	Expense
Operations:Port a Let Rental	Expense
Operations:Postage, Mailing Service	Expense
Operations:Printing & Copying	Expense
Operations:Storage	Expense
Operations:Supplies	Expense
Operations:Travel	Expense
Operations:Utilities	Expense
Operations:Vessel Fuel & Maintenance	Expense
Operations:Water & Sewer	Expense
Other Types of Expenses	Expense
Other Types of Expenses:Insurance - Liability, WC	Expense
Other Types of Expenses:Interest Expense – \$1.5 m Bond	Expense
Other Types of Expenses:Legal Notices	Expense
Other Types of Expenses:Marketing Expenses	Expense
Other Types of Expenses:Memberships and Dues	Expense
Other Types of Expenses:Program Materials	Expense
Payroll Expenses	Expense
Payroll Taxes	Expense
Salaries	Expense
Security	Expense

### **3.00 ACCOUNTING PRINCIPLES & PROCEDURES**

#### **3.10 Policies**

The accounting principles of the Port will be consistent with all applicable laws. These include: Generally Accepted Accounting Principles, Statements of Financial Accounting Standards Numbers 93, 116 and 117, SOP 87-2 on Joint Costs, and SOP 98-3 on accounting for federal awards.

Certain procedures resulting from these accounting pronouncements and releases are discussed below.

#### **3.20 Procedures**

##### **3.21 Revenue Recognition**

Program Revenue will be recorded as revenue in the period received or the period in which a payment is received.

Rents will be recognized in the period for which the rent is paid. Any rents receivable will be reviewed monthly to determine if the amounts are collectible and to review what collection actions are being taken.

Grants which are classified as exchange transactions with the grantor will be recognized as revenue when the grant money is earned. This will generally be determined by the costs reportable to the grantor. Each restricted grant will be set up as a separate cost center to allow for accurate and consistent recording of the expenses of each grant.

Millage payments will be recognized in the period in which it is received except that payments in January and February will be recorded in Accounts Receivable.

### **3.22 Matching of Revenues and Expenses**

In order to present accurate and consistent financial statements, the revenues and expenses attributable to each period will be reflected in that period to the degree possible. The Chapters on month and year end procedures review this in greater detail. Generally, all entries required to accurately reflect the revenues and expenses of each period will be made in that period.

The organization records transactions on the cash basis of accounting.

### **3.23 Fixed Assets and Depreciation**

The general capitalization policy is that all equipment and other fixed assets costing in excess of \$5,000 will be recorded as an asset.

All capital assets will be depreciated over their estimated useful lives. The straight line basis will be used, with depreciation charged beginning in the month that the asset is placed in service. Some sample estimated lives are:

Computers and related equipment	-- 3 years
Office furniture	-- 5 years
Building and building improvements	-- 40 years
Parking lot and landscaping	-- 10 years

All capital assets purchased with grant or other restricted funds will be cataloged.

See Section 21 for property and equipment inventory and management.

### **3.24 [Blank]**

### **3.25 Data Cutoff**

In order to meet the deadlines for producing reports discussed in Section 7 & 8, the gathering of information to use in making the month end entries must be cutoff by a certain date.

The monthly financial statements are due to the Board by the second board monthly board meeting after the month end.



The year end financial statements are due to the Board at its February monthly meeting.

## **4.00 CASH DISBURSEMENTS**

### **4.10 Policies**

The positions authorized to sign checks are; Executive Director, Board President, Board Vice-President. Two signatures will be required on checks.

### **4.20 Procedures**

#### **4.21 Capital Acquisitions**

Three bids are required for the purchase of budgeted capital assets in excess of \$5,000, if practical. The Executive Director selects a bidder. Board approval is required if the low bidder is not selected, or if bidding was not deemed practical by the Executive Director. Any capital assets not budgeted by the Board must be approved by the Board prior to soliciting bids. Any public works in excess of \$150,000 will go to public bid per state law.

