



# Santa Clara Stadium Authority (the “Authority”) Discussion with Those Charged with Governance

Audit results for the year ended March 31, 2021  
September 16, 2021




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## Executive summary




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# Required Communications to Those Charged with Governance

Presented on: 9/16/2021

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## Summary: Audit results required communications and other matters


| Audit results | Response  |  |
|---------------|---|--|
|               | Outstanding matters                                       | Outstanding matters as of September 16, 2021: <ul style="list-style-type: none"><li>- Management representation letter</li><li>- Debt compliance certificate</li><li>- Audit documentation assembly</li></ul> The following reports will be issued: <ul style="list-style-type: none"><li>- Financial statements</li><li>- Debt compliance letter</li><li>- ICOFR (Internal Control over Financial Reporting) letter</li></ul> |
|               | Significant unusual transactions                          | No significant unusual transactions identified during the audit.   |
|               | Uncorrected audit misstatements                           | No uncorrected misstatements identified during the audit.  |
|               | Corrected audit misstatements                             | No corrected misstatements identified during the audit.  |
|               | Financial presentation and disclosure omissions           | No matters to communicate.   |
|               | Non-GAAP policies and practices                           | No matters to communicate.   |
|               | Auditors' report  | As of September 16, 2021, we expect to issue an unqualified opinion on the financial statements of the Authority. Further, it is expected that the audit opinion will include an emphasis of matter paragraph and other matter paragraph in our auditors' report. Refer to slide 5.  |
|               | Changes to our risk assessment and planned audit strategy | No matters to report.  |
|               | Significant accounting policies and practices             | No matters to report.  |
|               | Significant accounting estimates                          | No matters to report.  |
|               | Significant financial statement disclosures               | No matters to report.  |
|               | Related parties   | Certain costs, primarily staff salaries and related costs, are charged to the Authority from the City of Santa Clara. Not considered a significant related party transaction.  |
|               | Going concern   | No matters to report.  |




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| <h2>Summary: Audit results required communications and other matters</h2>         |   |  |              |           |
| Audit results   | Other information   | <b>Response</b><br>Our responsibility with respect to information in a document does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. However, we do have a responsibility to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. As a result of our consideration of the other information, no material inconsistencies or material misstatements of facts were identified related to other information. |              |           |
|   | Subsequent events   | No matters to report.  |              |           |
|   | Illegal acts or fraud   | No actual or suspected fraud involving the Authority's management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.   |              |           |
|   | Noncompliance with laws and regulations   | No matters to report.  |              |           |
|   | Significant difficulties encountered during the audit                                       | No matters to report.  |              |           |
|   | Significant findings or issues discussed, or the subject of correspondence, with management | No matters to report.  |              |           |
|   | Authority management consultation with other accountants                                    | No matters to report.  |              |           |
|   | Difficult or contentious matters for which the auditor consulted                            | No matters to report.  |              |           |
|   | Disagreements with Authority management   | No matters to report.  |              |           |
|   | Other significant matters   | No matters to report.  |              |           |
| Written communications  |   | Engagement letter signed on April 23, 2021. Draft management representation letter is provided by KPMG to the management for signature.  |              |           |
| Independence  |   | In our professional judgement, we are independent, we are independent with respect to the Authority, as to the term as defined by the professional standards.  |              |           |
| Inquiries   |   | See slide 9.   |              |           |
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| <h2>Auditors' report</h2>   |  |   |              |           |
| <b>Emphasis of matter or other matter paragraphs</b>  |  |   |              |           |
| <ul style="list-style-type: none"> <li>Expected language of additional paragraphs to be added to the report, including:               <ul style="list-style-type: none"> <li>Emphasis of matter paragraph                   <p>"As discussed in note 2 to the financial statements, the financial statements present only the Stadium Authority and do not purport to and do not present fairly the financial position of the City of Santa Clara, California as of March 31, 2021 and 2020, the changes in its financial position and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter."</p> </li> <li>Other matter paragraph                   <p>"U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3–7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance."</p> </li> </ul> </li> </ul> |  |   |              |           |
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| <h2>Significant accounting policies and practices</h2>   |               |   |           |
| Description of significant accounting policies and practices   |               | Audit results   |           |
| <ul style="list-style-type: none"> <li>— Cash and cash equivalents and restricted cash</li> <li>— Accounts receivable</li> <li>— Capital assets</li> <li>— Unearned revenue and revenue recognition</li> </ul> |               | <p><b>Qualitative aspects</b><br/>Refer to Note 2 of the financial statements for the detailed description of the significant accounting policies. Management has appropriately applied such policies to the Authority's books and records as of and for the year ended March 31, 2021. No issues identified by the engagement team during the period under audit.</p> <p><b>Audit procedures on certain significant accounts</b></p> <ul style="list-style-type: none"> <li>— Cash and cash equivalents and restricted cash <ul style="list-style-type: none"> <li>- Cash reconciliation testing</li> <li>- Cash confirmation testing</li> </ul> </li> <li>— Accounts receivable <ul style="list-style-type: none"> <li>- Recalculation of naming rights receivable and revenue</li> </ul> </li> <li>— Capital assets <ul style="list-style-type: none"> <li>- Rollover procedures</li> <li>- Depreciation analysis</li> <li>- Impairment evaluation</li> </ul> </li> <li>— Unearned revenue and revenue recognition <ul style="list-style-type: none"> <li>- Straight line rental income recalculation</li> <li>- Sampling of SBL current year payments; recalculation of revenue amortization</li> </ul> </li> </ul> |           |
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# Audit and professional services fees

