

Santa Clara Stadium Authority

Overview of Santa Clara Stadium Authority Fiscal Year 2020/21
Annual Financial Statements and Audit Results Presentation by
KPMG, LLP

September 16, 2021, Item 2



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
- Additional Disclosures
- Audit Results Presentation by KPMG, LLP
- Recommendation



2

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.



3

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 2020/21 fiscal year (April 1, 2020 to March 31, 2021) with comparative data from the 2019/20 fiscal year.
- Unmodified (i.e., "clean") opinion expressed by the auditors.
- Reports will be available on the City's Stadium Authority webpage.



4

Key Financial Highlights

- **Management's Discussion and Analysis (page 3)**
 - Introduces the financial statements and provides an analytical overview of the SCSA financial activities.
 - SCSA's net position increased by \$2.2 million when compared to the prior year.
 - Debt service payments during the fiscal year totaled \$45.9 million and overall outstanding long-term debt decreased by \$28.5 million.
 - During this fiscal year, there were five National Football League (NFL) games, zero ticketed non-NFL events and smaller special events held at Levi's Stadium. The NFL games were absent any fans and, therefore, no tickets were sold. The Stadium Authority recognized \$38.4 million in operating revenue and \$25.9 million in operating expenses.



5

Key Financial Highlights

- **Management's Discussion and Analysis (page 3) continued**
 - There was no revenue from non-NFL events and the related expenses were \$510 thousand resulting in net non-NFL event loss of \$510 thousand.
 - ManCo provided the non-NFL events' documents on 7/12/21 and staff was able to retrieve the documents from the Stadium on 7/13/21.
 - Staff is currently reviewing the non-NFL events' documents provide by ManCo. Any changes will be brought forward at a later meeting.



6

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 \$822 million, with Levi's Stadium being the largest asset with a carrying value of \$716.2 million, net of depreciation.
 - Total Liabilities were \$744.4 million made up mostly of outstanding debt equaling \$296.8 million and unearned revenues relating to Stadium Builder's Licenses (SBL's) of \$423.8 million.



7

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 \$38.4 million**
 - *Charges for Services* were \$391 thousand with \$325 thousand from STR Marketplace for SBL resales. There were no non-NFL event revenue, NFL ticket surcharge, non-NFL ticket surcharge, or senior/youth fees during the year.
 - *Rents and Licensing* revenues were \$38 million with Stadium lease rent equaling \$17.5 million, SBL revenue recognition of \$12.8 million, and naming rights revenue of \$7.7 million.



8

Key Financial Highlights

- **Statements of Revenues, Expenses, and Changes in Net Position (cont.)**
 - **Expenses – Total \$25.9 million**
 - *Lease Expenses* were \$979 thousand, which represents the Stadium ground lease of payment during the year. Also included in this category for reporting purposes, is performance-based rent expense (paid by SCSA to the City). This is 50% of the net non-NFL revenue less 50% of the annual ground rent. The net non-NFL loss was \$(510) thousand for FY 2020-21 and 50% of the ground rent was \$195,000. Therefore, no performance-based rent expense was recorded in FY 2020-21.
 - *Materials, Services and Supplies* were \$7 million with Non-NFL expenses of \$510 thousand, SBL services and supplies of \$1.6 million, miscellaneous services and supplies of \$1.6 million, insurance expenses of \$2.4 million, and utilities of \$696 thousand.
 - *Selling, general, and administrative* expenses were \$1.2 million and *Depreciation* totaled \$16.7 million.



9

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



10

Audit Results Presentation by KPMG, LLP

Recommendation

- Accept the Santa Clara Stadium Authority Fiscal Year 2020/21 Annual Financial Statements and recommend that the Stadium Authority note and file the report at the September 28, 2021 Joint Council and Authorities Concurrent and Stadium Authority meeting.

SCSA

Santa Clara Stadium Authority