#### **4.22 Supplies, Services, and Other Invoices**

Purchase requisitions may be generated by anyone in the office. The requisitions are turned in to the Executive Director for approval and given to the office assistant for order placement.

Mail is received and opened by the office assistant. All invoices are routed to the Accountant, who matches the invoice to the approved purchase requisition and the packing slip and determines an account coding for the transaction. The Accountant gives the invoice and support documentation to the Executive Director for approval to pay. The Executive Director approves the invoice to pay, and approving the expense account coding proposed by Accountant.

#### **4.23 Invoice Payment Procedures**

Invoices are paid at the regular monthly board meeting and as necessary. Prior to generating checks, a bills due report is generated which lists all outstanding payables with amounts. The checks are printed and presented to the board for approval.

#### **4.24 Payroll Procedures**

Payroll is processed monthly and is run and distributed by the second Tuesday of each month. The Executive Director forwards approved timesheets to the board each month. The checks are printed and presented to the Executive Director for review and signature.

### **5.00 CASH RECEIPTS**

#### **5.10 Policies**

The Office Assistant will receive and open the mail in the presence of program person A in order to maintain dual control over receipts.

The Office Assistant will restrictively endorse all checks when received.

The bank deposit will be made daily by the Office Assistant.

If the Office Assistant is unavailable to perform these duties, the Executive Director will assign an employee other than the Accountant to carry them out.

#### **5.20 Procedures**

All checks are restrictively endorsed, photocopied and entered onto a daily cash receipts log when the mail is opened.

Both the Office Assistant and program person A will sign the cash receipts log verifying its accuracy.

Payments made in person will be added to the cash receipts log. A photocopy of these checks and a copy of the pre-numbered receipt will be attached to the daily cash receipts log. The cash receipts log is totaled by the Office Assistant. A copy of the log is given with the check copies to the Accountant. A copy of the log is also given to program person B, for updating the property management software.

The Executive Director will use the original of the cash receipts log for review and to assist in their duty of reviewing the bank statements (see Section 6).

The Accountant will use the copy of the cash receipts log and the check copies to determine account coding and to enter the cash receipts into the computer.

## **6.00 BANK RECONCILIATION**

### **6.10 Policies**

The bank statements are forwarded to the Executive Director unopened.

Upon opening the statements, the Executive Director reviews the checks for unusual items or changes. The Executive Director compares selected deposits on the bank statement to the copy of cash receipts logs and reviews any account transfers.

The bank statements are to be reconciled by the Accountant on a monthly basis no more than one week after receipt of the statement. The general ledger and the reconciled bank statements will be adjusted to agree monthly.

### **6.20 Procedures**

Upon receiving the bank statement from the Executive Director, the Accountant prepares the monthly bank reconciliation. See Section 18 for the form used to prepare the bank reconciliation. The bank reconciliations will reconcile the bank balance to the general ledger balance. A journal entry will need to be posted each month for items on the bank statements which are not already recorded in the general ledger. These reconciling items may include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos.

After the general ledger is reconciled to the bank statement, the monthly bank statement and cancelled checks and other forms and the actual reconciliation form are filed in the bank reconciliation file.

## **7.00 END OF MONTH ACCOUNTING PROCEDURES**

### **7.10 Policies**

The Accountant prepares the monthly financial statements

The Executive Director approves the financial statements before being sent to the Board of Directors. The financial statements should be to the Executive Director at least two days prior to the mailing of Board packets in order to facilitate this review.

The Board of Directors approves the monthly financial statements.

### **7.20 Procedures**

The cutoff for information in the monthly statements is the second board meeting after the month end.

Upon completion of the monthly bank reconciliations, the Accountant will formulate the monthly journal entries. There are two types of monthly journal entries, those that remain consistent from month to month (recurring) and those that are specific to that month. The recurring journal entries (Section 18) are determined after the annual audit with the help of the CPA firm. These include depreciation and expensing of prepaid insurance. The specific journal entries include recording of principal/interest breakdown for the mortgage payment, interest and dividend income, bank transfers, NSF checks, bank charges, accrued wages and payroll taxes, receivables, etc.