We have summarized the fees paid or payable to our firm relating to the audit of the 2021 financial statements and the fees for all other professional services billed in 2021, with comparison to the prior year.

| Service | 2021 Fees  | 2020 Fees                      |
|---------|--|--------------------------------|
| Audit   | Fee: \$127,120 (including new scope for AUP)<br>Payable: \$127,120 | Fee: \$104,000<br>Payable: \$0 |

**Payment of fees – Audit and all other professional services**

Professional standards require that fees for any previously rendered professional service provided more than one year prior to the date of the current year audit report have been paid.



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## Inquiries

The following inquiries are in accordance with AU-C 260

**Are those charged with governance aware of:**


- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
- Any significant communications with regulators?
- Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
  - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
  - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

**Do those charged with governance have knowledge of:**

- Fraud, alleged fraud, or suspected fraud affecting the Entity?

**Additional inquiries:**

- What are those charged with governance's views about fraud risks in the Entity?
- Who is the appropriate person in the governance structure for communication of audit matters during the audit?
- How are responsibilities allocated between management and those charged with governance?
- What are the Entity's objectives and strategies and related business risks that may result in material misstatements?
- Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
- What are those charged with governance's attitudes, awareness, and actions concerning (a) the Entity's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?
- Have there been any actions taken based on previous communications with the auditor?
- Has the Entity entered into any significant unusual transactions?
- Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
- What are the other document(s) that comprise the annual report, and what is the planned manner and timing of issuance of such documents?
- Have any subsequent events occurred that might affect the financial statements?

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## Audit quality and transparency

### 2020 Audit quality report

- Highlights the steps we have taken in 2020 to evolve and enhance our audit practice and our firm
- Provides an overview of how we are strengthening our culture, continuing to invest in our people, and the new technologies that will enable our workforce



### 2020 Transparency report

- Provides more granular detail on our commitment to continually enhance audit quality
- Outlines KPMG LLP's structure, governance and approach to audit quality
- Discusses how the firm aligns with the requirements and intent of applicable professional standards



Reports and supplements available at:  
[read.kpmg.us/auditquality](https://read.kpmg.us/auditquality)

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# Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at [www.kpmg.com/ACI](http://www.kpmg.com/ACI)

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