Illinois Sports Facilities Authority

Combined Bond Indenture Basis Financial Statements as of and for the Years Ended June 30, 2012 and 2011

Additional Information for the Year Ended June 30, 2012

Independent Auditor's Report

Wolf & Company LLP
Certified Public Accountants

ILLINOIS SPORTS FACILITIES AUTHORITY

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Wolf & Company LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illinois Sports Facilities Authority

We have audited the accompanying combined financial statements of assets, liabilities, and equity - bond indenture basis of the Illinois Sports Facilities Authority (the "Authority") as of June 30, 2012 and 2011, and the related combined statements of revenues, expenditures and changes in fund balance - bond indenture basis for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1 to the combined bond indenture basis financial statements, the Authority has prepared these combined bond indenture basis financial statements in accordance with the accounting principles required by the Bond Indenture securing the Bonds issued by the Authority, which practices differ from accounting principles generally accepted in the United States of America. The effects on such combined bond indenture basis financial statements of the differences between the bond indenture basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Illinois Sports Facilities Authority as of June 30, 2012 and 2011, and the respective changes in financial position for the years then ended, on the bond indenture basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming opinions on the combined bond indenture basis financial statements taken as a whole. The individual bond indenture basis fund financial statements on pages 30 through 39 are presented for purposes of additional analysis and are not a required part of the combined bond indenture basis financial statements. This additional information is the responsibility of the Authority's management and derive from and relate directly to the underlying and other records used to prepare the basic financial statements. That information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole in accordance with the bond indenture as discussed in the third preceding paragraph.

Wolf & Company LLP

Oakbrook Terrace, Illinois
October 29, 2012

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ILLINOIS SPORTS FACILITIES AUTHORITY

Combined Statements of Assets, Liabilities and Equity - Bond Indenture Basis

June 30, 2012 (With Comparative Totals for 2011)

ASSETS	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds
Current Assets						
Cash, Cash Equivalents and Investments	$ 47,208,778	$ 16,831,057	$ 92,665	$ -	$ -	$ -
Hotel Tax Revenues Receivable	-	-	-	-	11,106,936	-
Interest and Other Receivables	-	-	-	-	-	-
Prepaid Expenditures	282,039	-	-	-	-	-
Due from Other Funds						
General Fund	-	3,910,407	301,306	6,634,555	-	-
Total Current Assets	47,490,817	20,741,464	393,971	6,634,555	11,106,936	-
Long-Term Assets						
Stadium	-	-	-	-	-	-
Stadium Improvements	-	-	-	-	-	-
Scoreboard	-	-	-	-	-	-
Replacement Housing	-	-	-	-	-	-
Land	-	-	-	-	-	-
Land Improvements	-	-	-	-	-	-
Capitalized Interest	-	-	-	-	-	-
Total Long-Term Assets	-	-	-	-	-	-
Total Assets	$ 47,490,817	$ 20,741,464	$ 393,971	$ 6,634,555	$ 11,106,936	$ -

See notes to combined bond indenture basis financial statements and independent auditor's report.

2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30, 2012	Combined Total June 30, 2011
$ 364,472	$ 812,628	$ 6,652,833	$ -	$ -	$ 71,962,433	$ 75,121,035
-	-	-	-	-	11,106,936	9,997,501
5	-	-	-	-	5	45,277
-	-	-	-	-	282,039	302,923
-	-	-	7,218,956	-	18,065,224	15,597,596
364,477	812,628	6,652,833	7,218,956	-	101,416,637	101,064,332
-	-	-	-	153,260,885	153,260,885	153,260,885
-	-	-	-	81,249,759	81,249,759	79,204,249
-	-	-	-	13,397,180	13,397,180	8,777,201
-	-	-	-	4,763,939	4,763,939	4,763,939
-	-	-	-	28,165,461	28,165,461	28,165,461
-	-	-	-	4,372,821	4,372,821	4,367,560
-	-	-	-	8,933,867	8,933,867	8,933,867
-	-	-	-	294,143,912	294,143,912	287,473,162
$ 364,477	$ 812,628	$ 6,652,833	$ 7,218,956	$ 294,143,912	$ 395,560,549	$ 388,537,494

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ILLINOIS SPORTS FACILITIES AUTHORITY

Combined Statements of Assets, Liabilities and Equity - Bond Indenture Basis (Cont.)

June 30, 2012 (With Comparative Totals for 2011)

	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts Payable	$ 189,610	$ 2,209,452	$ -	$ -	$ -	$ -
Interest Payable	-	-	-	-	-	993,737
State Administration Fee Payable	-	-	-	-	444,277	-
Advance Deposits for Events	-	-	-	-	-	-
Due to Other Funds						
Comiskey Park Capital Improvement Fund	3,910,407	-	-	-	-	-
Supplemental Stadium Fund	301,306	-	-	-	-	-
Chicago White Sox Reserve Fund	6,634,555	-	-	-	-	-
Soldier Field Reserve Fund	7,218,956	-	-	-	-	-
Total Current Liabilities	18,254,834	2,209,452	-	-	444,277	993,737
Long-Term Liabilities	-	-	-	-	-	390,766,010
Total Liabilities	18,254,834	2,209,452	-	-	444,277	391,759,747
Equity						
Fund Balance (Deficit)	29,235,983	18,532,012	393,971	6,634,555	10,662,659	(399,991,777)
Principal Amount of Bonds Retired from Revenue	-	-	-	-	-	8,232,030
Principal Amount of Scoreboard Note Retired from Revenue	-	-	-	-	-	-
Total Equity	29,235,983	18,532,012	393,971	6,634,555	10,662,659	(391,759,747)
Total Liabilities and Equity	$ 47,490,817	$ 20,741,464	$ 393,971	$ 6,634,555	$ 11,106,936	$ -

See notes to combined bond indenture basis financial statements and independent auditor's report.

2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30, 2012	Combined Total June 30, 2011
$ -	$ -	$ 85,869	$ -	$ -	$ 2,484,931	$ 5,120,597
92,227	18,952	-	-	-	1,104,916	1,074,741
-	-	-	-	-	444,277	399,900
-	-	-	-	-	-	105,127
-	-	-	-	-	3,910,407	1,410,595
-	-	-	-	-	301,306	301,306
-	-	-	-	-	6,634,555	6,877,000
-	-	-	-	-	7,218,956	7,008,695
92,227	18,952	85,869	-	-	22,099,348	22,297,961
38,425,000	9,065,000	-	-	-	438,256,010	442,373,872
38,517,227	9,083,952	85,869	-	-	460,355,358	464,671,833
(42,262,750)	(9,206,324)	6,566,964	7,218,956	137,406,912	(234,808,839)	(242,030,508)
4,110,000	935,000	-	-	150,000,000	163,277,030	159,159,169
-	-	-	-	6,737,000	6,737,000	6,737,000
(38,152,750)	(8,271,324)	6,566,964	7,218,956	294,143,912	(64,794,809)	(76,134,339)
$ 364,477	$ 812,628	$ 6,652,833	$ 7,218,956	$ 294,143,912	$ 395,560,549	$ 388,537,494

ILLINOIS SPORTS FACILITIES AUTHORITY

Combined Statements of Revenues, Expenditures and Changes in Fund Balance - Bond Indenture Basis

For the Year Ended June 30, 2012 (With Comparative Totals for 2011)

	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds
Revenues						
State Subsidy	$ -	$ -	$ -	$ -	$ 5,000,000	$ -
City Subsidy	-	-	-	-	5,000,000	-
Investment Income	23,915	8,172	(2,293)	-	-	2
Hotel Tax Revenue	-	-	-	-	37,077,352	-
Special Events Revenue	249,506	-	-	-	-	-
Fees to Authority from the Chicago White Sox	-	-	-	-	1,642,270	-
Other Income	30,317	24,017	-	-	-	-
Total Revenues	303,738	32,189	(2,293)	-	48,719,622	2
Expenditures						
General Expenditures						
Salaries and Benefits	562,505	-	-	-	-	-
Office Expenditures	56,352	-	-	-	-	-
Insurance Expenditures	470,885	-	-	-	-	-
Professional Services	301,646	342,606	-	-	-	-
Trustee Fees	-	-	-	-	18,000	-
State Administration Fee	-	-	-	-	1,483,094	-
Amusement Tax Payments	-	-	-	-	-	-
Marketing and Special Events	41,889	-	-	-	-	-
Debt Service Expenditures:						
Bond Interest	-	-	-	-	-	23,419,699
Bond Principal Payments	-	-	-	-	-	2,947,861
Total General Expenditures	1,433,277	342,606	-	-	1,501,094	26,367,560
Other Expenditures						
Capital Improvements	-	6,613,115	-	-	-	-
Park Maintenance	-	2,671,347	-	-	-	-
Chicago White Sox Maintenance Subsidy	118,787	-	-	-	-	-
Soldier Field Maintenance Subsidy	4,433,695	-	-	-	-	-
Total Other Expenditures	4,552,482	9,284,462	-	-	-	-
Total Expenditures	5,985,759	9,627,068	-	-	1,501,094	26,367,560
Excess (Deficiency) of Revenues Over Expenditures	(5,682,021)	(9,594,879)	(2,293)	-	47,218,528	(26,367,558)

See notes to combined bond indenture basis financial statements and independent auditor's report.

