

Santa Clara Stadium Authority

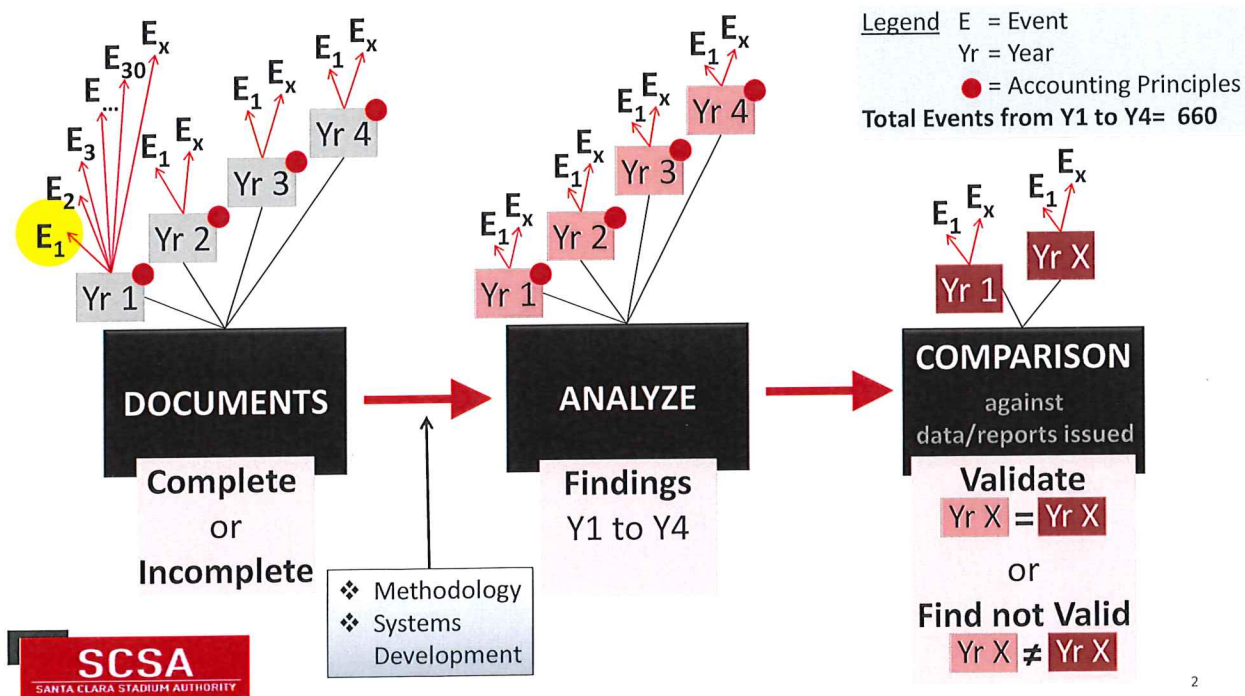
Overview of Audit Program

Ad-Hoc Audit Committee

March 19, 2018



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CONCLUSION & NEXT STEPS

NEXT STEPS

- Staff will continue to receive and review universe of documents for the purpose of confirming that we have ALL documents regarding the 660 events
- Upon that confirmation, or once one year is complete, an independent auditor can either (1) perform testing for validation or (2) detailed validation of all events
- City Staff should not perform this work.



Santa Clara Stadium Authority Ad-Hoc Audit Committee

Status of Harvey M. Rose Audit Recommendations

March 19, 2018



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Status of Audit Recommendations

Status	Progress of Audit Recommendations as of November 2017	Progress of Audit Recommendations as of March 2018	% Change
Complete	10	18	80%↑
Partially Complete	14	14	0%↑↓
Not Implemented	13	5	62%↓
TOTAL	37	37	



2

Audit Recommendation 1.B

1.B - The Stadium Authority Board should direct the Executive Director and Stadium Authority counsel to notify ManCo that the absence of five year capital expenditure plans for FYs 2014-15 and 2015-16 was a breach of Section 10.3 of the Stadium Lease and that ManCo is required to provide such plans under the lease for the current and all future Stadium Authority fiscal years.

