

# Agenda Report

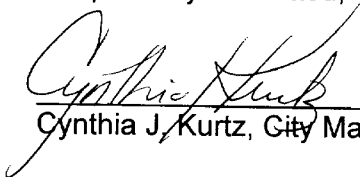
March 29, 1999

THROUGH: Finance Committee  
TO: CITY COUNCIL  
FROM: City Manager  
SUBJECT: Transfer of Certain Department Finance  
Duties to the Rose Bowl Operating Company (RBOC)

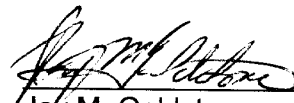
## INFORMATION ONLY

The recommendations for the transfer of certain responsibilities from the Department of Finance to the Rose Bowl Operating Company is outlined in the attached memorandum of understanding dated February 3, 1999.

Respectfully submitted,

  
Cynthia J. Kurtz, City Manager

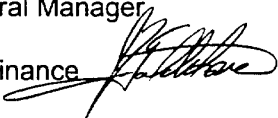
Approved:

  
Jay M. Goldstone  
Director of Finance

CITY OF PASADENA  
DEPARTMENT OF FINANCE

MEMORANDUM OF UNDERSTANDING

TO: Dave Jacobs, Rose Bowl General Manager

FROM: Jay M. Goldstone, Director of Finance 

SUBJECT: Transfer of Certain Department of Finance Duties to the Rose Bowl Operating Company (RBOC)

DATE: February 3, 1999

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Per our earlier discussion, I am willing to recommend that the following responsibilities be transferred from the Department of Finance to the Rose Bowl Operating Company.

1. full contract management. This includes not only negotiating the terms and conditions of the contract and monitoring for contract compliance, but also as appropriate, billing for reimbursements of expenses and collecting all revenues due;
2. accounts payable;
3. report all receivable balances to the Department of Finance in a timely manner so that they may be booked in the general ledger;
4. utilize financial information from the City's financial system, prepare requested financial reports for the RBOC;
5. assist the Department of Finance with the preparation of the RBOC's annual financial report;
6. refer, as appropriate, all delinquent receivable accounts for collection;
7. properly code all time rolls, invoices and revenues so that the City's financial system can accurately capture financial information on an event by event basis and by profit center within an event;
8. process the RBOC's payroll and ensure that the necessary financial information is reported to the Department of Finance in order to be properly recorded on the City's financial system;
9. prepare an annual or two year budget consistent with the City's budgeting format;
10. handle all RBOC purchasing activities associated with the acquisition of goods and services; and
11. maintain and follow all appropriate internal controls over all financial transactions and the safeguarding of assets.

In other words, the Rose Bowl Operating Company (RBOC) will be responsible for maintaining the normal financial and accounting functions and provide the Department of Finance with summary financial information which will be posted to the City's general ledger system. To achieve this objective, the following identifies more specific areas of responsibility and the procedures the Department of Finance and the RBOC agree to follow:

**Cash Receipts / Accounts Receivable**

The RBOC staff should continue to perform the following:

- ◇ Deliver to Municipal Services all cash receipts on a weekly basis or sooner (as needed; if greater than \$500)
- ◇ Provide account distribution for the cash receipts (when delivered to Municipal Services)
- ◇ Maintain proper aging and collection efforts on delinquent accounts

**Zero Balance Checking Bank Account**

- ◇ The Treasurer will establish a new Zero Balance Account (ZBA checking account) at Bank of America
- ◇ The City's main account (80200) will be debited as checks written against the ZBA account are cleared
- ◇ Checks up to \$10,000 will require one authorized signature; checks over \$10,000 will require two authorized signatures
- ◇ Monthly statements will be sent to RBOC and a copy to the Department of Finance
- ◇ The ZBA account will be included on the City's upcoming positive pay/electronic reconciliation program, and therefore, upon issuance of the checks, information on the check number along with their dollar amount will immediately be transferred to Bank of America via an electronic file or fax (fax only if there is a small number of checks). The costs of the positive pay will be reflected in the monthly account analysis and the RBOC will be charged its share of the program cost. Depending on the frequency and the number of checks written on the account, the RBOC might be required to be equipped to transmit the required data to Bank of America electronically.

**Payroll**

- ◇ The RBOC staff should provide the following items to the Department of Finance each pay period:
  - ◇ Payroll check registers
  - ◇ Distribution summary
  - ◇ Journal entry to record the payroll expenses based on the distribution summary
- ◇ The Community Bank account should be closed and all payroll checks will be drawn from the new Bank of America zero balance account.

