MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

# ILLINOIS SPORTS FACILITIES AUTHORITY

## Combined Bond Indenture Basis Financial Statements as of and for the Year Ended June 30, 2020

## Additional Information for the Year Ended June 30, 2019 With Independent Auditor's Report

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ILLINOIS SPORTS FACILITIES AUTHORITY

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illinois Sports Facilities Authority

We have audited the accompanying combined financial statements of the Illinois Sports Facilities Authority ("the Authority"), which comprise the combined statement of assets, liabilities and equity - bond indenture basis as of June 30, 2020, and the related combined statement of revenues, expenditures and changes in fund balance - bond indenture basis for the year then ended, and the related notes to the combined financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Authority's Bond Indenture, as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the Authority on the basis of the financial reporting provisions of the Authority's Bond Indenture, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bond Indenture.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Authority as of June 30, 2020, or changes in net position thereof for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined assets, liabilities and equity of the Authority as of June 30, 2020, and the combined statement of revenues, expenditures and changes in fund balance for the year then ended, in accordance with the reporting provisions of the Authority's Bond Indenture as described in Note 1.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined bond indenture basis financial statements as a whole. The schedules of revenues, expenditures and changes in fund balance - bond indenture basis - budget to actual included in the additional information section on pages 37 - 48 are presented for purposes of additional analysis and are not a required part of the combined bond indenture basis financial statements.

The schedules of revenues, expenditures and changes in fund balance - bond indenture basis - budget to actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined bond indenture basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined bond indenture basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined bond indenture basis financial statements or to the combined bond indenture basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balance - bond indenture basis - budget to actual are fairly stated, in all material respects, in relation to the combined bond indenture basis financial statements as a whole.

*Prior-Year Comparative Information*

We have previously audited Illinois Sports Facilities Authority's financial statements as of June 30, 2019, and we expressed an adverse opinion on the financial statements in accordance with U.S. generally accepted accounting principles and an unmodified opinion in accordance with the reporting provisions of the Authority's Bond Indenture as described in Note 1, in our report dated October 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mulcahy & Co., LLP

Orland Park, Illinois
October 26, 2020

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Combined Statement of Assets, Liabilities and Equity - Bond Indenture Basis
June 30, 2020 (With Comparative Totals for 2019)

| | General Fund | Comiskey Park Capital Improvement Fund | Supplemental Stadium Fund | Chicago White Sox Reserve Fund | Revenue Funds | 2001 Debt Service Funds | 2003 Debt Service Funds | 2008 Debt Service Funds | 2014 Debt Service Funds | 2019 Debt Service Funds | Soldier Field Capital Improvement Fund | Soldier Field Reserve Fund | Construction Fund | Combined Total June 30, 2020 | Combined Total June 30, 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | |
| *Current assets* | | | | | | | | | | | | | | | |
| Cash and cash equivalents | $ 55,697,790 | $ 17,827,924 | $ 94,321 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 8,514,820 | $ - | $ - | $ 82,134,855 | $ 77,651,096 |
| Hotel tax revenues receivable | - | - | - | - | 1,570,563 | - | - | - | - | - | - | - | - | 1,570,563 | 16,903,981 |
| Interest and other receivables | 600 | 89,281 | - | - | - | 1,196 | - | - | 270 | 75 | - | - | - | 91,422 | 45,725 |
| Prepaid expenditures | 405,689 | - | - | - | - | - | - | - | - | - | - | - | - | 405,689 | 332,881 |
| *Due from other funds* | | | | | | | | | | | | | | | |
| General Fund | - | - | 301,307 | 5,812,180 | - | - | - | - | - | - | - | 9,144,760 | - | 15,258,247 | 19,764,926 |
| 2001 Debt Service Funds | 1,196 | - | - | - | - | - | - | - | - | - | - | - | - | 1,196 | 21,615 |
| 2014 Debt Service Funds | 270 | - | - | - | - | - | - | - | - | - | - | - | - | 270 | 10,856 |
| 2019 Debt Service Funds | 75 | | | | | | | | | | | | | 75 | - |
| Total current assets | 56,105,620 | 17,917,205 | 395,628 | 5,812,180 | 1,570,563 | 1,196 | - | - | 270 | 75 | 8,514,820 | 9,144,760 | - | 99,462,317 | 114,731,080 |
| *Long-term assets* | | | | | | | | | | | | | | | |
| Stadium | - | - | - | - | - | - | - | - | - | - | - | - | 153,260,885 | 153,260,885 | 153,260,885 |
| Stadium improvements | - | - | - | - | - | - | - | - | - | - | - | - | 114,768,723 | 114,768,723 | 110,643,890 |
| Scoreboard | - | - | - | - | - | - | - | - | - | - | - | - | 17,116,698 | 17,116,698 | 16,648,277 |
| Replacement housing | - | - | - | - | - | - | - | - | - | - | - | - | 4,763,939 | 4,763,939 | 4,763,939 |
| Land | - | - | - | - | - | - | - | - | - | - | - | - | 28,165,461 | 28,165,461 | 28,165,461 |
| Land improvements | - | - | - | - | - | - | - | - | - | - | - | - | 4,724,111 | 4,724,111 | 4,724,111 |
| Capitalized interest | - | - | - | - | - | - | - | - | - | - | - | - | 8,933,867 | 8,933,867 | 8,933,867 |
| Total long-term assets | - | - | - | - | - | - | - | - | - | - | - | - | 331,733,684 | 331,733,684 | 327,140,430 |
| **Total assets** | $ 56,105,620 | $ 17,917,205 | $ 395,628 | $ 5,812,180 | $ 1,570,563 | $ 1,196 | $ - | $ - | $ 270 | $ 75 | $ 8,514,820 | $ 9,144,760 | $ 331,733,684 | $ 431,196,001 | $ 441,871,510 |