Response – See attached slide for the 2018-19 Proposed Budget five-year Capital Expenditure Plan (page 31 in the Budget document)



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Audit Recommendation 1.B

Santa Clara Stadium Authority Capital Expense Plan Summary - 5 Year Forecast

	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
Audio/Visual	\$ -	\$ -	\$ -	\$ -	\$ -
Electrical	-	-	-	-	750,000
FF&E	1,210,000	30,000	-	30,000	-
Food & Beverage	485,000	-	200,000	-	-
General Building	2,809,914	252,000	410,000	1,272,000	600,000
HVAC/Mechanical	-	263,355	225,000	-	-
Life Safety/Fire	-	-	100,000	-	-
Plumbing	350,009	-	100,000	-	-
Security	256,000	-	175,000	-	-
Site	820,000	325,000	200,000	-	-
Vertical Transport	-	-	-	-	-
Subtotal CapEx Project Costs	\$5,930,923	\$ 870,355	\$ 1,410,000	\$ 1,302,000	\$ 1,350,000
Contingency (5%)	296,546	43,518	70,500	65,100	67,500
Total CapEx Project Costs	\$6,227,469	\$ 913,873	\$ 1,480,500	\$ 1,367,100	\$ 1,417,500



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Audit Recommendation 1.C

1.C - The Stadium Authority Board should direct the Executive Director to provide a copy of the Operation and Maintenance Plan to the Stadium Authority Board for review, in closed session if deemed necessary for public safety reasons by the Stadium Authority counsel.

Response – In accordance with Section 3.1 of the Stadium Operations Agreement, Section 4.5 of the Stadium Management Agreement, and Section 7.2 of the Stadium Lease Agreement, the 49ers Management Company (ManCo) is responsible for preparing the Stadium Operation and Maintenance Plan (SOMP). The SOMP consists of the Annual Shared Stadium Expense Budget, Annual Public Safety Budget and Capital Expenditure Plan, as well as the Annual Public Safety Budget and the Amortization of Public Safety Capital Expenditures. For Fiscal Year 2018-19 all documents were presented to the Stadium Authority Board at its March 13 meeting. The SCSA Board will consider the proposed budgets, comprising the SOMP, at the March 27th meeting.



5

Audit Recommendation 1.D

1.D - The Stadium Authority Board should require that Stadium Authority staff and ManCo prepare an annual public safety budget in conjunction with the City's public safety departments detailing both NFL and non-NFL event public safety costs for submission to and adoption by the Board.

Response – ManCo provided a Public Safety Budget to staff in February 2017 during the 2017-18 budget process. This was also provided to staff on February 7, 2018 as part of the 2018-19 budget process. The Public Safety Budget was included as part of the 2018-19 Proposed SCSA Budget that was presented to the Board on March 13, 2018. The SCSA Board will consider the proposed budget, comprising the SOMP, at the March 27th meeting.



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Audit Recommendation 1.D

Stadium Management Company
Annual Public Safety Budget
FY 2018

	Amount
Public Safety Costs - Tenant (NFL Events)	\$ 2,740,540
Public Safety Costs - Authority (Non-NFL Events)	\$ 2,682,201
Public Safety Capital Expenditures	\$ 1,757,004
Public Safety Capital Expenditure Amortization	\$ 211,401
Tenant's Estimated Public Safety Share	\$ 105,700
Public Safety Capital Expenditure Amortization (prior years)	\$ 1,750



7

Audit Recommendation 1.E

1.E - The Stadium Authority Board should direct the Executive Director to renegotiate provisions of the Stadium Lease so that the Stadium Authority receives a share of any concessionaire revenue that exceeds the minimum guaranteed amount from non-NFL events.

Response – The Stadium Authority does receive revenue in excess of minimum per Stadium Lease: 7.3.2 Concession Revenue. In February 2018, the SCSA Board approved new concessionaire contracts and included in that presentation was detail of how the SCSA receives revenue. Underway is also the effort to clarify by fiscal year the exact amount generated for Food & Beverage (F&B) revenue.



8

Audit Recommendation 1.J

1.J - The Stadium Authority Board should direct the Executive Director to send formal notification to ManCo and StadCo that ManCo was in apparent breach of the Stadium Lease requirement that a one year budget and five year projection of shared Stadium expenses be provided on an annual basis to the Stadium Authority and demanding that ManCo provide such budgets and projections for the current and all future years. The Executive Director should be directed to provide a written response to ManCo each year on the draft budget submitted by ManCo.