2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30, 2012	Combined Total June 30, 2011
$ -	$ -	$ -	$ -	$ -	$ 5,000,000	$ 5,000,000
-	-	-	-	-	5,000,000	5,000,000
21	20	(811)	-	-	29,026	122,356
-	-	-	-	-	37,077,352	33,549,746
-	-	-	-	-	249,506	93,032
-	-	-	-	-	1,642,270	1,722,123
-	-	-	-	-	54,334	271,848
21	20	(811)	-	-	49,052,488	45,759,105
-	-	-	-	-	562,505	736,964
-	-	-	-	-	56,352	78,806
-	-	-	-	-	470,885	498,181
(80,472)	-	-	-	-	563,780	1,828,871
-	-	-	-	-	18,000	18,000
-	-	-	-	-	1,483,094	1,341,990
-	-	-	-	-	-	178,774
-	-	-	-	-	41,889	159,693
2,282,865	479,671	-	-	-	26,182,235	25,602,460
840,000	330,000	-	-	-	4,117,861	3,096,432
3,042,393	809,671	-	-	-	33,496,601	33,540,171
-	-	1,168,024	-	-	7,781,139	5,866,259
-	-	-	-	-	2,671,347	4,229,682
-	-	-	-	-	118,787	50,352
-	-	-	-	-	4,433,695	4,304,558
-	-	1,168,024	-	-	15,004,968	14,450,851
3,042,393	809,671	1,168,024	-	-	48,501,569	47,991,022
(3,042,372)	(809,651)	(1,168,835)	-	-	550,919	(2,231,917)

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ILLINOIS SPORTS FACILITIES AUTHORITY

Combined Statements of Revenues, Expenditures and Changes in Fund Balance - Bond Indenture Basis

For the Year Ended June 30, 2012 (With Comparative Totals for 2011)

	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds
Other Financing Sources (Uses)						
In-kind Donation from the Chicago White Sox	$ -	$ -	$ -	$ -	$ -	$ -
Stadium Improvements	-	-	-	-	-	-
Stadium Disposals	-	-	-	-	-	-
Transfers In						
General Fund	-	7,942,157	-	-	-	-
Chicago White Sox Reserve Fund	242,445	-	-	-	-	-
Revenue Funds	15,759,773	123,769	-	-	-	26,334,936
2001 Debt Service Funds	3	-	-	-	-	-
2003 Debt Service Funds	6	-	-	-	-	-
2008 Debt Service Funds	20	-	-	-	-	-
Transfers Out						
General Fund	-	-	-	(242,445)	(15,759,773)	(3)
Comiskey Park Capital Improvement Fund	(7,942,157)	-	-	-	(123,769)	-
Supplemental Stadium Fund	-	-	-	-	-	-
2001 Debt Service Funds	-	-	-	-	(26,334,936)	-
2003 Debt Service Funds	-	-	-	-	(3,124,528)	-
2008 Debt Service Funds	-	-	-	-	(810,464)	-
Soldier Field Capital Improvement Fund	(2,575,000)	-	-	-	-	-
Soldier Field Reserve Fund	(210,261)	-	-	-	-	-
Total Other Financing Sources (Uses)	5,274,829	8,065,926	-	(242,445)	(46,153,470)	26,334,933
Net Change in Fund Balance	(407,192)	(1,528,953)	(2,293)	(242,445)	1,065,058	(32,625)
Fund Balance (Deficit) - June 30, 2011	29,643,175	20,060,965	396,264	6,877,000	9,597,601	(399,959,152)
Fund Balance (Deficit) - June 30, 2012	$ 29,235,983	$ 18,532,012	$ 393,971	$ 6,634,555	$ 10,662,659	$ (399,991,777)

See notes to combined bond indenture basis financial statements and independent auditor's report.

2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30, 2011	Combined Total June 30, 2010
$ -	$ -	$ -	$ -	$ 237,268	$ 237,268	$ -
-	-	-	-	6,797,912	6,797,912	5,038,358
-	-	-	-	(364,430)	(364,430)	(751,307)
-	-	2,575,000	210,261	-	10,727,418	8,330,358
-	-	-	-	-	242,445	20,555
3,124,528	810,464	-	-	-	46,153,470	43,756,028
-	-	-	-	-	3	31
-	-	-	-	-	6	9
-	-	-	-	-	20	27
(6)	(20)	-	-	-	(16,002,247)	(14,982,471)
-	-	-	-	-	(8,065,926)	(5,443,751)
-	-	-	-	-	-	(301,306)
-	-	-	-	-	(26,334,936)	(24,802,760)
-	-	-	-	-	(3,124,528)	(3,063,984)
-	-	-	-	-	(810,464)	(808,600)
-	-	-	-	-	(2,575,000)	(2,500,000)
-	-	-	-	-	(210,261)	(204,137)
3,124,522	810,444	2,575,000	210,261	6,670,750	6,670,750	4,287,050
82,150	793	1,406,165	210,261	6,670,750	7,221,669	2,055,133
(42,344,900)	(9,207,117)	5,160,799	7,008,695	130,736,162	(242,030,508)	(244,085,641)
$ (42,262,750)	$ (9,206,324)	$ 6,566,964	$ 7,218,956	$ 137,406,912	$ (234,808,839)	$ (242,030,508)

1. Summary of Significant Accounting Policies

A. Organization of the Authority

The Illinois Sports Facilities Authority (the "Authority") is a political subdivision, unit of local government, body politic, and municipal corporation of the State of Illinois (the "State"). The Authority was established by legislation originally adopted by the Illinois General Assembly in 1987 for the purpose of providing sports stadiums for professional sports teams. On July 7, 1988, the Governor of Illinois signed into law amendatory legislation, which increased the amount of bonds that the Authority could issue, provided additional security for those bonds, modified provisions of the law governing agreements between the Authority and professional sports teams, and otherwise facilitated financing of the New Comiskey Park (as defined below) by the Authority. Prior to the adoption of the 1988 amendatory legislation, the Authority and the Chicago White Sox, Ltd. (the "Team"), an Illinois limited partnership, entered into an agreement (the "Management Agreement") by which the Authority agreed to acquire and construct a new baseball stadium and related facilities for the Team. The Management Agreement was approved by both the Commissioner of Major League Baseball and the President of the American League of Professional Baseball Clubs.

On March 29, 1989, the Authority issued $150,000,000 Series 1989 Bonds to finance the construction of the New Comiskey Park, which was placed in service in April 1991. On June 1, 1999, the Authority issued $103,755,000 Series 1999 Refunding Bonds and used the proceeds for the advance refunding of the Series 1989 Bonds at a call premium of 102% for amounts maturing after June 15, 1999.

On January 5, 2001, the Governor of Illinois signed into law Public Act 91-935. The principal changes contained in the Act included an increase in the Authority's bond authorization by $399,000,000 and authorization to use those bond proceeds and to provide financial assistance to another governmental body to provide the design, construction, and renovation of a facility owned or to be owned by that body. The law was effective June 1, 2001. The 1987 legislation, together with the 1988 and 2001 amendatory legislation, is referred to as the "Authorizing Legislation."

In 2001, the Authority entered various agreements with the Chicago Park District, the Chicago Bears Football Club, Inc. (the "Bears"), the Chicago Bears Stadium, LLC (the "Developer"), and LaSalle Bank N.A. as bond trustee and disbursement agent that outline the terms and conditions with respect to the redevelopment of a 97-acre parcel of Chicago lakefront park land that includes Soldier Field (the "Project"). Included in these agreements are the Development Assistance Agreement and the Operation Assistance Agreement.

