

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 73

Establishing a Cash Management System for the Commission.

THE METROPOLITAN EXPOSITION-RECREATION COMMISSION FINDS that the Commission has the need to establish a Cash Management System to provide proper controls over the operation of its facilities.

BE IT THEREFORE RESOLVED that the Commission hereby establishes the Cash Management System attached hereto as Exhibit "A" as the Cash Management System for all Commission Facilities and Accounts.

Passed by the Commission on June 13, 1990.




Chair



Secretary/Treasurer

APPROVED AS TO FORM:



Metro General Counsel



Memorial Coliseum Complex

Civic Stadium

June 8, 1990

MEMORANDUM

TO: Metropolitan Exposition-Recreation Commission
FROM: Staff
SUBJECT: Petty Cash and Deposit/Checking Bank Accounts

Background

Currently the ERC has the following petty cash and checking/ deposit accounts. All checks written from any bank/checking account require two signatures, which are approved by ERC resolution, and include: Commission Chair, General Manager, Assistant General Manager (Finance/Administration), Controller, and Coliseum Assistant Box Office Director.

A. Petty Cash:	
-Coliseum	\$ 500
-Stadium	200
-PCPA	<u>400</u>
Total	<u>\$1,100</u>
B. Change Funds (for ticket sales):	
-Coliseum	\$4,000
-Stadium	4,000
-PCPA	<u>700</u>
Total	<u>\$8,700</u>
C. General Bank Accounts:	
-Coliseum	\$3,500
-Stadium	<u>900</u>
Total	<u>\$4,400</u>

Specific, emergency, and relatively small items are paid out of these bank accounts, i.e. "need now" operating supplies, postage, and at times travel advances.

- D. Special Deposit Accounts (one for each facility- Coliseum, Stadium and PCPA). The deposits into these accounts consist of ticket sales (third party money), rental deposits, concessions and catering deposits, and parking deposits.

Update

After Metro and Metro ERC staff review and consultation with Peat Marwick, the following cash management system is recommended for Metro ERC operation as of July 1, 1990.

All checking accounts will be at First Interstate Bank, Lloyd Center Branch. All checks written from any bank/checking account will require two signatures, as approved by Metro ERC, and will include the Chair of Metro ERC, General Manager, Assistant General Manager (Finance & Administration), Controller, and the Coliseum Assistant Box Office Director.

A. Petty Cash:	
-Coliseum	\$ 500
-Stadium	200
-PCPA	400
-OCC	<u>500</u>
Total	<u>\$ 1,600</u>
B. Change Fund Account:	
-Coliseum, Stadium, PCPA	\$17,000
-OCC	<u>7,500</u>
Total	<u>\$24,500</u>

Automated ticketing has given us the ability to sell hundreds of events at any one time at any of our box office outlets. These events could be for shows at our facilities, or for shows not in our facilities. Previous to automated ticketing, we were limited to physical space available for storing hard tickets. For this reason, our present \$8,700 in total change funds (at the Coliseum, Stadium, and PCPA) is not adequate. The amount requested above may still not be enough and if it needs to be increased at a future date we will come back to the Commission for approval.

The \$7,000 change fund at the convention center is based on the minimum amount required at the auto shows at the Coliseum. This may have to be adjusted in the future also.

C. General Bank Accounts:	
-Coliseum, Stadium, PCPA (all in one account)	\$ 4,000
-OCC (one account)	<u>3,000</u>
Total	<u>\$ 7,000</u>

Again, these accounts would be used for relatively small emergency items, operating supplies, some postage, etc.

D. Special Deposit Accounts:	
-Coliseum, Stadium, PCPA (all in one account)	
-OCC (one account)	

Brief summary of how this "third party" special deposit account works:

These accounts are set up to receive and disburse all event related funds. Deposits to these accounts will not include gross food and gross parking receipts; these deposits will go directly to the Metro ERC funds for the spectator facilities and the convention center, as budgeted. Deposits to this account consist of box office receipts, outside ticketing agencies (i.e. Ticketmaster and Fastixx) and rental deposits for events.

When an outside ticketing agency is involved in the ticket sales for a particular event at Metro ERC facilities, checks are delivered periodically by outside ticketing agencies to the MERC box offices as funds are collected for ticket sales. Automated Ticket Agency Agreements require ticket agencies to submit checks to ERC for funds accumulated over and above \$100,000. Per Ticket Service Agreement, these agencies must carry a surety bond of \$200,000 (said surety bond must be maintained and kept by the ticket agent in full force and effect during the entire term of the agreement, and is conditioned to ensure a faithful and full performance by the ticket agent of all covenants, terms and conditions of the agreement and to stand as security for payment by the ticket agent of any valid claim on the part of the Commission or its permittees against the ticket agent).