Response – ManCo provided a one year budget and five year projection of shared stadium expenses to staff in February 2017 during the 2017-18 budget process. ManCo was notified that they were to provide this plan annually. These documents were provided to SCSA staff in February 2018 during the 2018-19 budget process and incorporated into the 2018-19 proposed SCSA Budget.



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Audit Recommendation 1.J

Stadium Manager

2018-19 Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ 924,002	\$ 3,788,166	\$ 2,531,650	\$ 952,592	\$ 289,757	\$ 8,481,167
Travel, Hotel & Staff/Partner F&B	2,122	369,602	12,000	47,218	7,107	458,249
Outside Services	1,699,000	1,751,740	1,035,408	51,958	46,783	4,794,889
General Supplies	75,120	202,678	-	167,055	186,960	632,814
Telephone	15,450	482,708	40,000	5,792	1,167	545,117
Equipment	152,976	670,208	40,314	65,193	13,280	941,956
Uniforms	10,184	3,714	4,244	200,612	3,193	221,937
Other	6,356	145,336	5,834	135,552	-	293,100
Subtotal	\$3,069,220	\$ 7,442,354	\$ 3,608,450	\$ 1,625,988	\$ 545,217	\$16,369,229

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾

	Security (50%)	Stadium Operations (50%)	Engineering (50%)	Guest Services (50%)	Groundskeeping (30%)	Total
Total Compensation ⁽²⁾	\$ 462,001	\$ 1,893,083	\$ 1,265,825	\$ 476,296	\$ 86,027	\$ 4,183,232
Travel, Hotel & Staff/Partner F&B	1,061	194,901	6,000	23,609	2,132	227,703
Outside Services	849,500	880,870	517,704	26,979	14,035	2,388,088
General Supplies	39,050	101,339	-	83,528	56,088	279,015
Telephone	7,725	241,354	20,000	2,895	350	272,325
Equipment	76,488	335,104	20,157	32,599	3,978	468,326
Uniforms	5,092	1,857	2,122	100,305	955	110,332
Other	3,183	72,669	2,917	97,781	-	149,550
Subtotal	\$1,643,110	\$ 3,721,177	\$ 1,834,725	\$ 812,994	\$ 163,565	\$ 8,075,571
Insurance ⁽³⁾	-	-	-	-	-	2,870,048
Management Fee ⁽⁴⁾	-	-	-	-	-	225,101
Total						\$11,170,720

⁽¹⁾ The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

⁽²⁾ Total compensation is based on a total of 59 full time equivalent positions.

⁽³⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽⁴⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.



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Audit Recommendation 1.J

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses -
5 Year Forecast

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Compensation ⁽¹⁾	\$ 4,308,730	\$ 4,437,992	\$ 4,571,131	\$ 4,708,265	\$ 4,849,513
Travel, Hotel & Staff/Partner F&B	234,534	241,570	248,817	256,282	263,970
Outside Services	2,459,730	2,593,522	2,609,527	2,687,813	2,768,448
General Supplies	287,386	295,007	304,887	314,034	323,455
Telephone	280,495	288,909	297,577	306,504	315,699
Equipment	482,376	496,847	511,753	527,105	542,919
Uniforms	113,641	117,050	120,562	124,179	127,904
Other	150,947	155,475	160,139	164,944	169,692
Total	\$ 8,317,839	\$ 8,627,372	\$ 8,824,393	\$ 9,089,126	\$ 9,361,800
Insurance ⁽²⁾	2,956,149	3,044,833	3,136,178	3,230,263	3,327,171
Management Fee ⁽³⁾	231,854	238,810	245,974	253,353	260,954
Total	\$ 11,605,842	\$ 11,911,015	\$ 12,206,545	\$ 12,572,742	\$ 12,949,925

⁽¹⁾ Total compensation is based on a total of 59 full-time equivalent positions.

⁽²⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽³⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.



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Audit Recommendation 1.K

1.K - The Stadium Authority Board should direct the Executive Director and Treasurer to work with ManCo to require that the annual operating budget and quarterly financial status reports disclose sufficient information to ensure that staff and the Board can determine whether the Stadium Authority is adhering to Stadium Lease requirements contained in Article 14 regarding the allocation of excess Stadium Authority revenue.