The Accountant will maintain a file for each month which includes workpapers which document the balance of each balance sheet account. The file will also include copies of the grant billings. All balance sheet accounts will be reconciled monthly to help ensure that accurate statements are provided to management and the Board.

Once the final general journal entries are posted, the monthly financial statement is printed along with a copy of the general ledger for that month as well as the general journal entries posted.

The adjusted financial statements are to be delivered to the Board of Directors at the second monthly meeting after the end of the month.

The Accountant prepares a budget to actual expense report for the Executive Director and the Board of Directors to be included with the monthly financial statements.

The year end financial statements will be delayed for additional procedures (see Section 8.0).

## **8.00 END OF YEAR ACCOUNTING PROCEDURES**

### **8.10 Policies**

The Accountant prepares the year end financial statements.

The Accountant is responsible for preparing for the annual financial audit and for working with the outside accountants to complete the audit.

The Executive Director approves the financial statements before being sent to the Board of Directors. The financial statements should be to the Executive Director at least one week prior to the mailing of the Board packet in order to facilitate this review.

The Board of Directors approves the year end financial statements.

The Accountant will arrange to move all records from the year which is closing to storage.

### **8.20 Procedures**

The cutoff for December financial statements is extended to four weeks after year end.

Upon completion of the December financial statements, the preliminary year end report is run by the Accountant and given to the Executive Director for review.

The Accountant calculates the recurring entries (with the help of the CPA firm if needed) for the new year.

### **8.21 Financial Audit**

The Accountant will contact the independent accountants as soon as the Executive Director signs the audit engagement letter to begin planning the scheduling and work needed to complete the audit. The Accountant will ensure that adequate space is provided for the independent accountants to work in our offices. This would include one or more large tables, space to keep our records provided to the independent accountants, light and electrical outlets.

The Accountant will work with the independent accountants to determine what confirmations will be required. This process will be completed as soon after year end as possible. The Accountant will oversee typing the confirmations. The Executive Director will sign the confirmations. The Accountant will mail the confirmations to the independent auditors.

The Accountant will be responsible for preparing as many of the schedules which the auditors will use as possible. The completed monthly reconciliations for December will partially fulfill this requirement.

Some of the information which needs to be organized and made available includes: the complete general ledger for the year, a chart of accounts, all bank statements and cancelled checks, all paid invoices, all cash receipts logs, all payroll records, including timesheets, payroll summaries for each pay period, 941s, UC-101s and W-2s, Board minutes for the year under audit through the most recent minutes available, grant contract files, printouts of the donor database, including all restricted donations, lease agreements, insurance policies, documentation for fixed assets capitalized and documentation for donated services or donated assets recorded in the general ledger.

The Accountant will be available at all times throughout the audit to facilitate the work of the independent accountants. The Executive Director will schedule some time to meet with the independent accountants as needed during the audit. The Office Assistant will also be available for any work which the Accountant may delegate to them.

The Accountant and Executive Director will plan a meeting with the independent accountants at the end of the audit to discuss any issues raised, review the audit journal entries, evaluate the audit process and plan improvements for the following year.

## **9.00 COST ALLOCATIONS**

### **9.10 Policies**

The Port is required to follow various guidelines for allocating costs which benefit more than one program or grant. A cost allocation plan will be adopted each year which satisfies the requirements of all grants for that year. This cost allocation plan will need to be modified any time a new program is started or at the end or beginning of any fiscal year grants. Due to the frequent modifications to the cost allocation plan, it will be maintained outside of this accounting procedures manual (see Exhibit A).

## **10.00 INVESTMENTS**

### **10.10 Policies**

Cash not needed for immediate working capital will be transferred to interest bearing investments, unless the funds are designated for a particular account.

