

ADVANCED DEPOSITS

POLICY #: 15

EFFECTIVE DATE: 2015 Fiscal Year

DATE OF LAST REVIEW:

STATEMENT:

The PDA receives advance deposits from guests and partners in order for them to reserve future dates to hold conferences, events and lodging accommodations. The PDA records these deposits as a liability until the services are rendered or a cancellation occurs. At that time the services are rendered the liability is transferred to income. If a cancellation occurs, the liability is treated as income in accordance with the cancellation policy:

	Reservation Cost
7 Days Prior to Arrival Date	100%
8-14 Days Prior to Arrival Date	50%
15-29 Days Prior to Arrival Date	25%
30 or More Days Prior to Arrival Date	10%

The cancellation rates for those group reservations that provided an advance deposit has been less than 20% of total bookings in 2014 and 2015 year-to-date, with the average advance deposit being \$1,500.

The cancellation rates for vacation housing has been less than 5% for 2015 year-to-date.

POLICY:

The Advanced Deposits policy sets the requirement to maintain a minimal balance so that the PDA is able to adhere to its guest cancellation and refund policies and procedures, Washington State regulatory requirements and GAAP, and does not cause any reputational or financial risk to itself, partners and the City of Port Townsend and its residents.

The PDA shall therefore maintain a balance in an interest bearing checking or savings account of no less than 35% of the Advance Deposit liability account balance plus any single advance deposit made that is greater than \$10,000.