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**OFFICE OF THE LEGISLATIVE AUDITOR**  
STATE OF MINNESOTA

Financial Audit Division Report

**Metropolitan Sports Facilities  
Commission**

**Year ended December 31, 2006**



July 18, 2007

07-18

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## Financial Audit Division

The Office of the Legislative Auditor (OLA) is a professional, nonpartisan office in the legislative branch of Minnesota state government. Its principal responsibility is to audit and evaluate the agencies and programs of state government (the State Auditor audits local governments).

OLA's Financial Audit Division annually audits the state's financial statements and, on a rotating schedule, audits agencies in the executive and judicial branches of state government, three metropolitan agencies, and several "semi-state" organizations. The division also investigates allegations that state resources have been used inappropriately.

The division has a staff of approximately forty auditors, most of whom are CPAs. The division conducts audits in accordance with standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States.

Consistent with OLA's mission, the Financial Audit Division works to:

- Promote Accountability,
- Strengthen Legislative Oversight, and
- Support Good Financial Management.

Through its Program Evaluation Division, OLA conducts several evaluations each year.

OLA is under the direction of the Legislative Auditor, who is appointed for a six-year term by the Legislative Audit Commission (LAC). The LAC is a bipartisan commission of representatives and senators. It annually selects topics for the Program Evaluation Division, but is generally not involved in scheduling financial audits.

All findings, conclusions, and recommendations in reports issued by the Office of the Legislative Auditor are solely the responsibility of the office and may not reflect the views of the LAC, its individual members, or other members of the Minnesota Legislature.

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All OLA reports are available at our web site: <http://www.auditor.leg.state.mn.us>

If you have comments about our work, or you want to suggest an audit, investigation, or evaluation, please contact us at 651-296-4708 or by e-mail at [auditor@state.mn.us](mailto:auditor@state.mn.us)



**Financial Audit Division Report**

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FINANCIAL AUDIT DIVISION

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# Metropolitan Sports Facilities Commission

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### **Audit Participation**

The following members of the Office of the Legislative Auditor prepared this report:

Cecile Ferkul, CPA, CISA	Deputy Legislative Auditor
Michael Hassing, CPA, CISA	Audit Manager
Patrick Phillips, CPA	Auditor-in-Charge
Jennifer Cooper	Auditor

### **Exit Conference**

We discussed the results of the audit with the following staff of the Metropolitan Sports Facilities Commission at an exit conference on July 10, 2007:

William Lester	Executive Director
Mary Fox-Stroman, CPA	Finance Director
Linda Brennan	Finance Assistant
Teri Portinen	Finance Assistant
Paul Rexford Thatcher, Sr.	Commission Member, Chair of Finance Committee

# Metropolitan Sports Facilities Commission

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## Report Summary

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### Key Conclusions:

We concluded that the commission's financial statements for the year ended December 31, 2006, were fairly presented, in all material respects, in accordance with generally accepted accounting principles, and the commission's internal controls over financial reporting were adequate.

The report contains no findings related to internal controls or finance-related legal compliance.
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### Audit Scope:

#### Audit Period:

Year ended December 31, 2006

#### Selected Audit Areas:

- Cash and Cash Equivalents
- Capital Assets
- Revenues
- Concessions
- Payroll and Operating Expenses

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### Agency Background:

The Metropolitan Sports Facilities Commission is comprised of six commissioners appointed by the Minneapolis City Council and a chair appointed by the Governor. The commission operates the Hubert H. Humphrey Metrodome sports stadium, which was originally constructed in 1982. The commission earned approximately \$50 million in revenue and spent \$54 million on operations during fiscal year 2006.



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

Representative Rick Hansen, Chair  
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Roy Terwilliger, Chair  
Metropolitan Sports Facilities Commission

Members of the Metropolitan Sports Facilities Commission

Mr. William Lester, Executive Director  
Metropolitan Sports Facilities Commission

In auditing the Metropolitan Sports Facilities Commission's basic financial statements for the year ended December 31, 2006, we considered the commission's internal controls over financial reporting and tested the commission's compliance with significant legal provisions. However, given the limited nature of our audit work, we do not express an overall opinion on the effectiveness of the commission's internal controls or compliance. In addition, our work may not have identified all significant control deficiencies or instances of noncompliance with legal requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we communicate significant internal control deficiencies and noncompliance to management and those charged with governance. In developing this report, we applied the criteria included in the recently issued Statement of Auditing Standards #112, Communicating Internal Control Related Matters Identified in an Audit, for assessing the sufficiency of internal controls over financial reporting. We did not identify any significant deficiencies in internal control over financial reporting or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Metropolitan Sports Facilities Commission**

This report is intended solely for the information and use of the Legislative Audit Commission and the Metropolitan Sports Facilities Commission's management and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which was released as a public document on July 18, 2007.

*/s/ James R. Nobles*

James R. Nobles  
Legislative Auditor

*/s/ Cecile M. Ferkul*

Cecile M. Ferkul, CPA, CISA  
Deputy Legislative Auditor

End of Fieldwork: May 18, 2007

Report Signed On: July 13, 2007

# Metropolitan Sports Facilities Commission

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## Status of Prior Audit Issues As of May 18, 2007

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### Most Recent Audit

The Office of the Legislative Auditor performs an annual audit of the Metropolitan Sports Facilities Commission. [Legislative Audit Report 06-22](#), dated July 27, 2006, covered the year ended December 31, 2005. The audit scope included those areas material to the commission's financial statements for the year then ended. The report contained one finding and recommendation that addressed a concern that the commission had not adequately defined and documented contract terms or solicited proposals for its advertising consultant services. The commission resolved this issue.