The Port will maintain collateralization of the total at any one bank in excess of the FDIC coverage. If this is not deemed to be practical or cost effective, a second bank will be used.

The Board of Directors must approve any investments beyond the options listed below.

### **10.20 Procedures**

The Port will maintain a money market account at the same bank where the checking account is maintained. Certificates of deposit may also be used to invest excess cash. The Executive Director will initiate the transfer of funds or setting up new certificates of deposit based on the projected cash flow requirements and budgets of the Port. The Accountant will prepare the projected cash flow requirements as requested by the Executive Director.

The operating reserve fund and any cash designated by the Board will be maintained in a money market account or certificate of deposit. The Board will specify the investment method for the operating reserve and for each designated fund, so that the timeline of the investment will match the timeline of the reserve or designation.



## **11.00 DEBT**

### **11.10 Policies**

Board approval is required for incurring any debt of the Port other than operating trade payables and budgeted payroll payables. The Executive Director will be authorized to negotiate such debt as needed by the Board of Directors.

Any loan covenants and restrictions will be reported to the Board when the debt is authorized. The Accountant will periodically review these covenants and report to the Executive Director if there are any violations or potential violations of the covenants.

### **11.20 Procedures**

The Executive Director and Board President or Treasurer will sign any debt agreements after receiving full Board approval.

The Accountant will reconcile the general ledger debt balances to statements or amortization schedules each month. In addition, accrued interest will be recorded in the general ledger as needed.

## **12.00 RESERVES AND DESIGNATED FUNDS**

### **12.10 Policies**

The Port will build and maintain an operating reserve to assist in maintaining financial stability. The target for the operating reserve will be six months of general operating expenses. This will be a cash reserve held separately from other funds of the Port. The reserve may be invested consistent with the investment policy of the Port. Any income of the reserve fund will stay in the reserve fund.

The Board of Directors may designate portions of the net assets of the Port for specific purposes.

### **12.20 Procedures**

During the annual budget preparation, the Board will review the operating reserve and set a target for funds to be set aside that year. The Executive Director will establish and maintain the operating reserve bank account as directed by the Board.

Designation of net assets will be made by resolution of the Board. A purpose and timeline must be specified for each designated fund. The designation may also specify whether a separate cash fund is to be used.

## **13.00 INTERNAL CONTROLS AND FINANCIAL AUDIT**

### **13.10 Policies**

The review of internal controls and the annual audit are two of the most important procedures the Board has for fulfilling its fiduciary responsibilities to the Port.

Internal controls pertaining to the accounting records are established by the Executive Director and Board Treasurer in consultation with the Accountant.

The Board of Directors selects the public accounting firm which will perform the year end financial audit. The financial audit report is presented to the Board of Directors who has the authority to approve the audit.

### **13.20 Procedures**

Whenever there is a change in administrative personnel or a change in the operating structure of the organization, the Treasurer and Executive Director will meet to determine that the internal control system continues to meet the needs of the Port. If appropriate, the changes will be reflected in this accounting procedures manual.

The key features of the internal control system are that the Accountant and program person B, who maintains the property management software, are not involved in handling checks and cash received, signing checks, transferring money or establishing cash accounts or investments and do not receive the unopened bank statement. The other aspect of this is that the Accountant reviews the transactions of the other employees and is responsible for noting any problems to the Executive Director or directly to the Board Treasurer or President.

The Board of Directors will approve, as part of the budget process, the public accounting firm to perform the annual audit.

The Board Treasurer will attend the audit exit conference at the conclusion of the audit. The public accounting firm will present the audit to the Board each year. The Board will review and approve the financial audit.

The Accountant and Executive Director will be responsible for scheduling the audit, preparing the information needed by the auditors and answering questions during the audit.

## **14.00 COMPLIANCE**

### **14.10 Policies**

In order to continue receiving government grants, the Port must have systems in place to ensure compliance with the restrictions imposed by those grants and restricted donations.

The Accountant is designated as the Port 's compliance officer and will be responsible for overseeing the compliance with all applicable grant restrictions.