On October 4, 2001, the Authority issued $398,998,040 Series 2001 Bonds to provide financial assistance to the Project. The Project included the restoration of the existing colonnades and the shell of Soldier Field; and construction of a 61,500 seat state-of-the-art facility for athletic, artistic, and cultural events; construction of a new 2,500 space underground parking structure between Soldier Field and the Field Museum utilized for general use by the public, including Museum patrons, throughout the year; the construction of a two-story above-ground parking structure south of Soldier Field; the reconstruction and landscaping of a surface parking lot near McCormick Place; and the creation of 17 new acres of park facilities. Soldier Field officially reopened for National Football League games on September 29, 2003.

In 2003, the Authority and the Team agreed that the Team could license to United States Cellular Corporation the naming rights for the New Comiskey Park. In turn, the Authority and the Team reached agreement on certain changes and modifications including the extension of the term of the Management Agreement from 2010 until 2029, a plan and project list for construction, and the method for financing the

1. Summary of Significant Accounting Policies (Cont.)

A. Organization of the Authority (Cont.)

improvements via the issuance of the Series 2003 Bonds in the amount of $42,535,000 and a corresponding maintenance subsidy reduction to cover the debt service. The New Comiskey Park is now known as U.S. Cellular Field and corresponding various improvements were made to the park in both the 2004 and 2005 off seasons, most notably the upper deck renovations, the addition of the Fundamental deck and the Scout Seating Area.

On December 29, 2008, the Authority issued $10,000,000 Series 2008 Bonds to finance the redevelopment of the 35th Street infrastructure. The project consisted of the demolition of portions of the pedestrian ramps and replacement with a new enclosed system of elevators and escalators to provide access for members of the general public.

The Series 2001 Bonds, the Series 2003 Bonds and the Series 2008 Bonds (collectively the "Bonds") outstanding at June 30, 2012 and 2011, are secured by an assignment of and a first lien on amounts which are to be paid to U.S. Bank N.A. (the "Trustee") from the Illinois Sports Facilities Fund, a fund in the Treasury of the State.

The Bonds were also secured by Authority Tax Revenues subject to the interest of the Team under the Management Agreement until the date the Trustee first received payments from the Sports Facilities Fund after completion of the Soldier Field project. A formal certificate of completion on the Project was issued on February 7, 2007.

B. Establishment of Funds

The financial activities of the Authority are recorded in the following funds required either by the Indenture of Trust, the First Supplemental Indenture of Trust, the Second Supplemental Indenture of Trust, and the Third Supplemental Indenture of Trust (collectively the "Bond Indenture") securing the Series 2001 Bonds, the Series 2003 Bonds, and the Series 2008 Bonds or the Management Agreement and the Operation Assistance Agreement, as noted below:

General Fund

The General Fund accounts for the overall operations of the Authority, as well as construction-related expenditures not paid for through the Construction Fund. Overhead items such as professional fees, commercial insurance, salaries, and office expenditures are paid from this fund. Certain excess revenues in the Revenue Funds are transferred into this fund.

Revenue Funds

- *Sports Facilities Fund* - Revenues received from the Illinois Sports Facilities Fund of the State Treasury, such as subsidies received from the City of Chicago (the "City") and the State, are deposited into this fund.

- *Investment Earnings Fund* - Investment earnings in funds other than the Construction Fund, Debt Service Reserve Fund, Bond Interest Fund, Bond Principal Fund, Bond Redemption Fund, Extraordinary Redemption Fund, and Rebate Fund are transferred into this fund. The amounts held in this fund are to be applied to debt service payments in the event needed. If additional funding is not required, the balance is to be transferred into the Sports Facilities Fund. As a result, when sufficient funding has been appropriated to meet debt service obligations for the fiscal year, the Authority is not required to maintain this fund.

1. Summary of Significant Accounting Policies (Cont.)

   B. Establishment of Funds (Cont.)

***Revenue Funds* (Cont.)**

- *Other Revenues Fund* - Authority Hotel Tax revenues and advances from the State along with excess monies in any of the Debt Service Funds at fiscal year-end are deposited into this fund. Fees to the Authority from the Chicago White Sox under Article III and Article XXXI of the Management Agreement are also recorded in this fund.

Debt Service Funds

- *Bond Interest Fund* - Interest payments on the Bonds are paid from this fund. Revenues for payment of interest are generally transferred from the Revenue Funds.

- *Bond Principal Fund* - Principal payments on the Bonds are paid from this fund. Revenues for principal payments are generally transferred from the Revenue Funds.

- *Bond Redemption Fund* - Payments for redemption of term bonds are made from this fund. Revenues for payments are generally transferred from the Revenue Funds.

- *Capitalized Interest Fund* - A portion of the proceeds of the 2001 Series Bonds was placed into this fund to meet part of the interest obligations on such bonds for the first three fiscal years. The interest earned on these proceeds is placed into the fund and will also be used to offset interest payments on the 2001 Series Bonds.

- *Cost of Issuance Fund* - A portion of the proceeds from the issuance of the 2003 Series Bonds and the 2008 Series Bonds were placed into the funds to meet the costs associated with issuing the 2003 and 2008 Series Bonds. The interest earned on these proceeds accumulates within the fund and continues to be used to pay expenditures related to issuing these bonds. Any funds not depleted shall be used as specified in the Bond Indenture.

- *Debt Service Reserve Fund* - The reserve requirement for debt service is maintained in this fund. Transfers may be made to other funds for interest, principal and redemption payments. Additional revenues, if needed, in this fund are obtained through transfers from the Revenue Funds. The reserve requirement for the 2001 through 2003 Series Bonds is currently being met by a surety bond issued by Ambac Assurance Corporation.

- *Extraordinary Redemption Fund* - Payments for early redemption of bonds are made from this fund. Revenues in this fund are obtained through transfers from the Debt Service Funds.

- *Bond Refunding Fund* - Payments for the refunding of outstanding bonds are made from this fund. Revenues for payments are obtained from proceeds of new bond issuances and through transfers from the General Fund.

1. Summary of Significant Accounting Policies (Cont.)

B. Establishment of Funds (Cont.)

***Debt Service Funds* (Cont.)**

- *Project Fund* - Upon the financial closing of the 2001 Series Bonds, the 2001 Series Project Fund received the net proceeds of the bonds after payment of costs of issuance and deposits to the Capitalized Interest Fund and was utilized by the Project as defined above. Additionally, the interest earned on these proceeds was deposited into the fund. As of August 20, 2004, these dollars were fully expended. Upon the financial closing of the 2003 Series Bonds, the 2003 Series Project Fund received the net proceeds of the bonds after payment of costs of issuance. Such proceeds were utilized for renovations at U.S. Cellular Field as agreed to by the Authority and Team. Upon the financial closing of the 2008 Series Bonds, the 2008 Series Fund received the net proceeds of the bonds after payment of costs of issuance and debt service reserve. Such proceeds were utilized for the redevelopment of the 35^{th} Street infrastructure. Additionally, interest earned on these proceeds is deposited into the fund.

For financial statement purposes, the debt service funds for each series of bonds have been consolidated into a single column, specifically, one column for the 2001 Debt Service Funds, one column for the 2003 Debt Service Funds, and one column for the 2008 Debt Service Funds.

Capital Projects Funds

- *Construction Fund* - As created by the Series 1989 Indenture, this fund reflects the majority of the costs associated with the construction of the New Comiskey Park. The majority of the Series 1989 Bond proceeds were deposited into this fund. During fiscal year 1992, the Construction Fund exhausted the balance of the original bond proceeds and all remaining construction expenditures were made from the General Fund.

Other Funds

- *Comiskey Park Capital Improvement Fund (formerly known as the Maintenance and Repairs Fund)* - This fund was created by the Management Agreement and is used to finance the Authority's share of capital improvements to U.S. Cellular Field, as well as ongoing stadium maintenance and repair obligations of the Authority after completion of the New Comiskey Park. Required annual reserves for maintenance and repair costs are transferred into this fund from the General Fund. In addition, the Three-Party Agreement between the Chicago Park District, the Chicago White Sox, and the Authority provides for portions of fees paid to the Authority by the Chicago White Sox to be deposited within this fund.