The accompanying notes are an integral part of the combined financial statements.

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Combined Statement of Assets, Liabilities and Equity - Bond Indenture Basis *(continued)*
June 30, 2020 (With Comparative Totals for 2019)

| | General Fund | Comiskey Park Capital Improvement Fund | Supplemental Stadium Fund | Chicago White Sox Reserve Fund | Revenue Funds | 2001 Debt Service Funds | 2003 Debt Service Funds | 2008 Debt Service Funds | 2014 Debt Service Funds | 2019 Debt Service Funds | Soldier Field Capital Improvement Fund | Soldier Field Reserve Fund | Construction Fund | Combined Total June 30, 2020 | Combined Total June 30, 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | | | | | | | | | | | | | |
| *Current liabilities* | | | | | | | | | | | | | | | |
| Accounts payable | $ 184,764 | $ 1,361,743 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,794,125 | $ - | $ - | $ 4,340,632 | $ 2,187,284 |
| Interest payable | - | - | - | - | - | 758,878 | - | - | 577,688 | 246,103 | - | - | - | 1,582,669 | 1,565,399 |
| State administration fee payable | - | - | - | - | 62,823 | - | - | - | - | - | - | - | - | 62,823 | 676,159 |
| *Due to other funds* | | | | | | | | | | | | | | | |
| General Fund | - | - | - | - | - | 1,196 | - | - | 270 | 75 | - | - | - | 1,541 | 32,471 |
| Comiskey Park Capital Improvement Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,730,007 |
| Supplemental Stadium Fund | 301,307 | - | - | - | - | - | - | - | - | - | - | - | - | 301,307 | 301,307 |
| Chicago White Sox Reserve Fund | 5,812,180 | - | - | - | - | - | - | - | - | - | - | - | - | 5,812,180 | 5,855,204 |
| Soldier Field Reserve Fund | 9,144,760 | - | - | - | - | - | - | - | - | - | - | - | - | 9,144,760 | 8,878,408 |
| Total current liabilities | 15,443,011 | 1,361,743 | - | - | 62,823 | 760,074 | - | - | 577,958 | 246,178 | 2,794,125 | - | - | 21,245,912 | 24,226,239 |
| Long-term liabilities | - | - | - | - | - | 30,981,741 | - | - | 272,010,000 | 119,770,000 | - | - | - | 422,761,741 | 400,326,761 |
| Total liabilities | 15,443,011 | 1,361,743 | - | - | 62,823 | 31,741,815 | - | - | 272,587,958 | 120,016,178 | 2,794,125 | - | - | 444,007,653 | 424,553,000 |
| *Equity* | | | | | | | | | | | | | | | |
| Fund balance (deficit) | 40,662,609 | 16,555,462 | 395,628 | 5,812,180 | 1,507,740 | (399,756,919) | (42,535,000) | (10,000,000) | (577,688) | (246,103) | 5,720,695 | 9,144,760 | 174,996,684 | (198,319,952) | (190,624,770) |
| Principal amount of bonds retired from revenue | - | - | - | - | - | 43,698,857 | 6,110,000 | 1,655,000 | 20,465,000 | - | - | - | 150,000,000 | 221,928,857 | 214,341,423 |
| Principal amount of bonds retired from refunding | - | - | - | - | - | 324,317,443 | 36,425,000 | 8,345,000 | (292,475,000) | (119,770,000) | - | - | - | (43,157,557) | (13,135,143) |
| Principal amount of scoreboard note retired from revenue | - | - | - | - | - | - | - | - | - | - | - | - | 6,737,000 | 6,737,000 | 6,737,000 |
| Total equity | 40,662,609 | 16,555,462 | 395,628 | 5,812,180 | 1,507,740 | (31,740,619) | - | - | (272,587,688) | (120,016,103) | 5,720,695 | 9,144,760 | 331,733,684 | (12,811,652) | 17,318,510 |
| **Total liabilities and equity** | $ 56,105,620 | $ 17,917,205 | $ 395,628 | $ 5,812,180 | $ 1,570,563 | $ 1,196 | $ - | $ - | $ 270 | $ 75 | $ 8,514,820 | $ 9,144,760 | $ 331,733,684 | $ 431,196,001 | $ 441,871,510 |