Response – Article 14 of the Amended and Restated Stadium Authority Lease Agreement describes to steps if Stadium Authority Revenue exceeds Stadium Authority Expenses for any Lease Year prior to the Tenant Season Expansion Date. This information was included on page 16 of the proposed 2018-19 SCSA Budget. In addition, staff has already begun to change the format of financial reporting for the purpose of transparency and to facilitate understanding of the fiscal report. We have made verbal presentations to the board summarizing the changes each time they are implemented.



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Audit Recommendation 1.K

2016-17 Use of Excess Revenues

#	Description	Amount Funded	Balance	Notes
	Excess Revenues at Year-end		\$ 16,505,557	
1	Payment of ManCo Revolving Loan	\$ -	16,505,557	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	16,505,557	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,060,900)	15,444,657	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(309,000)	15,135,657	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(15,135,657)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A



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Audit Recommendation 1.L

1.L - The Stadium Authority Board should direct the Executive Director to notify ManCo that previous annual marketing plans were inadequate as they did not set forth reasonably detailed plans to develop, implement, and monitor marketing, booking, advertising, and promotion of non-NFL activities. The Board should further direct the Executive Director to notify ManCo that future marketing plans must include such details and be reviewed for sufficient detail by the Executive Director before being presented to the Board.

Response – ManCo provided a Sales and Marketing Plan to staff in February 2017 during the 2017-18 budget process. This information was also provided in February 2018. Staff has worked with ManCo to provide a more robust marketing plan that was presented to the Board on March 13, 2018. As noted during the March 13th presentation, the agreement sets a "reasonable detail" standard which we believe the proposed fiscal year 2018-19 plan reflects. The SCSA Board will consider action of the Marketing Plan on March 27, 2018.



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Audit Recommendation 1.Q

1.Q - The Stadium Authority Board should direct the Executive Director to require that all meetings, including the date and purpose of the meetings, between Stadium Authority staff and ManCo be documented and reported quarterly or annually to the Stadium Authority Board.

Response – The Executive Director issued a quarterly report for the period October - December 2017 on February 13, 2018 and will continue providing such a report at the completion of each quarter.



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Audit Recommendation 1.R

1.R - The Stadium Authority Board should direct the Executive Director to establish procedures to ensure that all existing plans, reports, and budget documents required to be provided by ManCo are provided to the Stadium Authority in the manner required by existing agreements. The Stadium Authority Board should further direct the Executive Director to report annually on the status (receipt, review, and approval status) of each required plan, report, and budget document.

Response – Staff has prepared a schedule to track the deliverables. The required documents were provided to staff in February 2018 during the 2018-19 budget process as reported at the March 13, 2018 Stadium Authority Budget Study Session.



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Audit Recommendation 2.C

2.C - The Stadium Authority Board should require that a detailed breakdown of performance rent calculations and payments to the City of Santa Clara be included in the budget and quarterly financial status reports using additional information provided by ManCo.

Response – Performance Rent calculation has been included in the Stadium Authority's Quarterly Financial Report beginning on November 21, 2017 and was included in the proposed 2018-19 SCSA Budget.



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Audit Recommendation 2.C

FY 2018-19 Performance Rent Calculation	Budget
Ground Rent	\$320,000
Non-NFL Event Revenue	62,147,000
Non-NFL Event Expense	(56,519,000)
Net Non-NFL Event Revenue	\$5,628,000
50% of Net Non-NFL Revenue	\$2,814,000
Performance Rent Credit (50% of Ground Rent)	(160,000)
Total Performance Rent paid to the City of Santa Clara	\$2,654,000



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Audit Recommendation 2.E

2.E - The Stadium Authority Board should require that a comprehensive accounting of Debt Service Fund transactions, including beginning and year-end balances, budget vs. actual revenues and expenditures by specific line item, and details on all transfers in and out of the fund, be presented in Stadium Authority budgets and financial status reports.

Response – This information has been incorporated in the Stadium Authority's 2017-18 Budget, Proposed 2018-19 Budget, and current Quarterly Financial Status Reports.