The Executive Director will be responsible for communicating the nature of all donor restrictions to the Accountant. This information will used to ensure that the General Ledger restricted donations account will reflect the restricted donations and the spending of those restricted amounts, as appropriate.

### **14.20 Procedures**

#### **14.21 Compliance Committee**

A compliance committee will be chaired by the Accountant and consist of the Executive Director and primary program personnel. The Accountant will be responsible for discussing new compliance requirements in the grants which fund the programs with the committee. The Accountant will be responsible for preparing a report documenting how WH, is ensuring compliance with grant rules in each grant program. The Accountant will also produce a similar report for overall compliance procedures of the agency. These reports, plus any correspondence with granting agencies regarding compliance issues, will be kept in a central compliance file.

The compliance committee will also oversee the maintenance of grant files. The grant files will contain the final signed copy of the grant, any addenda, and correspondence.

#### **14.22 Restricted Donations**

The Executive Director will maintain a record of all restricted donations in the donor database so that periodic reports of the year's cumulative restricted donations can be produced. When a restriction has been satisfied, that will be noted in the database. If appropriate, the Executive Director will be responsible for communicating the satisfaction of the restriction to the donor.

The Executive Director will forward copies of each month's new and outstanding restricted donations to the Accountant. The Accountant will create a journal entry each month to ensure that the restricted donations are correctly presented in the financial statements.

## **15.00 BUDGETING**

### **15.10 Policies**

The Board of Directors is responsible for guiding the budget process and for approval of the annual budget.

The Executive Director and Accountant will be responsible for preparing the proposed budget.

### **15.20 Procedures**

The budgeting process will begin in September for the following fiscal year. This will allow for eight months of results to be used in planning the budget.

All budget documents will be submitted to the Accountant by September 30 for consolidation into an overall agency budget. The Executive Director and Accountant will then review this to determine if there are any obvious areas which may need to be reworked. The collated budget will be submitted to the Finance Committee by October 15 for review and feedback. Any further revisions will be made and the budget presented to the Board by November 15.

The responsibility for each area of the budget is as follows:

Executive Director -- Program revenues and expenses, fundraising revenues and expenses, donations revenue, operations expenses, and capital budget.

Accountant -- Accounting expenses, investment income, projected balance sheet.

Board Treasurer -- Board and committee expenses.

After completion and approval of the budget by the Board of Directors, the budget will not be modified for subsequent activities.

## **16.00 COMPUTER AUTHORIZATION AND BACKUP**

### **16.10 Policies**

The accounting computer and software will have access controlled by passwords. The Executive Director will control the master password. The Accountant will be given a complete system password and will control which other personnel will be given passwords.

The accounting computer will be backed up regularly. The Accountant is responsible for carrying out this backup.

The Accountant is responsible for maintaining the disaster recovery plan for the accounting software and for periodically testing the plan.

### **16.20 Procedures**

#### **16.21 Passwords**

The Accountant will maintain a record of all authorized users and the level of password access each user has. Passwords will be changed once each year in June.

#### **16.22 Backup**

The back up procedures are designed to maintain records of various periods until that period is closed.

An annual tape backup will be maintained of the accounting data prior to the close. This tape will be maintained until the subsequent year accounting data is backed up and closed.

A monthly tape backup will be maintained of the accounting data for each month until that month is again backed up the subsequent year.

A weekly tape backup will be maintained of the accounting data for each week, as of Friday evening until that week is backed up the subsequent month.

A daily tape backup will be maintained of the accounting data for each day that work is performed until that day is backed up the following week.

A copy of all tapes will be kept in a fireproof tape safe in the office. A copy of the annual and monthly tapes will be taken home by the Accountant for storage. The Executive Director and the Accountant will have keys to the fireproof safe.

The Accountant will ensure that the appropriate backups are made at the end of each day.