The accompanying notes are an integral part of the combined financial statements.

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Bond Indenture Basis
For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

| | General Fund | Comiskey Park Capital Improvement Fund | Supplemental Stadium Fund | Chicago White Sox Reserve Fund | Revenue Funds | 2001 Debt Service Funds | 2003 Debt Service Funds | 2008 Debt Service Funds | 2014 Debt Service Funds | 2019 Debt Service Funds | Soldier Field Capital Improvement Fund | Soldier Field Reserve Fund | Construction Fund | Combined Total June 30, | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | 2020 | 2019 |
| *Revenues* | | | | | | | | | | | | | | | |
| State subsidy | $ - | $ - | $ - | $ - | $ 5,000,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 5,000,000 | $ 5,000,000 |
| City subsidy | - | - | - | - | 5,000,000 | - | - | - | - | - | - | - | - | 5,000,000 | 5,000,000 |
| Interest income | 529,309 | 159,063 | 966 | - | - | 127,890 | - | - | 78,028 | 17,847 | 61,222 | - | - | 974,325 | 1,595,480 |
| Hotel tax revenues | - | - | - | - | 38,583,231 | - | - | - | - | - | - | - | - | 38,583,231 | 54,689,369 |
| Special events revenue | 168,890 | - | - | - | - | - | - | - | - | - | - | - | - | 168,890 | 153,733 |
| Fees to Authority from the Chicago White Sox | - | - | - | - | 1,946,677 | - | - | - | - | - | - | - | - | 1,946,677 | 1,889,559 |
| Other income | 41,093 | - | - | - | - | - | - | - | - | - | - | - | - | 41,093 | 41,036 |
| Total revenues | 739,292 | 159,063 | 966 | - | 50,529,908 | 127,890 | - | - | 78,028 | 17,847 | 61,222 | - | - | 51,714,216 | 68,369,177 |
| *Expenditures* | | | | | | | | | | | | | | | |
| *General expenditures* | | | | | | | | | | | | | | | |
| Salaries and benefits | 671,176 | - | - | - | - | - | - | - | - | - | - | - | - | 671,176 | 820,132 |
| Office expenditures | 57,109 | - | - | - | - | - | - | - | - | - | - | - | - | 57,109 | 63,955 |
| Insurance expenditures | 633,060 | - | - | - | - | - | - | - | - | - | - | - | - | 633,060 | 641,011 |
| Professional services | 264,508 | 543,070 | - | - | - | - | - | - | - | - | - | - | - | 807,578 | 959,180 |
| Trustee fees | - | - | - | - | 15,500 | - | - | - | - | - | - | - | - | 15,500 | 16,000 |
| State administration fee | - | - | - | - | 1,543,330 | - | - | - | - | - | - | - | - | 1,543,330 | 2,187,575 |
| Marketing and special events | 64,123 | - | - | - | - | - | - | - | - | - | - | - | - | 64,123 | 91,647 |
| *Debt service expenditures* | | | | | | | | | | | | | | | |
| Bond interest | - | - | - | - | - | 15,721,479 | - | - | 14,237,841 | 4,903,825 | - | - | - | 34,863,145 | 36,016,607 |
| Bond principal payments | - | - | - | - | - | 3,817,434 | - | - | 3,770,000 | - | - | - | - | 7,587,434 | 7,157,124 |
| Bond issuance cost | | - | - | - | - | - | - | - | - | 2,289,355 | - | - | - | 2,289,355 | - |
| Total general expenditures | 1,689,976 | 543,070 | - | - | 1,558,830 | 19,538,913 | - | - | 18,007,841 | 7,193,180 | - | - | - | 48,531,810 | 47,953,231 |
| *Other expenditures* | | | | | | | | | | | | | | | |
| Capital improvements | - | 5,974,521 | - | - | - | - | - | - | - | - | 3,677,361 | - | - | 9,651,882 | 6,974,807 |
| Park maintenance | - | 1,694,942 | - | - | - | - | - | - | - | - | - | - | - | 1,694,942 | 2,368,723 |
| Soldier Field maintenance subsidy | 5,616,472 | - | - | - | - | - | - | - | - | - | - | - | - | 5,616,472 | 5,452,885 |
| Total other expenditures | 5,616,472 | 7,669,463 | - | - | - | - | - | - | - | - | 3,677,361 | - | - | 16,963,296 | 14,796,415 |
| Total expenditures | 7,306,448 | 8,212,533 | - | - | 1,558,830 | 19,538,913 | - | - | 18,007,841 | 7,193,180 | 3,677,361 | - | - | 65,495,106 | 62,749,646 |
| **Excess (deficiency) of revenues over expenditures** | (6,567,156) | (8,053,470) | 966 | - | 48,971,078 | (19,411,023) | - | - | (17,929,813) | (7,175,333) | (3,616,139) | - | - | (13,780,890) | 5,619,531 |