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Audit Recommendation 2.E

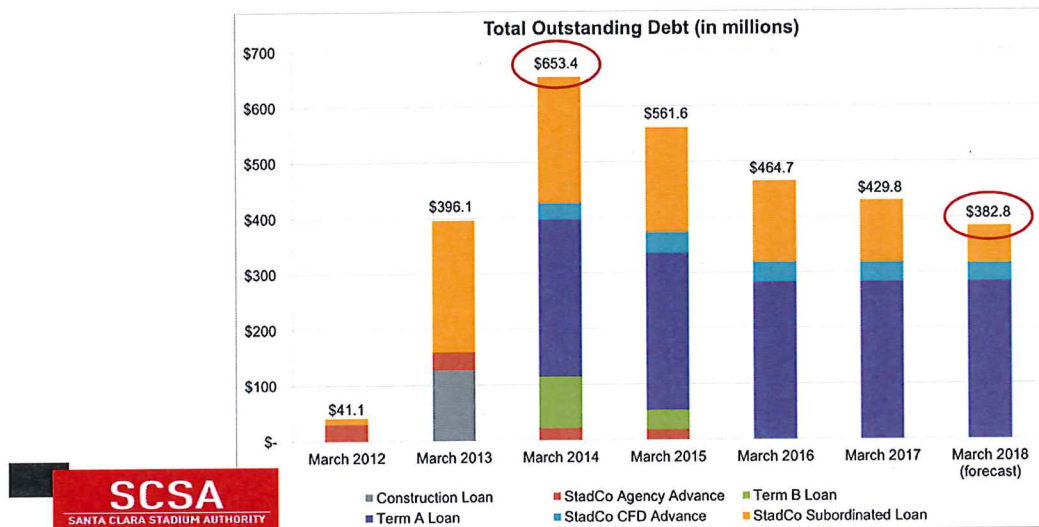
Debt Type	Budget
CFD Advance	\$3,600,000
Term A Loan	25,644,000
StadCo Subloan	26,837,000
Total	\$56,081,000

- Debt Service amount of \$56.1 million includes Principal and Interest Payments
- Total Outstanding Debt is projected to decrease by \$37.4 million (principal payments) from \$382.8 million to \$345.4 million



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Audit Recommendation 2.E



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Audit Recommendation 2.F

2.F - The Stadium Authority Board should require that Discretionary Fund revenues, expenses, budget-to-actual comparisons, and account balances be reported in Stadium Authority budgetary documents separately from the Operating Fund.

Response – The discretionary fund expenses and budget-to-actual comparisons have been reported to the SCSA Board beginning with the YE 3/31/15 Stadium Authority Financial Status Report that was presented on 8/18/15. The revenues that fund the discretionary fund and the account balance have been reported to the SCSA Board since the QE 6/30/16 Stadium Authority Financial Status Report that was presented on 8/23/16. The Discretionary Fund is shown separately on page 16 of the 2018-19 proposed SCSA Budget.

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Audit Recommendation 2.F

2018-19 Proposed Budget – page 13

	2016-17 Final Budget	2016-17 Year-end Actuals	2017-18 Final Budget	2017-18 as of March 31, 2018	2018-19 Proposed Budget
Expenses					
Discretionary Fund Expense ⁽⁴⁾	1,000,000	699,129	2,230,000	1,273,342	990,000
Discretionary Fund Balance	\$ 799,016	\$ 1,705,853	\$ 1,555,853	\$ 1,169,671	\$ 1,079,671

2018-19 Proposed Budget – page 16

Projected Beginning Balance	50% of 2018-19 Non-NFL Event Ticket Surcharge	2018-19 Discretionary Fund Expense	Projected Ending Balance
\$1,169,671	\$900,000	\$990,000	\$1,079,671



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Audit Recommendation 2.G

2.G - The Stadium Authority Board should require that ManCo prepare the five year Shared Expense Budget, per the requirements in the Stadium Management Agreement, and the Board should direct the Executive Director to document receipt of the Shared Expense Budget, and provide written comments to ManCo in response to the proposed expenses.

Response – ManCo provided a one year budget and five year projection of shared stadium expenses to staff in February 2017 during the 2017-18 budget process. ManCo was notified that they were to provide this plan annually. These documents were provided to SCSA staff in February 2018 during the 2018-19 budget process and incorporated into the 2018-19 proposed SCSA Budget.



