

9/11/18

Item # 6

# Santa Clara Stadium Authority

Fiscal Year 2017/18 Annual Financial Statements

September 11, 2018



## Audit Limitations & Methodology

- This was an audit of the Stadium Authority's financial reports and processes, not any other City entity nor any Forty-Niners entity.
- 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.



2

POST MEETING MATERIAL

## Overview

- KPMG completed the annual audit of 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
- Presented to the Audit Committee on August 27, 2018
- Reports are available on the City's Stadium Authority webpage

**SCSA**

SANTA CLARA STADIUM AUTHORITY

3

## Key Financial Highlights

- SCSA's net position increased by \$10.9 million when compared to the prior year
  - 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 (SBLs) and stadium naming rights revenue of \$398 million
- Debt service payments during the fiscal year totaled \$68 million and overall outstanding long-term debt decreased by \$47 million

**SCSA**

SANTA CLARA STADIUM AUTHORITY

4

## Key Financial Highlights

- 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:
  - 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



5

## Key Financial Highlights

- The Stadium Authority recognized \$90.1 million in operating expenses:
  - 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
- 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



6

# SCSA

---

Santa Clara Stadium Authority