

# **Santa Clara Stadium Authority**

Overview of Santa Clara Stadium Authority Fiscal Year 2017/18  
Annual Financial Statements and Audit Results Presentation by  
KPMG, LLP

August 27, 2018, Item 2



**POST MEETING MATERIAL**

# Agenda

- Audit Limitations and Methodology
- Overview
- Key Financial Highlights
  - Management's Discussion and Analysis (MD&A)
  - Basic Financial Statements
    - Statements of Net Position
    - Statements of Revenues, Expenses, and Changes in Net Position
    - Notes to the Financial Statements
- Audit Results Presentation by KPMG, LLP
- Recommendation

**SCSA**

SANTA CLARA STADIUM AUTHORITY

# Audit Limitations & Methodology

- This was an audit of the Stadium Authority's financial reports, processes, internal controls and the Stadium Authority's shared expenses with Forty-Niners Stadium Management Company LLC (ManCo).
- This financial audit is an independent evaluation of the Stadium Authority's financial reports and reporting processes to provide **reasonable assurance** that the financial statements are accurate and complete. This is not an absolute guarantee that there were no human errors or miscommunications that could lead to a mistake.
- Through various audit processes and procedures, auditors determine if controls and processes are in place to produce accurate and reasonable financial statements.
- KPMG will discuss the audit processes and procedures in more detail during their presentation

# Overview

- KPMG has audited the Stadium Authority's Financial Statements as required by section 5.1(a) of the Credit Agreement
- The Financial Statements cover the 2017/18 fiscal year (April 1, 2017 to March 31, 2018) with comparative data from the 2016/17 fiscal year
- Unmodified (i.e., "clean") opinion expressed by the auditors
- Reports will be available on the City's Stadium Authority webpage

# Key Financial Highlights

- **MD&A (page 3)**
  - Introduces the financial statements and provides an analytical overview of the SCSA financial activities
  - SCSA's net position increased by \$10.9 million when compared to the prior year
  - Debt service payments during the fiscal year totaled \$68 million and overall outstanding long-term debt decreased by \$47 million
  - During this fiscal year, there were 10 National Football League (NFL) games, 13 ticketed non-NFL events, and 113 smaller special events held at Levi's Stadium. The Stadium Authority recognized \$108.5 million in operating revenue and \$90.1 million in operating expenses
  - Revenue from the non-NFL events totaled \$55,206,675 and the related expenses were \$50,043,346 resulting in net non-NFL event revenue of \$5,163,329

# Key Financial Highlights

- **Statements of Net Position (page 8)**
  - Financial statement that reports the assets, liabilities, and net position of the Stadium Authority
    - Total Assets were \$847 million, with Levi's Stadium being the largest asset with a carrying value of \$765 million, net of depreciation
    - Total Liabilities were \$804 million made up mostly of outstanding debt equaling \$383 million and unearned revenues relating to Stadium Builder's Licenses (SBL's) of \$398 million



# Key Financial Highlights

- **Statements of Revenues, Expenses, and Changes in Net Position (page 9)**
  - Financial statement that reports the increases and decreases in the Stadium Authority's net position (revenues and expenses)
  - **Revenues – Total \$109 million**
    - *Charges for Services* were \$65.3 million with non-NFL event revenue of \$55.2 million, NFL ticket surcharge of \$7.8 million, non-NFL ticket surcharge of \$1.5 million, and senior/youth fees of \$225 thousand
    - *Rents and Licensing* revenues were \$43.2 million with Stadium lease rent equaling \$24.5 million, SBL revenue recognition of \$10.8 million, and naming rights revenue of \$7.7 million

# Key Financial Highlights

- **Statements of Revenues, Expenses, and Changes in Net Position (cont.)**
  - **Expenses – Total \$90 million**
    - *Lease Expenses* were \$3.6 million, the largest expense being the performance based rent of \$2.4 million
    - *Materials, Services and Supplies* were \$69.3 million with Non-NFL expenses of \$50 million, stadium manager expenses of \$7.5 million, SBL sales and service expenses of \$2.2 million, and insurance expenses of \$2.8 million.
    - *Selling, general, and administrative* expenses were \$542 thousand and *Depreciation* totaled \$16.7 million



# Key Financial Highlights

- **Notes to the Financial Statements (page 11)**
  - An integral part of the annual financial statements
  - Note 4 - Capital Assets
  - Note 5 - Long-Term Debt
  - Note 7 - Contingencies
  - Note 8 - Subsequent Events

# Audit Results Presentation by KPMG, LLP

# Recommendation

- Accept the Santa Clara Stadium Authority Fiscal Year 2017/18 Annual Financial Statements and recommend that the Stadium Authority note and file the report at the September 11, 2018 Joint Council and Authorities Concurrent and Stadium Authority meeting.

# SCSA

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Santa Clara Stadium Authority