On the day of the event, the outside ticketing agency delivers a check for the balance (i.e., less any interim

checks delivered) of all funds received for ticket sales for the event. The total receipts are agreed to the computer generated Audit Report which summarize all ticket sales before the final box office statement is completed.

Box Office receipts are also deposited to the special deposit account. On a daily basis at close of business, box office supervisors complete a deposit slip for all cash, checks and credit card slips on hand. The deposit is picked up by armored car and delivered to First Interstate Bank, Lloyd Center Branch. Before the deposit is made, each ticket seller must balance his/her receipts to the register ticket total. This balancing is reviewed by the box office supervisor. Also, on a daily basis, the supervisor runs a sales report at each location which accumulates all ticket sale for the day and this total is agreed to the total deposit made to the bank for the day.

The Commission holds the gross ticket sales for all events being held at its facilities, except for PCPA 501.C Non-Profit performing arts groups, some educational events, and anchor tenants. The Commission holds the gross in order to protect the public (ticket buyer), in case of an event cancellation, etc. so that ticket refunds can be made as necessary.

Event settlement payments are paid out of this account, which are made via check or wire transfer with the permittee.

When the show/event goes on, the gross receipts held by ERC, less any expense related to the show and outlined in their original contract are due to permittee. Show related expenses that are included in the settlement (paid by the permittee out of gross receipts) typically will include: Commission's Admission Labor (ushers, ticket takers, sellers), Commission's Special Services Labor (uniform security and medical), Peer Group Security (t-shirt contract security), Commission's Stagehands labor (riggers, truck unloaders, etc.), Commission's production catering (breakfast, lunch, dinner backstage), Commission's rental per agreement (usually 12% of gross ticket sales), user's fee, telephone usage, additional electrical power, spotlight rental, Broadway sign advertising, etc. A contingency amount for most shows, from \$250 to \$5,000 or more depending on the show and the circumstances (i.e. damages, overtime, bad checks, etc.) is held for settlement purposes. This amount is returned the next day, or as soon as damages, overtime, etc., have been determined.

After the final settlement numbers are resolved, the facility generates a check out of the special deposit account for the net. The check requires two signatures. The facility will hold back all expenses related to an event. The revenue earned by the Commission from an event (rental, labor reimbursements, users fee, etc.) would be transferred from this account to the Spectator Facility Fund or the Oregon Convention Center Fund at Metro.

- E. Note: All deposits are secured by U.S. Treasury Notes. On a daily basis, all funds over and above the \$100,000 required balance, are swept to the corporate sweep investment account on a nightly basis, which is an interest-bearing account. The rate of interest on the sweep account was 7.25% for the month of April, 1990, and interest earned was \$8,993.75 for the month. This corporate cash management account was set up with the City Treasurer's knowledge.

Recommendation

In order to continue efficiencies in operation, and without any business interruption, as well as closing out any City ERC deposit/checking bank accounts and transferring ownership to Metro ERC, Metro Finance and Administration and Metro ERC staff recommend that the following cash management system, as described under Update above be approved by the Metro E-R Commission:

I. Set up the following funds:

A. Petty Cash:	
-Coliseum	\$ 500
-Stadium	200
-PCPA	400
-OCC	<u>500</u>
Total	<u>\$ 1,600</u>
B. Change Fund Account:	
-Coliseum, Stadium, PCPA	\$17,000
-OCC	<u>7,500</u>
Total	<u>\$24,500</u>

II. Set up Checking Accounts and authorizing check signers:

- A. Authorizing signatures for Metro ERC bank accounts, such authority shall be signed by any two of the individuals named below:

Ted E. Runstein, Chair
L. W. Fehrenkamp, General Manager
James Murphy, Coliseum Assistant Admissions Director
Andrea Bonkowski, Controller
D. Buffetta, Asst. General Manager-Finance/Adminis.

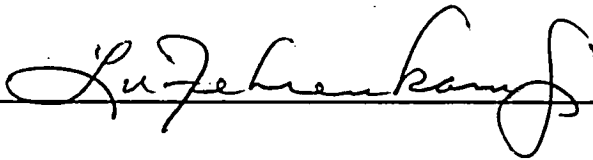
B. General Bank Accounts (imprest):
-Spectator Facilities \$4,000
-OCC \$3,000

Total \$7,000

C. Special Deposit Accounts (third party money):
-Spectator Facilities
-OCC

Resolution No. _____, attached, will approve the above cash management system for the Metro Exposition-Recreation Commission.

General Manager's Concurrence



A handwritten signature in cursive script, appearing to read "L. W. Fehrenkamp", is written over a horizontal line.

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