- *Supplemental Stadium Fund* - This fund was created by the Management Agreement and is used to finance capital improvements to U.S. Cellular Field mutually agreed by the Authority and the Team. The Authority is required to transfer into the Fund by November 21 of each year amounts determined pursuant to a formula set forth in the Management Agreement. The formula requires the transfer of the lesser of (i) net ticket fees paid to the Authority by the Chicago White Sox for the season most recently ended and (ii) the Amount of Authority hotel tax receipts, if any, in excess of specified annual levels set forth in the Management Agreement. The initial deposit was due in fiscal year 2008 and was paid from the Comiskey Capital Improvement Fund.

1. Summary of Significant Accounting Policies (Cont.)

B. Establishment of Funds (Cont.)

Other Funds (Cont.)

- *Chicago White Sox Reserve Fund* - This fund was created by the Management Agreement and is used to retain the reserve required by the Management Agreement between the Authority and the Team. Required annual reserves covering the Authority's good faith estimate of obligations to the Team for the following fiscal year are transferred into this fund from the General Fund.

- *Soldier Field Capital Improvement Fund* - This fund was created by the Operation Assistance Agreement and is used to finance the Authority's subsidy to the Chicago Park District for the capital improvement expenditures at Soldier Field. The required annual subsidy for Chicago Park District's capital improvement costs are transferred into this fund from the General Fund, per the agreement. The obligation for payments started in fiscal year 2004; such obligations are remitted by the Chicago Park District to the Authority for reimbursement.

- *Soldier Field Reserve Fund* - This fund was created by the Operation Assistance Agreement and is used to retain the reserve required by the Operation Assistance Agreement between the Authority and the Chicago Park District.

- *Rebate Fund* - This fund is used to reserve funds for any federal income tax arbitrage rebate liability incurred on excess investment interest income. No federal income tax liability was incurred for the years ended June 30, 2012 and 2011.

The funds shown in these financial statements are those for which activity has been recorded for the period in accordance with the Bond Indenture.

C. Establishment of Accounting Principles

As provided by the Authorizing Legislation, the Authority originally issued Series 1989 Bonds to construct the New Comiskey Park. Additionally, the Authority issued Series 2001 Bonds to provide financial assistance to the Chicago Park District for the Chicago Lakefront and Stadium Improvement Project, Series 2003 Bonds to renovate U.S. Cellular Field and Series 2008 Bonds to redevelop the 35^{th} Street infrastructure. To set forth obligations and agreements of the Authority with regard to these Bonds, the Authority adopted the Bond Indenture.

Under the Bond Indenture and the Authorizing Legislation, various accounting principles are to be followed by the Authority, which differ in certain respects, which in some cases may be material, from accounting principles generally accepted in the United States of America ("GAAP"). The more significant of these differences are as follows:

- Instead of using the modified accrual basis of accounting for governmental funds required under GAAP, the Authority's financial statements are prepared using the accrual basis of accounting and for certain revenues and expenditures, and, as described below, the cash basis of accounting.

1. Summary of Significant Accounting Policies (Cont.)

   C. Establishment of Accounting Principles (Cont.)

- Under GAAP, the Authority would have been required for the year ended June 30, 2003 to adopt the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The principal impact of such standards include:

  - In addition to the currently prepared government fund financial statements, the Authority would be required to prepare separate government-wide financial statements under the accrual basis of accounting including recording depreciation expenditures for capital assets.

  - The Authority would be required to prepare Management's Discussion and Analysis as required supplementary information to the financial statements.

Therefore, the accompanying financial statements, which are prepared in accordance with the aforementioned accounting principles, are not intended to, and do not, present the financial position or results of operations in conformity with GAAP. Following are the significant accounting policies required by the Bond Indenture:

- *Accrual Basis of Accounting* - The accompanying financial statements were prepared using the accrual basis of accounting, except for the Chicago White Sox Maintenance Subsidy, the Chicago Park District Maintenance Subsidy, payment requisitions from the Project Fund and certain Fees to the Authority from the Chicago White Sox, which are accounted for on a cash basis. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

- *Long-Term Assets and Liabilities* - Every transaction involving an expenditure for a long-term asset is recorded as an expenditure on the combined statement of revenues, expenditures and changes in fund balance. To record the asset on the combined balance sheet, a second entry is made. This second entry records an asset for the amount of the expenditure, with the offsetting entry going to an "other financing sources" account on the combined statement of revenues, expenditures and changes in fund balance. Certain expenditures in the Comiskey Park Capital Improvement Fund, Series 2003 and Series 2008 Project Funds for capital improvements are recorded as long-term assets. Some transactions involving long-term liabilities are recorded as revenue on the combined statement of revenues, expenditures and changes in fund balance. To record the liability on the combined balance sheet, a second entry records the liability for the amount of the revenue, with the offsetting entry going to an "other financing uses" account in the combined statement of revenues, expenditures and changes in fund balance.

1. Summary of Significant Accounting Policies (Cont.)

C. Establishment of Accounting Principles (Cont.)

- *Long-Term Assets and Liabilities* (Cont.) -

  The types of costs that have been recorded as long-term assets as described above include construction costs, stadium improvements, land purchases, capitalized interest and 1989 Bond issuance costs. Expenditures surrounding the above-mentioned categories prior to fiscal year 2001 were recorded as long-term assets.

  In fiscal year 2001, the Authority undertook a comprehensive process of performing both improvements and renovations to existing components at the park. In situations where these stadium improvements replaced or renovated existing components, the Authority expensed such dollars as park maintenance. However, in situations where the stadium improvement related to a new component and/or to an enhancement to the facility, the Authority recorded the expenditure as a long-term asset. This process was ongoing until fiscal year 2008. Beginning in fiscal year 2009, the historical value of replacements, when indeterminable, was derived using a capital cost reverse escalation calculator model. The model was created using data published by the Engineering News Record ("ENR") Building Cost Index ("BCI") for Chicago, Illinois. The information needed to derive the historical value for disposals includes the initial year the asset was put into service or the year the replacement asset was installed and the current amount expended on the replacement of those assets.

- *Interest* - Interest on the Bonds is provided from revenues and paid semiannually on June 15th and December 15th from the Bond Interest Fund. In addition, an accrual is made for the amount of interest owed to bondholders. Interest is accrued and paid for all bonds with the exception of the 2001 Series Conversion and Capital Appreciation Bonds, for which payment is deferred until future years.

- *Investment Income* - Income from investments, and profits and losses realized from such investments, are credited or charged to the investing fund on a monthly basis.

- *Revenues* - The Authority's major revenue sources are described below:

  - <u>State and City Subsidy Payments</u> - Under the Authorizing Legislation, the Authority is to receive, subject to sufficient appropriation by the General Assembly of the State of Illinois, $10 million per fiscal year through fiscal year 2032. Of this $10 million, $5 million is a subsidy to be provided from a portion of the net proceeds of the State Hotel Operators' Occupation Tax (the "State Hotel Tax") and $5 million is a subsidy to be provided from a portion of the Local Government Distributive Fund in the State Treasury which is allocated to the City of Chicago.

    - <u>Proceeds of the State Hotel Tax</u> - The State imposes a statewide tax on persons engaged in the business of renting, leasing or letting hotel rooms. In each fiscal year, $5 million is remitted to the Authority from the net proceeds of the State Hotel Tax. Subject to annual appropriation, the payments are made to the Authority from the State Treasury in eight equal monthly installments for the first eight months of the fiscal year. This tax is separate from and in addition to the Authority Hotel Tax described below.

1. Summary of Significant Accounting Policies (Cont.)

C. Establishment of Accounting Principles (Cont.)

- *Revenues* (Cont.) -

  - State and City Subsidy Payments (Cont.) –

    - The Local Government Distributive Fund - In each fiscal year, subject to annual appropriation, $5 million is remitted to the Authority from the portion of the Local Government Distributive Fund allocated to the City of Chicago. The payments are made to the Authority from the State Treasury in eight equal monthly installments in the first eight months of the fiscal year.

  - Authority Hotel Tax Collections - Under the Authorizing Legislation, the Authority is empowered to and has imposed a 2% tax on the receipts from the occupation of renting, leasing or letting hotel rooms in the City (the "Authority Hotel Tax"). The Authority Hotel Tax is collected by the Illinois State Department of Revenue, which withholds 4% of the amount collected as an administrative fee for collecting and remitting these tax revenues to the Authority.

    There is generally a three-month delay between the time hotels collect and remit the tax to the State, and the State remits the collections to the Authority. This delay results in a year-end hotel tax revenues receivable.