### **16.23 Disaster Recovery**

In the event of the serious damage to the offices of the Port arrangements have been made to process certain accounting records at the offices of ABC Nonprofit located across town. Since the disasters we are anticipating would be localized in nature, such as fire or tornado damage, we have not set up recovery plans with other agencies in another part of the State.

## **17.00 ACCESS TO RECORDS AND RECORD RETENTION**

### **17.10 Policies**

The records of the Port are generally open to public inspection under open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Executive Director. Questions in this area are to be resolved by the Executive Director. If the answer to a request is unclear the Executive Director may contact the Port 's attorney for a consultation.

Record retention is governed by various rules, statutes of limitations and common sense. Certain documents must be retained indefinitely, while others may have little use after a year.

### **17.20 Procedures**

#### **17.21 IRS Forms**

Payroll tax forms are not public information and will not be released.

IRS Forms 990 and 990A, the exempt organization information returns, must be made available to anyone upon request. The specific rules are outlined in the instructions for form 990. All pages, schedules and attachments, except the detailed schedule of contributors must be made available. The prior three years of 990s and 990As must be available upon request for free review in our office. If the requestor wishes to have a copy, that will be provided immediately or may be mailed to the person. We ask that the person pay the legally allowed fee of \$1 for the first page and 15 cents for each additional page, plus actual postage, if applicable.

The application for exempt status, Form 1023, and the IRS determination letter are also available to anyone upon request for a free review in our office. Copying charges are the same as for the 990 if the person wishes to take a copy. The specific rules are outlined in the instructions for the form 990.

The Accountant is responsible for furnishing copies of these documents to the receptionist in a form suitable for public release. The receptionist will keep a copy of each form and make photocopies if requested.

#### **17.22 [Blank]**

Although public disclosure by our organization is not required, the Wisconsin report is available to the public from the State Department of Regulation and Licensing. For this reason, we will make this return available with the forms 990 and 990A.

#### **17.23 Personnel Records**

All requests for personnel records, job references and credit inquiries will be referred to the Executive Director.



## **17.24 Financial Information**

Financial statements and other financial information is regularly distributed to the Port employees and the Board. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the Executive Director.

## **17.25 Records Retention**

A schedule of record retention follows. Any discarding of records should follow this schedule. However, prior to discarding of records, the permission of the Executive Director and the Accountant are required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded or sent to our recycling company, which has a confidentiality agreement with us.

For tax purposes, records should be maintained until the expiration of the statute of limitations. Generally, that period expires three years after the later of the due date of the return or the date filed. While there are a few exceptions to this rule, the three-year period normally should be adequate.

For non-tax purposes, records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are not specific standards that will cover all situations. The following are some of the factors that should be considered:

- Federal, state, and local statutes and regulations
- Industry requirements or standards
- Potential claims or litigation
- Contract requirements

## RECORD RETENTION SCHEDULE

### Type of Retention Period Record (Years)

Accident reports & claims.....	7*
Appraisals.....	P
Articles of incorporation, by laws.....	P
Assets records.....	7*
Bank statements, reconciliations.....	4
Bills of sale-assets.....	7*
Budgets & projections.....	2
Cancelled checks – general.....	4**
Capital stock & bond records.....	P
Charts of accounts.....	P
Check vouchers, stubs.....	4
Contracts & agreements.....	7*
Correspondence	
Credit and collection.....	7
Routine with customers or vendors	1
Other.....	4***
Credit memos.....	4
Damage and theft reports.....	7
Deeds.....	P
Deposit slips.....	4
Depreciation schedules.....	7*
Employee records	
Contracts.....	7*
Disability, unemployment claims ...	7
Employment applications.....	4
Expense reports.....	4
Personnel files.....	7*
Time reports, earnings records.....	4
Withholding & exemption certificates (W-2, W-4, etc.).....	4*
Financial reports	
Annual, audited.....	P
Interim.....	4
Freight bills, bills of lading.....	4
Insurance policies & records.....	4
Internal reports, memos, work orders, etc.....	2
Inventory records.....	4
Invoices	
Fixed assets.....	7
Sales & general expenses.....	4

