



Legislation Details (With Text)

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**Title:** Report on the Audited Santa Clara Stadium Authority Fiscal Year 2021/22 Annual Financial Statements

**Sponsors:**

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**Attachments:** 1. Santa Clara Stadium Authority Financial Statements, 2. Internal Controls and Compliance Letter, 3. Independent Auditors' Report (Debt Compliance Letter)

| Date      | Ver. | Action By                                  | Action   | Result |
|-----------|------|--|----------|--------|
| 11/1/2022 | 1    | Council and Authorities Concurrent Meeting | Approved | Pass   |

**REPORT TO STADIUM AUTHORITY BOARD**

**SUBJECT**

Report on the Audited Santa Clara Stadium Authority Fiscal Year 2021/22 Annual Financial Statements

**BOARD PILLAR**

Ensure Compliance with Measure J and Manage Levi's Stadium

**BACKGROUND**

The Santa Clara Stadium Authority (Stadium Authority), the Stadium Funding Trust, and Goldman Sachs Bank USA entered into a Credit Agreement on June 19, 2013. Section 5.1(a) of the Credit Agreement requires that the Stadium Authority Annual Financial Statements be audited by independent certified public accountants within 180 days after the end of each fiscal year. On June 25, 2021, the Stadium Authority entered into a professional services agreement with KPMG, LLP (KPMG) to perform the annual financial audit of the Stadium Authority's Fiscal Year 2021/22 Annual Financial Statements.

The Annual Financial Statements include: (1) the Independent Auditors' Report which describes the auditors' responsibility and their opinion of the Financial Statements, (2) Management's Discussion and Analysis which provides an overall review of the Stadium Authority's financial activities, (3) the Basic Financial Statements, and (4) the Notes to the Financial Statements which have additional information pertaining to the Stadium Authority's operations and financial position.

The Audit Committee met with Stadium Authority and KPMG staff on September 30, 2022 to review the draft Stadium Authority Fiscal Year 2021/22 Annual Financial Statements. The role of the Audit Committee is to provide oversight of the Stadium Authority's financial reporting processes, internal controls and independent auditors. At this meeting Stadium Authority staff provided an overview of

the Financial Statements and KPMG discussed the audit process and the audit results. Several comments were made by the Audit Committee including: 1) KPMG to provide the presentation ahead of the Audit Committee meeting, 2) present a clean audit letter from KPMG to the Council, 3) discussion of remaining debt service payments, and 4) material changes that would require a re-review by the Committee. The Audit Committee voted to accept the Financial Statements and recommended that the Stadium Authority note and file the report at the October 18, 2022 Joint Council and Authorities Concurrent and Stadium Authority Meeting. A finalized clean audit letter from KPMG is included in the financial statements attached to this report. To allow for adequate time to review, the Financial Statements were posted to the Stadium Authority's website on October 11, 2022 at the following link:

<https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority/financial-reports>  
<<http://santaclaraca.gov/government/stadium-authority/financial-reports>>.

The Financial Statements being discussed with this report cover the Stadium Authority's 2021/22 fiscal year, which spans from April 1, 2021 to March 31, 2022.

### **DISCUSSION**

On September 30, 2022, KPMG completed a draft of the financial audit of the Stadium Authority which resulted in the issuance of the Stadium Authority Fiscal Year 2021/22 Annual Financial Statements (Attachment 1), Internal Controls and Compliance Letter (Attachment 2) as required per the Stadium Authority debt covenants, and Independent Auditors' Report (Attachment 3). KPMG expressed an unmodified (i.e., "clean") opinion on the Financial Statements. An unmodified opinion is when the auditor concludes that the financial condition, position, and operations are fairly presented, and the financial statements are free of material misstatements.

Key financial highlights for the fiscal year ended March 31, 2022 are as follows:

- The carrying value of Levi's Stadium at March 31, 2022, net of depreciation, is \$699,633,308.
- During the fiscal year, there were ten National Football League (NFL) games, zero ticketed non-NFL events, and twelve smaller special events held at Levi's Stadium.
- The Stadium Authority recognized \$58,444,137 in operating revenue and \$50,412,330 in operating expenses.
- Revenues from the non-NFL events were \$1,232,956 and the related expenses were \$1,521,697 resulting in net non-NFL event loss of \$288,741.
- Debt service payments during the fiscal year totaled \$31,728,139. Overall remaining outstanding debt was reduced by \$16,481,867.
- The City of Santa Clara (City) received \$425,000 for stadium ground rent. The City received \$235,975 in senior and youth fees and \$22,245 in parking fees at the Tasman lots this year.

At the September 30, 2022 Audit Committee meeting, KPMG provided a summary of the methodology used to review and validate the financial statements. Subsequent to that meeting, KPMG issued a final report on October 13, 2022 with no material changes to the draft report.

It should be noted that Stadium Authority staff continues documentation review to validate the \$289 thousand Non-NFL event loss. Results of this review will be brought to the Board as a separate report.

### **ENVIRONMENTAL REVIEW**

This agenda not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15060(c)(1) as the it does not involve the exercise of discretionary powers by a public agency;

### **FISCAL IMPACT**

Costs associated with the preparation of this report are included in the Stadium Authority Operating Budget.

### **COORDINATION**

This report has been coordinated with the Stadium Authority Counsel’s Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **RECOMMENDATION**

Note and file the Santa Clara Stadium Authority Fiscal Year 2021/22 Annual Financial Statements.

Reviewed by: Kenn Lee, Treasurer

Approved by: Rajeev Batra, Executive Director

### **ATTACHMENTS**

1. Santa Clara Stadium Authority Financial Statements
2. Internal Controls and Compliance Letter
3. Independent Auditors’ Report (Debt Compliance Letter)