  - State Advance - Subject to annual appropriation, every month, for the first eight months of a fiscal year, the State advances to the Authority the difference between the annual amount certified by the Chairman of the Authority pursuant to Section 8.25-4 of the State Finance Act (and appropriated to the Authority from the Illinois Sports Facilities Fund) less the subsidy portion of the appropriation. The amount advanced is drawn from State Hotel Tax revenues.

    The original Act set the advance amount at $8 million. Public Act 91-935 increased the advance amount to $22,179,000 for fiscal year 2002 and 105.615% of the previous year's amount for fiscal year 2003 and each fiscal year thereafter through 2032.

    Every month during the respective fiscal year, the State withholds collections of the Authority Hotel Tax to repay the amount advanced to the Authority until such time as the advance is repaid in full. The withholding amount is equal to the balance of the advance or the total amount of collections for the month, if those collections are less than the balance of the advance. To the extent the Authority Hotel Tax is not adequate to repay the advance by the end of a fiscal year, the deficiency is automatically withdrawn by the State from the City's share of the Local Government Distributive Fund. As a result, at the end of each fiscal year, the Authority's advance reimbursement obligation is fully satisfied.

    During fiscal year 2012, the State's withholding of the Authority Hotel Tax was sufficient to repay the State for the full advance amount prior to the end of the fiscal year. Following full repayment of the advance, the State remitted Authority Hotel Tax collections in excess of the advance to the Authority.

1. Summary of Significant Accounting Policies (Cont.)

   C. Establishment of Accounting Principles (Cont.)

      - *Revenues* (Cont.) -

        - State Advance (Cont.) -

          During fiscal year 2011, the Authority Hotel Tax was not adequate to fully repay the advance to the State by the end of the fiscal year. Therefore, as described above, the deficiency of $185,009 was deducted from the City's share of the Local Government Distributive Fund.

          The Authorizing Legislation provides that on June 15th of each year all amounts which the Authority has received from net proceeds of the Authority Hotel Tax and which remain available after payment of debt service on bonds or notes of the Authority, deposits for debt service reserves, obligations under management agreements with users of the Authority's facilities and/or users of other government entity's facilities for which the Authority has entered into financial assistance agreements, deposits to other reserve funds, and payments of its other capital and operating expenditures, are to be repaid to the State Treasury. The Authority repaid $0 for the fiscal years 2012 and 2011.

        - Fees to the Authority from the Chicago White Sox - The Management Agreement, as amended, currently provides three mechanisms by which the Chicago White Sox remit fees to the Authority. The first mechanism is through ticket revenues; the second is through a guaranteed fee; and the third is an escalating fee for the use of the Conference Center.

          Under Article III of the Management Agreement, upon completion of the new stadium, the Authority is entitled to certain ticket fees, which represent a percentage of ticket revenues after attendance reaches a certain level, as defined by the Management Agreement. Total net ticket fees for the 2011 Season were $0. Tickets sold for the 2012 Season are projected not to exceed the minimum ticket threshold. Therefore, no net ticket fees are projected to be received at the conclusion of the 2012 Season.

          The Authority presents ticket fees as revenue in the combined financial statements net of other payments due to the Chicago White Sox. Tickets sold are subject to the City of Chicago's Amusement Tax. Under the Management Agreement, the Authority is required to reimburse the Chicago White Sox for a certain portion of taxes on the sale of tickets. As of June 30, 2012 and 2011, $0 was accrued as net estimated receivables under this agreement.

          In addition to ticket fees, the Authority is entitled to a base fee of $1,200,000 beginning in 2008, which increases annually through 2011 by $100,000. For Seasons 2012 and thereafter, the fee of $1,500,000 is escalated by a fraction, the numerator of which is the Consumer Price Index (as defined in the Management Agreement, "CPI") for the month of December preceding such Season and the denominator of which is the CPI for the month of December 2010.

1. Summary of Significant Accounting Policies (Cont.)

C. Establishment of Accounting Principles (Cont.)

- *Revenues* (Cont.) -

  - Fees to the Authority from the Chicago White Sox (Cont.) -

    The Authority is also entitled to a rental payment for the Conference Center in the amount of $100,000 beginning in 2001 and escalating by a fraction, the numerator of which is the Consumer Price Index (as defined in the Management Agreement, "CPI") for the month of May during such Season and the denominator of which is the CPI for the month of May 2001. In no event may the rental payment be reduced below $100,000.

- *Application of Revenues Under the Indenture* - Monthly revenues are disbursed in the following order from the following accounts in the Revenue Fund:

  1. From the Investment Earnings Account;

  2. From the Sports Facilities Fund Account;

  3. From the Authority Tax Revenues Account;

  4. From the Other Revenues Fund.

  These disbursements are used to pay the following expenditures in the following order on a monthly basis:

  1. One-eighth of the annual interest requirements on outstanding bonds for the first eight months of the fiscal year into the Bond Fund-Interest Account, after taking into account amounts on deposit in and available for transfer from any capitalized interest account;

  2. The same as 1. above for the annual principal requirements on serial bonds into the Bond Fund-Principal Account;

  3. The same as 2. above for the annual principal requirements on term bonds into the Bond Fund-Redemption Account;

  4. An amount, if any, needed to increase the reserve in the Debt Service Reserve Fund for: (i) first, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to a Deficiency Drawing, on a pro rata basis, if any; (ii) second, to increase the balance of such Fund to the Debt Service Reserve Requirement which is equal to the lesser of (a) 50% of Maximum Annual Debt Service or (b) 10% of the aggregate principal amount of all series of the outstanding bonds; and (iii) third, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to an Expiration Drawing, on a pro rata basis, if any;

1. Summary of Significant Accounting Policies (Cont.)

   C. Establishment of Accounting Principles (Cont.)

   - *Application of Revenues Under the Indenture* (Cont.)

     5. Trustee fees and credit enhancement costs;

     6. On a pro rata basis, any interest due and payable to each Debt Service Reserve Fund Facility Provider pursuant to the relevant agreements;

     7. All remaining amounts under the Indenture are paid to the Authority, except no investment earnings on amounts in the Revenue Fund are paid to the Authority.

   - *Disposition of Revenues After Receipt by the Authority* - Amounts that the Authority receives under the Indenture, together with the proceeds of the Authority Hotel Tax, investment earnings, receipts from the Chicago White Sox and other revenues and receipts of the Authority are spent for the corporate purposes of the Authority, including to satisfy its obligations under the Management Agreement and its various contracts with the Chicago Park District. The Authority, the Chicago Park District and the Chicago White Sox have entered into a Three-Party Agreement that describes the following relative priority of expenditures by the Authority after making the transfers, deposits and payments required under the Indenture and described above and before rebating any surplus revenues to the State as required under Section 19 of the Act:

     1. Payment of the Chicago White Sox maintenance subsidy;

     2. Payment of the Authority's ordinary and necessary expenditures;

     3. Payment of U.S. Cellular Field capital repairs to a set amount;

     4. Payment of the annual subsidy amount to the Chicago Park District;

     5. Payment of any U.S. Cellular Field capital repairs not provided for in item 3;

     6. Payment of the required deposits to the Soldier Field Capital Improvement Fund;

     7. Deposits of the required amounts to the Chicago White Sox Reserve Fund;

     8. Deposits of the required amounts to the Soldier Field Reserve Fund;

     9. Reserving of any amounts determined by the Authority as protection against fluctuations in the Authority Hotel Tax that might affect the Authority's ability to repay amounts advanced by the State;

     10. Payment of any amounts under any agreement with the Chicago White Sox or Chicago Park District entered into after the Three-Party Agreement.

1. Summary of Significant Accounting Policies (Cont.)

   C. Establishment of Accounting Principles (Cont.)

   - *Disposition of Revenues After Receipt by the Authority (Cont.)* -

     In fiscal year 2007, the Authority established a real estate account within the General Fund of the Authority for the purpose of funding projects to acquire land relevant to the Authority. The balance in the real estate account at the conclusion of fiscal years 2012 and 2011 was $7,155,000.

     In fiscal year 2012, $242,445 was transferred to the General Fund from the Chicago White Sox Reserve Fund; $210,261 was transferred from the General Fund to the Soldier Field Reserve Fund; and $5,808,175 was drawn from the hotel tax variation reserve within the year offset by a $5,859,690 replenishment to bring the reserve balance at the conclusion of the fiscal year to $19,300,000.

