



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Accountability Audit Report**

# **Museum Development Authority of Seattle**

**King County**

**For the period July 1, 2012 through June 30, 2014**

**Published February 23, 2015**

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## Washington State Auditor Troy Kelley

February 23, 2015

Council  
Museum Development Authority of Seattle  
Seattle, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of the Museum Development Authority of Seattle from July 1, 2012 through June 30, 2014.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Accounting/financial reporting
- Payments/expenditures
- Open public meeting minutes

## RELATED REPORTS

### **Financial**

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from the Museum Development Authority of Seattle.

## INFORMATION ABOUT THE AUTHORITY

The Museum Development Authority of Seattle was granted a charter by the city of Seattle in 1985 to assist in the development and operation of the Seattle Art Museum. The Authority is governed by a Council whose members are appointed by the Mayor of Seattle, the Board of Trustees of the Seattle Art Museum and the Authority's Council. Appointees are confirmed by the Seattle City Council. The staff of the Seattle Art Museum administers day-to-day activities for the Authority.

In 2003 the Authority, the museum and a bank entered into an agreement and established a limited liability corporation to jointly develop a 16-floor building to be shared by the museum and the bank. Until January 2004, the Authority owned the museum site and building. The museum occupied the building and operated the museum under an agreement between the Authority and the museum. In 2004 the Authority sold and transferred the properties to the bank and repaid outstanding debt on revenue bonds. In November 2005, the Authority issued \$60.72 million in special obligation bonds to help pay for a new facility. The expansion is owned by the Authority and the museum. Rent from the museum and another tenant will help pay the debt. In 2014 the Authority issued \$44.8 million in special obligation bonds and retired the outstanding \$49.6 2005-series bonds.

The Authority's operating revenues in the fiscal years ended June 30, 2013, and June 30, 2014, totaled \$4,282,982 and \$3,973,687, respectively. Most of the Authority's operating revenues come from the operating agreement with the Seattle Art Museum.

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*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for the Museum Development Authority of Seattle at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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