**Purchasing**

- ◇ RBOC adopts a standard purchase order with standard terms and conditions much like the City's
- ◇ RBOC keeps all necessary records to indicate full compliance with City Charter, P.M.C. 4.08 & 4.09 in terms of procurement
- ◇ The Department of Finance will reassign purchasing cards to hit the RBOC ZBA account

**Accounts Payable**

- ◇ The RBOC should fax the check register to the City Treasurer at least one day prior to releasing the checks (It is imperative that the information on checks written against the account be immediately provided to the City Treasurer for proper cash flow and float management)
- ◇ The RBOC staff should provide the following items twice a month or based on the normal cycle (minimum monthly):
  - ◇ Check Registers
  - ◇ Distributions summary
  - ◇ Journal entry to record the expenses based on the check distribution summary
  - ◇ Summary of all checks for expenses that are to be paid with bond proceeds (as support for the draw-down of bond proceeds from the fiscal agent to the City)

**Bank Reconciliations**

- ◇ The RBOC staff should reconcile the Bank of America ZBA checking account to the City general ledger account number 404-1015 on a monthly basis
- ◇ The reconciliation should be submitted to the Department of Finance, General Accounting Division

**Reporting**

- ◇ The Department of Finance will provide standard queries in addition to the reports currently provided and continue to support RBOC staff on PeopleSoft

**Event Contract Management**

- ◇ The RBOC shall maintain full contract management including negotiating terms and conditions, monitoring compliance, billing and collecting
- ◇ The Internal Auditor will test contract compliance at least once a year and more frequently if necessary

**Balance Sheet Items**

**Fixed Assets**

**Additions**

- ◇ The RBOC staff should complete an Asset Management form at the time a fixed asset is purchased and send such form to Juan Barco in the Department of Finance
- ◇ Juan Barco will send a copy of the form and an asset tag back to the RBOC

**Deletions**

- ◇ The RBOC staff should follow the City salvage policy and complete the salvage form and send it to the Purchasing Division of the Department of Finance

**Long-Term Debt**

- ◇ Treasury and General Accounting will continue to monitor, execute and record:
  - ◇ Capital project bond proceed draw-downs
  - ◇ Bond debt service payments
  - ◇ Other fiscal agent activities
  - ◇ Arbitrage Rebate
  - ◇ Bond compliance issues (reserves, disclosures, and other terms of the indentures)

**Other Assets, Liabilities or Equity**

- ◇ The RBOC staff should provide journal entries and support for other assets, liabilities and equity accounts monthly

**Budget**

- ◇ The RBOC will follow the City's normal budgeting processes, procedures and format
- ◇ The RBOC budget will be adopted by the City Council annually as part of the City Operating Budget
- ◇ Supplemental appropriations during the year must be approved by the City Council
- ◇ The RBOC shall provide information to the Budget division for performance measures and budget monitoring efforts as requested

**Accounting Records**

- ◇ The RBOC shall maintain an appropriate chart of accounts in PeopleSoft and in their own accounting system in order to track revenues and expenditures on an event by event basis and by profit center for each event
- ◇ The RBOC shall maintain proper accounting records including the primary detailed general ledger and any subsidiary journals (as deemed necessary)
- ◇ The Department of Finance shall maintain the Golf Course Fund and the Rose Bowl Fund in the City's PeopleSoft general ledger
- ◇ The RBOC shall reconcile their general ledger to the PeopleSoft general ledger on a monthly basis and submit the reconciliation to General Accounting
- ◇ The RBOC shall prepare journal entries as needed to resolve reconciliation differences between their general ledger and the City's general ledger

**Cash Management**

- ◇ The City Treasurer shall invest all funds of the RBOC as part of the City Pool
- ◇ Interest shall be allocated monthly based on the cash balance in the Golf Course and the Rose Bowl Funds

**Internal Auditor**

- ◇ The Internal Auditor shall initially evaluate the RBOC system of internal controls for all financial and accounting activities.
- ◇ The Internal Auditor shall periodically evaluate the RBOC system of internal controls for all financial and accounting activities on a rotating basis and other internal audits as appropriate

**Annual Audit and Financial Statements**

The RBOC shall contract for an annual independent external audit and prepare the following:

- ◇ All audit schedules
- ◇ Audit confirmations
- ◇ Other items requested by the auditor

Please contact me once you have had an opportunity to carefully review the above information. If the duties and responsibilities described above are acceptable, I will have this memorandum memorialized in a Memorandum of Understanding which can be presented to our respective governing bodies. It is my expectation that the transition of the above duties from the Department of Finance to the RBOC will begin immediately following the approval by both the RBOC Board and the City Council.

Dave Jacobs – Transfer of Department of Finance Duties  
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With respect to staffing, the current Senior Accountant position will remain filled, as a City employee, through June 30, 1999. At that time, the position will be eliminated from the budget. As we previously discussed, the physical work location for this person will remain at the Department of Finance through March 31, 1999 and then will be assigned to work at the Rose Bowl through June 30, 1999.

Finally, as part of the fiscal year 2000 budget, the RBOC's abatements will be reduced. The Department of Finance will recalculate the abatements and forward a copy to you for your review and comments. We can then meet to come to an agreement on the appropriate amount.

Please provide me with your feedback as soon as possible so that we can schedule final approvals.

Cc: Cynthia J. Kurtz, City Manager