

# HARVEY M. ROSE ASSOCIATES, LLC

1390 Market Street, Suite 1150 • San Francisco, California 94102  
(415) 552-9292 • (415) 252-0461 (FAX) • info@harveyrose.com

public sector management consulting



## Comprehensive Audit of Stadium Authority Finances

August 29, 2016

**TO:** Audit Ad Hoc Steering Committee

**FROM:** Fred Brousseau, Principal-in-Charge

**SUBJECT:** Status Report #02

**Period covered:** August 17, 2016 – August 29, 2016

### 1. Activities and Accomplishments during Reporting Period

- a. The audit team continued its detailed review of Measure J and the core agreements between the City of Santa Clara, the Santa Clara Stadium Authority (SCSA), the Forty Niners Stadium Company LLC and the Forty Niners Stadium Management Company. A key purpose of these reviews was to understand the baseline financial requirements of Measure J and to ascertain how they were translated into the operating agreements. Critical to the review was documenting flows of funds between the entities, formulae used to determine the City's reimbursable costs and the processes by which City costs are budgeted, tracked, reported and billed to the SCSA and the Forty Niners' entities.
- b. The audit team communicated with a number of City employees who made contact with the audit team pursuant to the Acting City Manager's announcement sent to all City employees informing them that they could contact the audit team to provide input on Stadium Authority audit matters.
- c. The audit team again requested an interview with the City Attorney to verify our understanding of Measure J and the pertinent agreements. The City Attorney has not yet responded with a time to meet.
- d. The audit team contacted each City department head requesting information on whether any employees in their department have provided services to the Stadium between April 2014 and the present and, if so, to provide copies of written procedures used to instruct staff on how to record their time spent on Stadium activities. If they did not have written procedures, we requested that they describe how time recording instructions were communicated to staff (e.g., staff meetings, individually, etc.). All department heads have provided responses to this inquiry.
- e. The audit team requested all financial and plan documents pertaining to SCSA during the audit review period from the Finance Director. The Finance Director has provided the team with documents, or links to online documents, for most of the items requested. The audit team met

with the Finance Director for an overview of the Finance Department's role and processes for tracking and reporting Stadium-related costs.

- f. The audit team began compiling financial information provided by the Finance Director and inventorying compliance with the planning, budgeting and financial reporting document requirements of Measure J and the agreements between SCSA, the City and the 49ers' entities.

**2. Issues/Challenges during Reporting Period**

None to report.

**3. Potential Audit Issues Identified:**

None at this time.

**4. Tasks to be Completed during the Next Reporting Period (August 17 - August 30):**

The audit team will continue to request an interview with the City Attorney and has scheduled or will schedule interviews with City department heads whose staff provide or have provided service to the Stadium between April 2014 and the present. The purpose of these interviews will be to confirm and clarify all Stadium services provided and instructions provided to staff during the audit review period.

The audit team will continue its compilation and analysis of financial information collected from the Finance Department to analyze compliance with Measure J and the pertinent agreements and to conduct a trend analysis of Stadium related revenues and expenses, by line item, for NFL and Non-NFL Events.

At the suggestion of the Acting City Manager, the audit team will contact and interview representatives of Keyser Marston and Goldfarb & Lipman, LLP, financial and legal counsel to the City and SCSA, respectively, who were involved in developing the financial models for the Stadium prior to its opening and in preparation of the agreements between the City, SCSA and the 49ers' entities.

**5. Pending matters**

No other pending matters at this time.

**6. Other issues**

No other issues at this time.