     In fiscal year 2011, $20,555 was transferred to the General Fund from the Chicago White Sox Reserve Fund; $204,137 was transferred from the General Fund to the Soldier Field Reserve Fund; and $7,860,552 was drawn from the hotel tax variation reserve within the year offset by a $9,271,147 replenishment to bring the reserve balance at the conclusion of the fiscal year to $19,248,485.

   - *Investments* - The Authority follows the provisions of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* issued by the Governmental Accounting Standards Board. In accordance with the statement, investments, which are held to their original maturity of one year or less, are recorded at amortized cost, which approximates fair value due to the short-term nature of the investments. Investments that mature greater than one year from the date of purchase are recorded at fair value. If an investment security is to be sold prior to maturity and amortized cost exceeds the expected proceeds from such sale, a loss provision for such excess is recorded in the period in which the decision to sell is made.

     The investment of funds is also restricted to permitted investments of public agencies as defined by Illinois law. These permitted investments include direct obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper of U.S. corporations with assets exceeding $500,000,000 if such commercial paper is rated within the three highest rating classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

   - *Operations* - Operating costs and expenditures are expensed as incurred. In addition, accruals have been made for goods and services received but not paid.

   - *Fund Transfers* - The Authority records transfers between funds for various purposes, including earnings transfers, funding, and payment of debt service of the Authority.

2. Cash and Investments

A. Cash

During fiscal years 2012 and 2011, the Authority maintained five non-interest bearing checking accounts for which amounts in excess of a preset figure were swept into a Money Market Mutual Fund that invests in securities issued or guaranteed by the U.S. Government (see the Investments section below). The checking accounts are fully insured by the Federal Deposit Insurance Corporation as of June 30, 2012.

B. Cash Equivalents

Cash equivalents are defined and include highly liquid debt instruments purchased with a maturity date of three months or less. Cash equivalents include certain money market mutual funds that allow checks to be written from that fund.

C. Investments

The following investment vehicles were maintained at June 30, 2012 and 2011:

		Investment Maturities	
	Fair Value	Less than 1 Year	1-5 Years
Investments - 2012			
U.S. Government Agencies	$ -	$ -	$ -
Investments - 2011			
U.S. Government Agencies	$ 35,792,697	$ 35,792,697	$ -

The following schedule as of June 30, 2012 and 2011, summarizes cash, cash equivalents, and investments to their totals in the Combined Statement of Assets, Liabilities, and Equity:

	2012	2011
Cash and Cash Equivalents	$ 71,962,433	$ 39,328,338
Investments	-	35,792,697
	$ 71,962,433	$ 75,121,035

D. Credit Risk

State law authorizes the Authority to invest in direct obligations of the U.S. Treasury, Agencies and Instrumentalities; short-term commercial paper of U.S. corporations with assets exceeding $500,000,000 if such commercial paper is rated within the three highest rating classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

2. Cash and Investments

D. Credit Risk (Cont.)

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Authority's policy to limit its investments in these investment types to the top two ratings issued by NRSROs. As of June 30, 2012 and 2011, the Authority's investments in money market funds were rated A1 or better by Standard & Poor's.

E. Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities. Investments are held only in banks insured by the Federal Deposit Insurance Corporation. The Authority limits its investments to the safest types of securities, such as obligations backed by the United States or its agencies, in accordance with the Authority's Investment Policy, to mitigate risk of loss. Investments purchased by third-party custodial banks are in accordance with the Authority's Investment Policy and are approved by the Authority in advance. Funds of the Authority managed by the Trustee bank pursuant to the Indenture of Trust are invested by the Trustee in accordance with the Bond Indenture and the Illinois Public Funds Investment Act. All investments are held in the Authority's name.

F. Interest Rate Risk

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority manages interest rate exposure by matching the maturities of investments with its expected cash flow needs. For investments intended to be used for operations and capital maintenance, the Authority purchases investments so that the maturity dates are in line with anticipated cash flow needs. For investments restricted for capital projects, the Authority invests in maturities that meet the projected draw schedule for related projects.

3. Bonds Payable

A. Series 2001

Total Series 2001 Bonds outstanding at June 30, 2012 are as follows:

	Effective Interest Rate	Amount
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2001		
Current Interest Bonds, Due June 15, 2030 to 2032	5%	$ 187,835,000
Conversion Bonds, Due June 15, 2013 to 2030	4.75% to 5.50%	139,390,793
Capital Appreciation Bonds, Due June 15, 2013 to 2026	4.80% to 9.00%	63,540,217
		$ 390,766,010

3. Bonds Payable (Cont.)

A. Series 2001 (Cont.)

The Capital Appreciation Bonds are not subject to optional or mandatory redemption prior to maturity. However, both the Current Interest Bonds and the Conversion Bonds are subject to redemption at the option of the Authority prior to maturity and following the conversion date on the Conversion Bonds:

	Maturing After	Redemption Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2001 Current Interest Bonds	On or after June 15, 2012 and prior to June 15, 2013	101.0%
	On or after June 15, 2013	100.0%
Conversion Bonds, subject to optional redemption following the conversion date	On or after June 15, 2015 and prior to June 15, 2016	101.0%
	On or after June 15, 2016	None

Series 2001 Bonds maturing in the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	$ 3,797,354
2014	4,594,695
2015	5,347,832
2016	6,063,337
2017	6,716,095
2018-2022	25,419,968
2023-2027	57,424,897
2028-2032	281,401,832
	$ 390,766,010

Ambac Assurance Corporation provides the debt service reserve fund surety bond and bond insurance on the Series 2001 Bonds. The proceeds of the Series 2001 Bonds were used to provide financial assistance to the Chicago Park District to finance a portion of the costs of the reconstruction of Soldier Field and improvements to the Chicago lakefront.

3. Bonds Payable (Cont.)

B. Series 2003

Total Taxable Series 2003 Bonds outstanding at June 30, 2012 are as follows:

	Interest Rate	Amount
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2003 Series Bonds, Due June 15, 2013 to 2029	4.95% - 6.05%	$ 38,425,000

The Taxable Series 2003 Bonds are subject to optional and mandatory redemption prior to maturity.

	Maturing After	Redemption Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2003	On or after June 15, 2014	100.0%

Bonds maturing in the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	$ 945,000
2014	1,055,000
2015	1,170,000
2016	1,300,000
2017	1,435,000
2018-2022	9,625,000
2023-2027	14,960,000
2028-2029	7,935,000
	$ 38,425,000

The Debt Service Reserve Fund for the outstanding Bonds is funded by a surety bond issued by Ambac Assurance Corporation. In connection with the surety bond, the Authority covenanted to Ambac Assurance Corporation to set aside and maintain within the Comiskey Park Capital Repairs Account (or another Authority fund, at the discretion of the Authority), an amount ("Authority Reserved Funds") equal to the Maximum Annual Debt Service (as defined in the Indenture) for all Bonds then outstanding, less the annual City Subsidy Moneys (as defined in the Indenture), less the net proceeds of the tax imposed by the State Hotel Tax Act (as defined in the Indenture) from which deposits to the Illinois Sports Facilities Fund (as defined in the Indenture) may be made.

3. Bonds Payable (Cont.)

B. Series 2003 (Cont.)

In compliance with the covenant, at the time of issuance of the Series 2003 Bonds, the Authority set aside within the Authority's Comiskey Park Capital Repairs Account until November 1, 2003 the sum of $6,259,750 as Authority Reserved Funds. Thereafter, the Authority will determine the required amount of Authority Reserved Funds on or before November 1st of each year. If the Authority is required to increase the amount of the Authority Reserved Funds maintained in any year and the fiscal year in which Maximum Annual Debt Service occurs is five or fewer years from the date of the determination of the amount of Authority Reserved Funds, the Authority will increase the amount of the Authority Reserved Funds to comply within 12 months of the determination. If the Authority is required to increase the amount of the Authority Reserved Funds maintained in any year and the fiscal year in which Maximum Annual Debt Service occurs is more than five years from the date of the determination of the amount of Authority Reserved Funds, the Authority will increase the amount of the Authority Reserved Funds within 24 months of the determination.

At June 30, 2012 and 2011, the Authority Reserved Funds in compliance with the covenant were calculated to be $0.

C. Series 2008

Total Series 2008 Bonds outstanding at June 30, 2012 are as follows:

	Interest Rate	Amount
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2008		
Series Bonds, Due June 15, 2013 to 2029	4.61% - 5.85%	$ 9,065,000

The Series 2008 Bonds are subject to optional and mandatory redemption prior to maturity.