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Audit Recommendation 2.G

Stadium Manager

2018-19 Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ 924,002	\$ 3,789,195	\$ 2,531,650	\$ 952,592	\$ 266,757	\$ 8,481,197
Travel, Hotel & Staff/Partner F&B	2,122	389,602	12,000	47,218	7,107	458,249
Outside Services	1,899,000	1,761,740	1,036,408	51,958	40,733	4,794,839
General Supplies	75,120	202,678	-	167,055	189,950	632,814
Telephone	15,450	482,708	40,000	5,722	1,157	545,117
Equipment	152,978	670,208	40,314	65,188	13,260	941,956
Uniforms	10,184	3,714	4,244	200,612	3,183	221,937
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Subtotal	\$3,088,220	\$ 7,442,354	\$ 3,609,450	\$ 1,625,989	\$ 545,217	\$16,369,720

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾

	Security (50%)	Stadium Operations (50%)	Engineering (50%)	Guest Services (50%)	Groundskeeping (50%)	Total
Total Compensation ⁽²⁾	\$ 462,001	\$ 1,893,083	\$ 1,265,825	\$ 476,296	\$ 66,027	\$ 4,183,232
Travel, Hotel & Staff/Partner F&B	1,061	194,801	6,000	23,609	2,132	227,703
Outside Services	949,500	880,870	517,704	25,979	14,035	2,388,088
General Supplies	38,060	101,339	-	83,528	94,975	279,015
Telephone	7,725	241,354	20,000	2,861	579	272,325
Equipment	76,488	335,104	20,157	32,599	3,978	468,326
Uniforms	5,092	1,857	2,122	100,306	955	110,332
Other	3,183	72,669	2,917	67,781	-	146,550
Subtotal	\$1,643,110	\$ 3,721,177	\$ 1,834,725	\$ 812,894	\$ 163,585	\$ 8,075,571
Insurance ⁽³⁾						2,870,040
Management Fee ⁽⁴⁾						225,101
Total						\$11,170,720

⁽¹⁾ The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

⁽²⁾ Total compensation is based on a total of 59 full-time equivalent positions.

⁽³⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽⁴⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.



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Audit Recommendation 2.G

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - 5 Year Forecast

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Compensation ⁽¹⁾	\$ 4,308,730	\$ 4,437,992	\$ 4,571,131	\$ 4,708,265	\$ 4,849,513
Travel, Hotel & Staff/Partner F&B	234,534	241,570	248,817	256,282	263,970
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Total	\$ 8,317,839	\$ 8,627,372	\$ 8,824,393	\$ 9,089,126	\$ 9,361,800
Insurance ⁽²⁾	2,956,149	3,044,833	3,136,178	3,230,263	3,327,171
Management Fee ⁽³⁾	231,854	238,810	245,974	253,353	260,954
Total	\$11,505,842	\$11,911,015	\$12,206,545	\$12,572,742	\$12,949,925

⁽¹⁾ Total compensation is based on a total of 59 full-time equivalent positions.

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⁽³⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.



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Audit Recommendation 2.H

2.H - The Stadium Authority Board, StadCo, and ManCo should amend the Management Agreement or separately establish binding policies that do not allow retroactive increases in authorized expenditures such as Stadium Manager expenses, and should require that detailed explanations be provided to the Board when additional funding is requested midyear in advance of such expenses being incurred.

Response – SCSA staff has been proactive in bringing the budget adjustments to the Board before the expense is incurred. In addition, The SCSA Board adopted a Budget Policy on March 13, 2018 that requires that budget amendments are approved by the Board before the expense is incurred.



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Audit Recommendation 2.J

2.J - The Stadium Authority Board and the City of Santa Clara should clarify when the City Purchasing Authority procurement thresholds (Santa Clara Municipal Code Chapter 2.105.070 et seq.) apply and when the Stadium Authority Procurement Policy thresholds (Santa Clara Municipal Code Chapter 17.30) apply.

Response – The current practice is to use the City's more restrictive Purchasing Authority threshold if the City is purchasing items on behalf of the Stadium Authority. The City is in the process of hiring a Purchasing Manager and one of the goals for this position is to update the City and Stadium Authority's procurement policies. With the SCSA Board's approval of establishing a Policy Manual, staff will introduce additional fiscal and procurement policies for its consideration.



