

Memorandum



CITY OF DALLAS

DATE: August 20, 2004

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the December 13, 2002, *Audit of the Management and Operation of Reunion Arena by the Center Operating Company--Report #375*

We conducted this follow-up audit under the authority of Chapter IX of the City Charter, City Council Resolution No. 920779, and performed it according to applicable government auditing standards.

Our objective was to determine whether Reunion Arena Management (under Convention and Event Services-CES) and the Center Operating Company (COC), with whom the City had an agreement to manage the arena at the time of the audit, have implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original audit contained four findings with four recommendations. Management has implemented all of them.

1. **Gross revenue was not used for computing the 4.7% contribution to the dedicated escrow account.** We recommended the COC contribute an additional \$41,796 to the dedicated escrow account. **(Implemented)**
2. **Expenditures were not capital improvements.** We recommended the COC contribute an additional \$26,258 to the dedicated escrow account. **(Implemented)**
3. **The City was not reimbursed for property insurance costs.** We recommended that CES immediately invoice the COC for the reimbursement of property insurance costs for previously unbilled amounts. **(Implemented)**
4. **COC owes the City for pro rata property taxes.** We recommended that CES immediately bill the COC for its pro-rated share of property taxes. **(Implemented)**

We appreciate management's cooperation during this review.

Thomas M. Taylor
Thomas M. Taylor, CPA
City Auditor

c: Mary K. Suhm, Interim City Manager
Daniel Huerta, Director of Convention and Event Services