	Maturing After	Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2008	On or after June 15, 2015	100.0%

Bonds maturing in the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	$ 350,000
2014	370,000
2015	390,000
2016	410,000
2017	430,000
2018-2022	2,465,000
2023-2027	3,150,000
2028-2029	1,500,000
	$ 9,065,000

3. Bonds Payable (Cont.)

D. Series 2008 (Cont.)

The Debt Service Reserve Fund amount held for the outstanding Bonds totals $812,628 and covers the debt service reserve requirement. The proceeds of the 2008 Bonds were used to finance the redevelopment of the 35th Street infrastructure.

4. Trustee

The Authority and American National Bank (as the "Original Trustee") entered into a Bond Indenture for the Series 1989 Bonds as of March 1, 1989. In conjunction with the refunding of the Series 1989 Bonds, the Authority and the Original Trustee entered into a new Bond Indenture, dated June 1, 1999, to apply to the Series 1999 Refunding Bonds.

On October 9, 2001, LaSalle Bank, N.A. ("Former Trustee") assumed the trustee role for the 1999 Bonds. LaSalle Bank N.A. was appointed as trustee of the Series 2001 and Series 2003 Bonds.

On May 5, 2007, US Bank N.A. ("Trustee") assumed the trustee role for the 1999 Bonds, the Series 2001 and Series 2003 Bonds. US Bank N.A. was appointed as trustee of the Series 2008 Bonds. Under the Bond Indenture, the Trustee has the responsibility to receive and disburse money in accordance with the Bond Indenture and the Authorizing Legislation.

5. Contingencies and Commitments

A. Maintenance Requirements, U.S. Cellular Field

Under the Management Agreement, the Authority reserves $3 million, increased by 3% annually for each Season after the 2001 Season, for capital improvements including various maintenance and repair items to be disbursed from the Comiskey Capital Improvement Fund. This increase provision was effective in the fiscal year 2003 and equated to minimum transfer amounts of $4,031,750 and $3,914,320 in fiscal years 2012 and 2011, respectively.

In fiscal year 2012, the Authority transferred the required amount plus an additional $3,910,407 from the General Fund and $123,769 from the Revenue Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout U.S. Cellular Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred $0 from the Other Reserve Fund to the Supplemental Stadium Fund

In fiscal year 2011, the Authority transferred the required amount plus an additional $1,410,595 from the General Fund and $118,836 from the Revenue Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout U.S. Cellular Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred $0 from the Other Reserve Fund to the Supplemental Stadium Fund.

5. Contingencies and Commitments (Cont.)

B. Maintenance Requirements, Soldier Field

Under the Operation Assistance Agreement, the Authority is required to remit to the Chicago Park District an annual maintenance subsidy, which was in the amount of $4,304,558 in fiscal year 2011 and $4,433,695 in fiscal year 2012. The Operation Assistance Agreement also requires an annual subsidy for capital improvements at Soldier Field to be transferred into the Soldier Field Capital Improvement Fund, which was in the amount of $2.5 million in 2011 and $2.575 million in 2012. The Chicago Park District maintains responsibility for ensuring the facility is structurally sound and safe. In fiscal years 2012 and 2011, respectively, the Authority paid the required subsidies.

C. Maintenance Requirements, Supplemental Stadium Fund

Under the Management Agreement, the Authority will transfer amounts determined pursuant to a formula to the Supplemental Stadium Fund in November of each year. Amounts in the Supplemental Stadium Fund will be used for capital improvements to U.S. Cellular Field as mutually agreed by the Authority and the Team. The Authority transferred the initial required deposit of $4,112,330 from the Comiskey Park Capital Improvement Fund in fiscal year 2008. In fiscal years 2012 and 2011, no transfer was required.

D. Arbitrage Rebate Requirement

The Bond Indenture requires the Authority to establish and administer a Rebate Fund. The Rebate Fund need not be maintained; however, if the Authority's bond counsel renders an opinion that failure to maintain the Rebate Fund will not cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code or otherwise adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Every five years, subject to certain exceptions, the Authority is required to remit to the United States Government an arbitrage rebate payment for the amount of excess earnings from investment of the gross proceeds of the tax exempt bond (the Series 2001 and Series 2008 bonds) above the yield on those bonds. At June 30, 2012 and 2011, there was no arbitrage rebate liability.

E. Fund Deficits

As of June 30, 2012, the 2001 Bond Fund, the 2003 Bond Fund, and the 2008 Bond Fund had deficit fund balances of $399,991,777, $42,262,750, and $9,206,324, respectively. As of June 30, 2011, the 2001 Bond Fund, the 2003 Bond Fund, and the 2008 Bond Fund had deficit fund balances of $399,959,152, $42,344,900, and $9,207,117, respectively. The deficit fund balances in the Bond Interest Funds included in each are due to the accrual of interest expenditures within each respective fund. The actual outflow of funds for these accruals will occur in fiscal year 2013, at which time the funds are expected to generate sufficient resources from revenues and/or transfers to pay for the related obligations. The deficit fund balances in the respective Project Funds were related to the financial assistance provided to the Chicago Park District for the construction of the Chicago Lakefront and Stadium Improvement Project and the renovation work performed to existing elements of U.S. Cellular Field as defined in Note 1.

6. Retirement Plan

The Authority provides a defined contribution simplified employee pension plan for the benefit of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the Authority who have attained the age of 21 and have worked at least one year at the Authority are eligible to participate in and are fully vested in the plan. All plan assets and investments are administered by a trustee, which maintains an individual account for each participant. Further, each participant maintains ownership and control over all assets in his or her account. The Authority contributed 13% of its employees' salaries. Employees, at their option, may contribute up to 15% (within a maximum dollar limit) of their salaries to the plan. The plan may be amended or terminated by the Authority at any time and for any reason in the future, but no such action can deprive employees of their vested interests. In fiscal years 2012 and 2011, the retirement contributions were $66,391 and $89,495, respectively.

7. In-kind Donations

During fiscal year 2012, $237,268 in in-kind donations was contributed by the Chicago White Sox and reported in the Construction Fund. Contributions consisted of capital improvements to the Stadium. The aggregate is reflected in the capital assets and other financing sources section of the financial statements of the Authority for the year ended June 30, 2012. There were no in-kind donations in fiscal year 2011.

8. Restatement

In December 2011, the Authority was advised by the Illinois Department of Revenue that the hotel taxes collected and allocated to the Authority for March 2011 were understated by $922,810. As a result of the correction, the financial statements for the fiscal year ending June 30, 2011 were restated.

9. Phase V and VI Renovations at U.S. Cellular Field

A settlement was reached in the Fundamentals Deck and the Translucent Wall Panels litigation matters. The Authority was paid a total of $225,000 by the settling defendant. The settlement was reflected in the financial statements as of June 30, 2012.

10. Subsequent Events

Management has evaluated subsequent events through October 29, 2012, the date the financial statements were available to be issued. No subsequent events were noted that would require recognition or disclosure in the financial statements.

