

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
October 21, 2014	

TO: Mayor Shoji and City Councilors

FROM: Rodger Craddock, City Manager

ISSUE: Egyptian Theatre Management Agreement Amendment with the Egyptian Theatre Preservation Association

BACKGROUND:

The Agency owns the Egyptian Theatre and has contracted with the Egyptian Theatre Preservation Association (ETPA) to manage and operate the Theatre since the Theatre was acquired by the Agency in 2006. On September 2, 2014, the Council approved an updated the management agreement with the ETPA. During the review of the document, it was noted that the City's standard language for the use of best financial practices was not included in the agreement. Attached you will find the proposed amendment to the management agreement for the inclusion of the Financial Best Practices.

The ETPA approved the amendment at their recent Board meeting, and it should be noted that the ETPA has employed and used nearly all of the Financial Best Practices for some time.

ADVANTAGES:

The proposed amendment adds the requirement that with regard to its management of the Theatre, the Association shall implement and use those Financial Best Practices which provides financial accountability and is in compliance with generally accepted accounting principles.

DISADVANTAGES:

None.

BUDGET:

None

RECOMMENDATION:

If it pleases the Council, approve the amendment to the Egyptian Theatre Management Agreement.

AMENDMENT TO MANAGEMENT AGREEMENT

AGREEMENT between the Urban Renewal Agency of the City of Coos Bay (the "Agency"), an Oregon municipal corporation, and the Egyptian Theatre Preservation Association, (the "Association") an Oregon non-profit corporation.

Recitals

1. The Agency is the owner of a facility known as the Egyptian Theatre (the Theatre).
2. The Association is a nonprofit corporation which has as its expressed purpose the renovation, operation and management of the Theatre.
3. The parties have entered into a Management Agreement whereby the Association has agree to manage and operate the Facility.
4. The parties desire to enter into an agreement amending the Management Agreement, in order to provide provisions for the implementation and use of Financial Best Practices by the Association.

NOW, THEREFORE, the Parties agree as follows:

Section 1. The Management Agreement is amended to add the requirement that with regard to its management of the Theatre, the Association shall implement and use those Financial Best Practices set for in attached Exhibit A, which are incorporated herein as if fully set forth in the Agreement.

Section 2. All provisions of the Management Agreement which are not otherwise inconsistent with the provisions of this Amendment to the Management Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Management Agreement to be executed:

Egyptian Theatre Preservation Association

By, Greg Rueger, ETPA President

Date

Urban Renewal Agency of the City of Coos Bay

By, Rodger Craddock, City Manager

Date

Financial Best Practices

- All financial accounts shall be balanced and subsequently reviewed by the Board on a quarterly basis.
- A credit card in lieu of cash should be used for purchases. All receipts for purchases by credit cards should be turned in and balanced against the credit card statement.
- Whenever possible, at least two people should work together on the cash handling, so they can monitor and vouch for each other. Have the people handling cash, count the cash they took in at the end of a shift and turn it into the Manager, along with any paper documentation of number of items sold and at how much which is made available to the Board Treasurer as well. While the Manager conducts the daily banking the Board Treasurer will be responsible for reconciling the monthly bank statements.
- Do not sign blank checks.
- Require two signatures on a check. Every check written should require two signatures. Both signatures should come from board members who have been given signing authority. When not possible, then one of the signatures can be the Manager, but not if the check is issued to the Manager.
- The Board should review reconciliation of disbursements to invoices and bank statements.
- Do not allow any cash withdrawals in any form from the bank. No organization should have a debit card for their bank account.
- Divide responsibilities of handling incoming funds and expenses for proper segregation of duties. For example, separate individuals should be responsible for opening mailed donations, making bookkeeping entries, and depositing the checks, respectively. This is similarly applicable to expenses in which the person who authorizes a purchase should be different from the person who writes the check.
- System controls such as using receipts with preprinted tracking numbers for outgoing money and confirming incoming invoices against the goods or services billed for ensures the individual transactions that make up the organization's cash flow have all been accounted for.
- Request a review of controls by a CPA firm to ensure that financial controls are sound and to identify areas where further structure is needed. An annual review or audit provides integrity to the financial system.
- Background checks and calling references and previous employers are essential for new employees or volunteers.

EXHIBIT A