

APPENDIX V

PYRAMID SYSTEM and FINANCIAL MANAGEMENT

SECTION 1. PURPOSE OF APPENDIX

The purpose of this Appendix is to clarify roles, responsibilities and procedures for financial management and cash-handling for program activities that are administered by the Associated Recreation Council (ARC) in Department of Parks and Recreation (DPR) facilities pursuant to the Master Services Agreement, including public registration, facility rentals and programming fees.

SECTION 2. ROLES OF PARTIES

ARC shall perform the following duties:

- ARC will timely deliver payments to DPR for ARC and Advisory Councils (ACs) approved and funded scholarship expenditures. In most cases, DPR will have previously paid ARC these funds at the time of customer registration.
- ARC shall institute controls to ensure that all funds collected for programs, classes and activities by or on behalf of ACs at locations outside the City of Seattle (City) control are delivered to DPR staff for recognition through the Pyramid system and deposit into the City treasury. Grants and donations may be delivered to the ARC Accounting Manager for processing.

DPR shall perform the following duties:

- DPR will deposit ARC program and other ARC-related fees that are collected by DPR into the City's bank account.
- DPR will make its best effort to transmit ARC funds to ARC via a check sent in the US mail within 4 City business days from entry in the CLASS system. This level of performance will be met 90% or more of the time. This timing is illustrated by the following:
 - Revenue earned (customers register) Day 1
 - Revenue earned (customers register) Day 2
 - Process voucher (initiate transmittal) Day 3 (Monday, Wednesday, Friday)
 - Mail check via US Postal Service Day 4
 - ARC will typically receive the check on Day 5
- DPR will process refunds relating to customer withdrawals from programs or other types of cancellations of services; ARC may retain associated administrative or processing fees, as provided in DPR policies.

- DPR will pay for the following expenses related to ARC revenue collected by DPR:
 - NSF checks.
 - Underpayment from third party organizations caused by DPR staff errors.
 - Cash shortages and overages unless determined to be the fault of an ARC employee.
- DPR will assume responsibility for all unapproved accounts receivable. Approved accounts receivable such as third-party reimbursements (scholarships, grants, etc) will be adjusted based on actual reimbursements received.
- DPR will absorb other costs related to operating the single bank account including, but not limited to:
 - Accounting costs for collecting, processing, reconciling and reporting of ARC revenue.
 - Transmitting funds to ARC.
 - Collecting of dishonored payments.
 - Reconciling deposits.
 - Researching and resolving cash-handling problems.
- DPR will invoice ARC quarterly for credit card fees, excluding terminal and supply fees. Credit card fees will be allocated between DPR and ARC based on total revenues received by each organization for the quarter to which the fees apply.
- Upon request, DPR will grant ARC reasonable access to City books related to deposits and revenue distribution from the CLASS System.
- DPR will provide and maintain CLASS software on ARC computers with access to all site transactions and relevant financial records stored in CLASS.
- DPR will make its best effort to provide ARC with reporting capabilities that will allow ARC to conduct its business including, but not limited to the following:
 - Report by both site and ARC account number (income category) so that ARC can distribute revenue to advisory councils.
 - Class rosters.
 - Class enrollment by activity.
 - Detailed and summarized financial reports.
 - Facility Utilization Reports.
- DPR is responsible for system configuration, maintenance and operation including, but not limited to, the following:
 - To the best of its ability, DPR will accommodate the necessary updates of ARC account codes to the CLASS System without making the system excessively cumbersome or labor intensive to operate.

- DPR has final authority regarding system configuration and all codes.
- DPR will establish and maintain change funds.
- DPR will assume the expected costs that result from the implementation of a single bank system.

SECTION 3. MUTUAL RESPONSIBILITIES OF PARTIES

- DPR, to the extent DPR staff resources are available, will work with ARC to improve reporting methods including electronic reporting uploads.
- DPR will include appropriate ARC staff in ongoing CLASS System training.

SECTION 4. PAYMENT

- DPR shall make payments to ARC based on revenue as recognized by the CLASS system. The main recognitions events are:
 1. Program registration without a payment plan – at the time of registration.
 2. Program registration with a payment plan – at the earlier of the payment coming due or the customer paying on the amount due. (Typically applies to out-of-school programs).
 3. Deposits for out-of-school programs – the same as other payments made on a payment plan. (Deposits are treated as a prepayment fee and therefore follow the same rules as other fee based revenue).
 4. Facility Booking extra fees due to ARC - typically, on the day the booking occurs.
 5. Point of Sale – on the day the sale occurs.
- Payments to ARC will be reduced to reflect customer withdraws from programs, cancellations of rentals, or returns of items/services sold. The same rules used for revenue recognition apply to withdrawals.