ADDITIONAL INFORMATION

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

General Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 72,570	$ 23,915	$ (48,655)
Special Events Revenue	146,400	249,506	103,106
Other Income	28,656	30,317	1,661
Total Revenues	247,626	303,738	56,112
Expenditures			
General Expenditures			
Salaries and Benefits	744,901	562,505	(182,396)
Office Expenditures	106,188	56,352	(49,836)
Insurance Expenditures	560,931	470,885	(90,046)
Professional Services	1,156,935	301,646	(855,289)
Marketing and Special Events	130,650	41,889	(88,761)
Total General Expenditures	2,699,605	1,433,277	(1,266,328)
Other Expenditures			
Chicago White Sox Maintenance Subsidy	145,645	118,787	(26,858)
Soldier Field Maintenance Subsidy	4,433,695	4,433,695	-
Total Other Expenditures	4,579,340	4,552,482	(26,858)
Total Expenditures	7,278,945	5,985,759	(1,293,186)
Excess (Deficiency) of Revenues over Expenditures	(7,031,319)	(5,682,021)	1,349,298
Other Financing Sources (Uses)			
Transfers In			
Chicago White Sox Reserve Fund	-	242,445	242,445
Revenue Funds	10,307,575	15,759,773	5,452,198
2001 Debt Service Funds	980,015	3	(980,012)
2003 Debt Service Funds	96,365	6	(96,359)
2008 Debt Service Funds	20,449	20	(20,429)
Transfers (Out)			
Comiskey Park Capital Improvement Fund	(4,031,750)	(7,942,157)	(3,910,407)
Chicago White Sox Reserve Fund	(219,907)	-	219,907
Supplemental Stadium Fund	(245,000)	-	245,000
Soldier Field Capital Improvement Fund	(2,575,000)	(2,575,000)	-
Soldier Field Reserve Fund	(192,720)	(210,261)	(17,541)
Total Other Financing Sources (Uses)	4,140,027	5,274,829	1,134,802
Net Change in Fund Balance	$ (2,891,292)	(407,192)	$ 2,484,100
Fund Balance - June 30, 2011		29,643,175	
Fund Balance - June 30, 2012		$ 29,235,983	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Comiskey Park Capital Improvement Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 130,433	$ 8,172	$ (122,261)
Other Income	-	24,017	24,017
Total Revenues	130,433	32,189	(98,244)
Expenditures			
General Expenditures			
Insurance Expenditures	5,000	-	(5,000)
Professional Services	797,000	342,606	(454,394)
Total General Expenditures	802,000	342,606	(459,394)
Other Expenditures			
Capital Improvements	8,525,000	6,613,115	(1,911,885)
Park Maintenance	4,602,000	2,671,347	(1,930,653)
Total Other Expenditures	13,127,000	9,284,462	(3,842,538)
Total Expenditures	13,929,000	9,627,068	(4,301,932)
Excess (Deficiency) of Revenues over Expenditures	(13,798,567)	(9,594,879)	4,203,688
Other Financing Sources			
Transfers In			
General Fund	4,031,750	7,942,157	3,910,407
Revenue Funds	118,448	123,769	5,321
Total Other Financing Sources	4,150,198	8,065,926	3,915,728
Net Change in Fund Balance	$ (9,648,369)	(1,528,953)	$ 8,119,416
Fund Balance - June 30, 2011		20,060,965	
Fund Balance - June 30, 2012		$ 18,532,012	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Supplemental Stadium Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 1,164	$ (2,293)	$ (3,457)
Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,164	(2,293)	(3,457)
Other Financing Sources			
Transfers In			
General Fund	245,000	-	(245,000)
Revenue Funds	268,338	-	(268,338)
	513,338	-	(513,338)
Net Change in Fund Balance	$ 514,502	(2,293)	$ (516,795)
Fund Balance - June 30, 2011		396,264	
Fund Balance - June 30, 2012		$ 393,971	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Chicago White Sox Reserve Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 17,213	$ -	$ (17,213)
Other Financing Sources (Uses)			
Transfers In			
General Fund	219,907	-	(219,907)
Transfers (Out)			
General Fund	-	(242,445)	(242,445)
Total Other Financing Sources (Uses)	219,907	(242,445)	(462,352)
Net Change in Fund Balance	$ 237,120	(242,445)	$ (479,565)
Fund Balance - June 30, 2011		6,877,000	
Fund Balance - June 30, 2012		$ 6,634,555	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Revenue Funds

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
State Subsidy	$ 5,000,000	$ 5,000,000	$ -
City Subsidy	5,000,000	5,000,000	-
Hotel Tax Revenues	30,300,000	37,077,352	6,777,352
Fees to Authority from the Chicago White Sox	2,262,488	1,642,270	(620,218)
Total Revenues	42,562,488	48,719,622	6,157,134
Expenditures			
General Expenditures			
Trustee Fees	18,000	18,000	-
State Administration Fee	1,212,000	1,483,094	271,094
Amusement Tax Payments	368,202	-	(368,202)
Total Expenditures	1,598,202	1,501,094	(97,108)
Excess of Revenues over Expenditures	40,964,286	47,218,528	6,254,242
Other Financing Uses			
Transfers (Out)			
General Fund	(10,307,575)	(15,759,773)	(5,452,198)
Supplemental Stadium Fund	(268,338)	-	268,338
Comiskey Park Capital Improvement Fund	(118,448)	(123,769)	(5,321)
2001 Debt Service Funds	(26,334,939)	(26,334,936)	3
2003 Debt Service Funds	(3,124,523)	(3,124,528)	(5)
2008 Debt Service Funds	(810,463)	(810,464)	(1)
Total Other Financing Uses	(40,964,286)	(46,153,470)	(5,189,184)
Net Change in Fund Balance	$ -	1,065,058	$ 1,065,058
Fund Balance - June 30, 2011		9,597,601	
Fund Balance - June 30, 2012		$ 10,662,659	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

2001 Debt Service Funds

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 18,900	$ 2	$ (18,898)
Expenditures			
General Expenditures			
Debt Service Expenditures			
Bond Interest	23,419,699	23,419,699	-
Bond Principal Payments	2,947,862	2,947,861	(1)
Total Expenditures	26,367,561	26,367,560	(1)
Excess (Deficiency) of Revenues over Expenditures	(26,348,661)	(26,367,558)	(18,897)
Other Financing Sources (Uses)			
Transfers In			
Revenue Funds	26,334,939	26,334,936	(3)
Transfers (Out)			
General Fund	(980,015)	(3)	980,012
Total Other Financing Sources (Uses)	25,354,924	26,334,933	980,009
Net Change in Fund Balance	$ (993,737)	(32,625)	$ 961,112
Fund Balance (Deficit) - June 30, 2011		(399,959,152)	
Fund Balance (Deficit) - June 30, 2012		$ (399,991,777)	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

2003 Debt Service Funds

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 2,480	$ 21	$ (2,459)
Expenditures			
General Expenditures			
Professional Services	-	(80,472)	(80,472)
Debt Service Expenditures			
Bond Interest	2,282,866	2,282,865	(1)
Bond Principal Payments	840,000	840,000	-
Total General Expenditures	3,122,866	3,042,393	(80,473)
Other Expenditures			
Capital Improvements	-	-	-
Total Expenditures	3,122,866	3,042,393	(80,473)
Excess (Deficiency) of Revenues over Expenditures	(3,120,386)	(3,042,372)	78,014
Other Financing Sources (Uses)			
Transfers In			
Revenue Funds	3,124,523	3,124,528	5
Transfers (Out)			
General Fund	(96,365)	(6)	96,359
Total Other Financing Sources (Uses)	3,028,158	3,124,522	96,364
Net Change in Fund Balance	$ (92,228)	82,150	$ 174,378
Fund Balance (Deficit) - June 30, 2011		(42,344,900)	
Fund Balance (Deficit) - June 30, 2012		$ (42,262,750)	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

2008 Debt Service Funds

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 2,286	$ 20	$ (2,266)
Expenditures			
General Expenditures			
Debt Service Expenditures			
Bond Interest	479,672	479,671	(1)
Bond Principal Payments	330,000	330,000	-
Total General Expenditures	3,757,534	809,671	(2,947,863)
Excess (Deficiency) of Revenues over Expenditures	(3,755,248)	(809,651)	2,945,597
Other Financing Sources (Uses)			
Transfers In			
Revenue Funds	810,463	810,464	1
Transfers (Out)			
General Fund	(20,449)	(20)	20,429
Total Other Financing Sources (Uses)	790,014	810,444	20,430
Net Change in Fund Balance	$ (2,965,234)	793	$ 2,966,027
Fund Balance (Deficit) - June 30, 2011		(9,207,117)	
Fund Balance (Deficit) - June 30, 2012		$ (9,206,324)	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Soldier Field Capital Improvement Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 24,241	$ (811)	$ (25,052)
Expenditures			
Other Expenditures			
Capital Improvements	2,500,000	1,168,024	(1,331,976)
Excess (Deficiency) of Revenues over Expenditures	(2,475,759)	(1,168,835)	1,306,924
Other Financing Sources			
Transfers In			
General Fund	2,575,000	2,575,000	-
Net Change in Fund Balance	$ 99,241	1,406,165	$ 1,306,924
Fund Balance - June 30, 2011		5,160,799	
Fund Balance - June 30, 2012		$ 6,566,964	

ILLINOIS SPORTS FACILITIES AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual

Soldier Field Reserve Fund

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Revenues			
Investment Income	$ 17,541	$ -	$ (17,541)
Other Financing Sources			
Transfers In			
General Fund	192,720	210,261	17,541
Net Change in Fund Balance	$ 210,261	210,261	$ -
Fund Balance - June 30, 2011		7,008,695	
Fund Balance - June 30, 2012		$ 7,218,956	