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Audit Recommendation 2.L

2.L - The Stadium Authority Board should require that budgets and actual expenditures for the Stadium construction budget be presented alongside the Stadium Authority Operating Budget to provide an accurate overall picture of purchases for all materials, services, and supplies for the Stadium.

Response – The construction budget is shown in the Quarterly Financial Reports and Annual Budgets as part of the Capital Expense Budget. The remaining construction budget is designated for warranty related work. For the FY 2018-19 Proposed Stadium Authority Budget, the information is provided on pages 28 - 31.



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Audit Recommendation 2.L

Santa Clara Stadium Authority Capital Expense Budget Summary

	2016-17 Final Budget	2016-17 Year-end Actuals	2017-18 Final Budget	2017-18 as of March 31, 2018	2018-19 Projected Carryforward	2018-19 New Budget	2018-19 Proposed Budget
Beginning Balances	\$ 6,090,000	\$6,090,000	\$ 8,628,701	\$ 8,887,218	\$ 12,358,833	\$ -	\$12,358,833
Resources							
Transfers In from Operating	3,183,000	3,182,700	3,278,000	3,278,181	-	3,377,000	3,377,000
Transfers In from Stadium Development ⁽¹⁾	-	-	1,851,000	1,851,000	-	-	-
Total Resources	9,273,000	9,272,700	13,657,701	14,016,399	12,358,833	3,377,000	15,735,833
	2016-17 Final Budget	2016-17 Year-end Actuals	2017-18 Final Budget	2017-18 as of March 31, 2018	2018-19 Projected Carryforward	2018-19 New Budget	2018-19 Proposed Budget
Expenses							
Construction	3,025,000	137,722	1,766,517	1,437,836	328,681	4,392,242	4,720,923
Equipment	275,000	247,760	1,022,000	22,000	1,000,000	210,000	1,210,000
Contingency	-	-	122,000	-	122,000	174,546	296,546
Stadium Warranty Related Construction	-	-	1,851,000	197,730	1,653,270	-	1,653,270
Total Expenses	3,300,000	385,482	4,761,517	1,657,566	3,103,951	4,776,788	7,880,739
Capital Expense Reserve	\$ 5,973,000	\$8,887,218	\$ 8,896,184	\$ 12,358,833	\$ 9,254,882	\$(1,399,788)	\$ 7,855,094

⁽¹⁾ Carryforward from the original Stadium Construction Budget for Warranty related work

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Audit Recommendation 2.M

2.M - The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.

Response – The Stadium Authority's Third Quarter Financial Report presented to the Board on February 13, 2018 included adjustments to bring the budget to full accrual. The proposed 2018-19 SCSA Budget was prepared using the accrual method of budgeting. In addition, accrual budgeting was included in the SCSA Budget Policy approved by the Board on March 13, 2018 as a requirement.



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Audit Recommendation 3.B

3.B - The Stadium Authority Board should request that staff have ManCo prepare an annual comprehensive Public Safety budget, as required by the Stadium Lease, to include all components of Stadium public safety costs and reimbursement, including NFL public safety costs paid for directly by ManCo on behalf of StadCo, by the Stadium Authority from the Discretionary Fund, and any costs paid using other funds such as the Construction Fund.

Response – ManCo provided a Public Safety Budget to staff in February 2017 during the 2017-18 budget process. This was also provided to staff on February 7, 2018 as part of the 2018-19 budget process. The Public Safety Budget was included as part of the 2018-19 Proposed SCSA Budget that was presented to the Board on March 13, 2018.



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Audit Recommendation 3.B

Stadium Management Company
Annual Public Safety Budget
FY 2018

	Amount
Public Safety Costs - Tenant (NFL Events)	\$ 2,740,540
Public Safety Costs - Authority (Non-NFL Events)	\$ 2,682,201
Public Safety Capital Expenditures	\$ 1,757,004
Public Safety Capital Expenditure Amortization	\$ 211,401
Tenant's Estimated Public Safety Share	\$ 105,700
Public Safety Capital Expenditure Amortization (prior years)	\$ 1,750



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CONCLUSION & NEXT STEPS

- 8 additional audit recommendations completed
- 5 audit recommendations not implemented
- Robust tracking and monitoring of audit recommendation implementation
- Work plan for next three months, with our next meeting proposed in July 2018.
- Auditing function is key to our next steps



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