

SABC SOCCER PFC
(A Component Unit of the City of San Antonio, TX)
San Antonio, Texas

REPORT ON THE CONDUCT OF AUDIT

September 30, 2022

DRAFT

The Board of Directors
SABC Soccer PFC
San Antonio, Texas

We have audited the financial statements of the SABC Soccer PFC (the PFC) as of and for the year ended September 30, 2022, and have issued our report thereon dated January 6, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and that we also communicate to you other information related to our audit. Our responsibilities and other information related to our audit are provided in parts I to VII of this report. Other comments and recommendations are noted on part IX of this report.

This report does not affect our report dated January 6, 2023, on the financial statements of the PFC. This report is intended solely for the use of the Board and management of PFC and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to acknowledge the courtesy and assistance extended by the PFC's personnel during the course of our audit.

January 6, 2023

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SABC SOCCER PFC
(A Component Unit of the City of San Antonio, TX)
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For the Year Ended September 30, 2022

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I. The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards.

As stated in our engagement letter dated October 6, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

As part of our audit, we considered the PFC's internal control. Such considerations were solely for the purpose of determining our auditing procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the PFC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

II. Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the PFC are described in Note I to the financial statements. The application of existing accounting policies was not changed during the year ended September 30, 2022. However, in fiscal year 2022, the PFC adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of this Statement no longer requires that the PFC differentiate between capital and operating leases. The PFC, as a lessor, and as required by GASB Statement No. 87, has recognized a Lease receivable and a deferred inflow in relation to the lease with SA FC for the stadium.

We noted no transactions entered into by the PFC during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant sensitive estimates included in the current year financial statements.

We evaluated the key factors and assumptions used to develop estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures, as included in the financial statements, are neutral, consistent, and clear.

III. Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

IV. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed and management adopted an adjustment to record a receivable from SA FC in the amount of \$42,251. There were no other corrected or uncorrected misstatements as a result of our audit.

V. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

VI. Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 6, 2023.

VII. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If consultation involves the application of an accounting principle to the PFC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us or determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

VIII. Other Issues

Matters Discussed with Management Prior to Appointment

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to appointment as the PFC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) and to the accompanying combining financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and did not express an opinion or provide any assurance on the RSI.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements and the auditor's report thereon. If we become aware that such documents were published, we would have a responsibility to read such information, in order to identify material inconsistencies, if any, with the audited financial statements.

IX. Other Comments and Recommendations

Bank Reconciliations

Bank reconciliations are an essential internal control tool. They also help identify accounting and bank errors by providing explanations of the differences between the accounting record's cash balances and the bank balance position per the bank statement. We noted bank reconciliations are not prepared for the PFC's cash accounts.

We recommend that bank reconciliations be periodically prepared to ensure that any errors in cash are timely detected. We also recommend that bank reconciliations be reviewed and approved by a supervisor other than the preparer.

Prompt Collections of SA FC Receivables

Our testing of SA FC game receipts indicated that the access fee for games held during June to July of 2022 were not remitted until October 2022, additionally August 2022 game receipts were not remitted until November of 2022. Receipts for access fees are due by the 10th of the month following the game. Additionally, the Reimbursement payment (7th Year for \$250,000) and \$111,200 in Rental fees were not collected from SA FC as of September 30, 2022 when they were due.

We recommend that the PFC ensure that prompt collection of game receipts occur on a monthly basis and that PFC ensure that all collections associated with the stadium lease be collected promptly.