Leases .....	7*
Ledgers & journals	
Cash receipts & disbursements....	P
General ledger, journal entries .....	P
Payroll journal .....	4
Purchases & sales .....	7
Subsidiary ledgers (receivables, payables, etc.) .....	7
Licenses .....	4*
Minute books .....	P
Mortgages.....	7*
Notes .....	7*
Pension & profitsharing records .....	P
Petty cash records .....	4
Purchase orders, invoices.....	4
Receiving reports .....	4
Repair & maintenance records.....	4
Sales records & cash register tapes.....	4
Shipping reports.....	4
Tax returns and related records	
Income.....	P
Payroll.....	4
Sales and use .....	4
Union contracts.....	P

P means records should be kept permanently

\* Retention period begins with settlement of claims, disposal of asset, termination of contract, etc.

\*\* Some should be kept longer, e.g. checks for tax payments should be kept with the tax returns, checks for asset acquisitions should be kept with bill of sale, etc.

\*\*\* Legal and important correspondence should be kept as long as the documents to which they relate.

## **18.00 SAMPLE ACCOUNTING FORMS**

The organization's accounting forms and a brief explanation of their use should be included here.

## **19.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL**

### **19.10 Policies**

The accounting policies and procedures manual is critical to the accounting function of the Port.

The Accountant is responsible for maintaining the manual.

All proposed changes must be approved by the Accountant and by the Executive Director.

The policies and procedure manual will be dated with the date of each approved revision.

### **19.20 Procedures**

Each year the Accountant will review the manual and formulate proposed changes. This update will be completed no later than October of each year. All changes must be approved in writing by the Executive Director. If the Accountant has no proposed changes, a memo to that effect must be approved by the Executive Director.

Whenever changes to the accounting procedures are made, a review of the accounting policies and procedures manual will be made by the Accountant to determine if a revision is required. Any minor revisions to the manual which are not reflected in the manual immediately should be kept on file to incorporate into the formal annual update.

The revised manual will be distributed to the Accountant, Executive Director and Board Treasurer.

## **20.00 PREPARATION OF INFORMATIONAL RETURNS**

### **20.10 Policies**

The Port is an exempt agency under IRS rules.

### **20.20 [Blank]**

## **21. PROPERTY AND EQUIPMENT INVENTORY**

### **21.10 Policies**

An inventory of all property and equipment will be maintained. The inventory document will contain sufficient information for insurance and grant requirements.

### **21.20 Procedures**

The Accountant will maintain a database of all property and equipment owned by the Port. The database will include: tag number, description, serial number, acquisition date, cost, vendor, location and any grant or other restrictions.

All equipment will have a tag affixed with a unique identifying number.

The property and equipment database will be consulted prior to sale of any item to determine if there are restrictions. Grant purchased equipment may generally not be sold without the grantor's permission.

An annual inventory will be taken to verify the existence of the property and equipment listed in the database.

Equipment will be included in the database using the definitions for capitalization in Section 3.

## **22.00 GRANTS AND CONTRACTS**

### **22.10 Policies**

Grant and contract billings will be prepared and filed timely. Adequate documentation will be maintained to support all billings.

Complete grant and contract files will be maintained.

### **22.20 Procedures**

Grant and contract billings will be prepared monthly or as needed. Billing will be done according to funding source requirements based on reimbursements of expenses, units of service or equal installment as required.

Documentation of billings will be prepared and maintained. For billings based on a reimbursement of expenses, a copy of the program expenses from the software and any reconciliations to the billing will be maintained. For billings based on units of service, a copy of the detailed units of service will be maintained.

The Accountant, Program Manager and Executive Director will each approve billings prior to issuance.

Billings will be recorded as accounts receivable in the appropriate accounting period.

Grant and contract files will contain at least the following documents: signed copy of contract, application and budget, correspondence, periodic billings and the documentation supporting the billings.