

# Department of Stadium Administration Revenues

Report No. 92-2

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## INTRODUCTION AND BACKGROUND

The King County Department of Stadium Administration Revenues audit was included in the County Auditor's Office 1991 work program.

The King County Stadium Operating Fund is an enterprise fund which is financed and managed in a manner similar to a private business enterprise. King County Stadium operating costs are funded primarily through user charges which come from a variety of sources including sporting events, concerts, thrill shows, banquets, and consumer and trade shows. The Stadium Operating Fund reported total revenues of \$10,488,157 for 1990.

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## OBJECTIVE

The objective of the audit was to review the Department of Stadium Administration revenues for 1990, to obtain reasonable assurance that revenues recorded in the County's financial statements were free of material misstatement, and to determine compliance with State law, County Code, departmental policies, and Stadium Administration contracts. The audit also reviewed the Department of Stadium Administration's 1990-1994 financial plan to determine whether the financial information, basis, and assumptions used were reasonable.

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## SCOPE AND METHODOLOGY

The audit reviewed the Stadium Administration 1990 revenues and the 1990-1994 financial plan.

The audit methodology included the review of State law, County Code, departmental policies, Stadium Administration contracts, ARMS reports, and Stadium Administration financial detail reports related to 1990 revenues. Audit staff conducted on-site observations of Kingdome ticketing and parking procedures. In addition, audit staff interviewed management and staff from Stadium Administration and the Office of Financial Management.

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## GENERAL CONCLUSION

The general conclusion of the audit was that Stadium Administration Revenues for 1990 as recorded in the County's financial statements were presented fairly.

## MAJOR FINDINGS AND RECOMMENDATIONS

### Finding 1 - The Seattle Mariners provided conflicting information

The Seattle Mariners provided conflicting financial information to the Department of Stadium Administration concerning the Mariners' 1989 operating profits.

The audit recommended that the Department of Stadium Administration request clarification of the financial information from the Mariners.

### Finding 2 - Pay TV contract clause was ambiguous

The contract between King County and the Seattle Mariners contained sections related to pay television broadcast revenues which were ambiguous.

The audit recommended that King County clarify in more specific terms the pay television broadcast revenue share when renegotiating the current contract or negotiating a new contract.

### Finding 3 - Admission tax not calculated on complimentary tickets

Admission tax was not calculated on complimentary tickets for Seahawk games resulting in an estimated \$2,000 overpayment to King County of the stadium use fee.

The audit recommended that Stadium Administration review the game summary sheets prepared by the Seahawks' office to confirm that admission taxes are calculated correctly on complimentary tickets.

### Finding 4 - Parking lot unattended

The Kingdome parking lot was unattended after 2:30 p.m. during non-event days which reduced potential parking revenues.

The audit recommended that the Department of Stadium Administration determine methods to improve control over parking after 2:30 p.m. during non-event days to increase parking revenues.

### Finding 5 - Price not printed on tickets

The ticket price was not printed on parking tickets, resulting in reduced internal control over tickets and ticket revenue.

The audit recommended that the Department of Stadium Administration print the ticket price on the

parking tickets.

#### Finding 6 - No parking ticket control log

There was no parking ticket master control log, which reduced control over parking ticket inventory.

The audit recommended that the Kingdome ticket office prepare a master ticket list log in numerical sequence showing all parking tickets sold and parking tickets remaining in inventory.

#### Finding 7 - Some cash summary sheets not signed

Some parking ticket cash summary sheets from 1990 were not signed by the ticket seller and initialed by a ticket office supervisor, reducing accountability for tickets.

The audit recommended that the Kingdome ticket office review the parking ticket cash summary sheets to determine that they have been signed by the ticket seller and initialed by ticket office staff or a supervisor.

#### Finding 8 - No written policies relating to employee parking

The Department of Stadium Administration did not have written policies or procedures related to employee parking privileges, nor did Stadium employees pay parking fees.

The audit recommended that the Department of Stadium Administration establish written parking policies that describe and regulate Kingdome employee parking privileges. The audit also recommended that the County Council decide whether Stadium Administration employees should be exempt from paying parking fees when using the Kingdome parking lot.

#### Finding 9 - Delinquent accounts receivable

The Stadium Administration accounts receivables balance includes delinquent accounts of about \$67,000 which might be collectible.

The audit recommended that the Department of Stadium Administration refer the 1990 delinquent accounts receivables to the Collection Enforcement Section of the Office of Financial Management for Collection.

#### Finding 10 - Financial plan requires adjustment

The 1992 Stadium Administration financial plan presented in the 1992 Executive proposed budget requires adjustment.

The audit recommended that the 1992 financial plan be revised to reflect the adjustments notes in the report. The 1992 financial plan does not include the Master Plan alternatives. Stadium

Administration is scheduled to present proposed Master Plan funding sources to the Council in April 1992.

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*Updated: 07/22/02*