The accompanying notes are an integral part of the combined financial statements.

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Bond Indenture Basis *(continued)*
For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

| | General Fund | Comiskey Park Capital Improvement Fund | Supplemental Stadium Fund | Chicago White Sox Reserve Fund | Revenue Funds | 2001 Debt Service Funds | 2003 Debt Service Funds | 2008 Debt Service Funds | 2014 Debt Service Funds | 2019 Debt Service Funds | Soldier Field Capital Improvement Fund | Soldier Field Reserve Fund | Construction Fund | Combined Total June 30, 2020 | Combined Total June 30, 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Other financing sources (uses)* | | | | | | | | | | | | | | | |
| In-kind donation from the Chicago White Sox | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 900,806 | $ 900,806 | $ 2,370,162 |
| Stadium improvements | - | - | - | - | - | - | - | - | - | - | - | - | 6,401,796 | 6,401,796 | 5,143,158 |
| Stadium disposals | - | - | - | - | - | - | - | - | - | - | - | - | (2,709,348) | (2,709,348) | (2,537,785) |
| Bond issuance proceeds | - | - | - | - | - | - | - | - | - | 147,114,639 | - | - | - | 147,114,639 | - |
| Transfer to escrow agent | | - | - | - | - | - | - | - | - | (145,622,185) | - | - | - | (145,622,185) | - |
| *Transfers in* | | | | | | | | | | | | | | | |
| General Fund | - | 5,107,301 | - | - | - | - | - | - | - | - | 3,261,935 | 266,352 | - | 8,635,588 | 13,210,736 |
| Chicago White Sox Reserve Fund | 43,024 | - | - | - | - | - | - | - | - | - | - | - | - | 43,024 | - |
| Revenue Funds | 18,499,795 | 1,946,677 | - | - | - | 20,571,377 | - | - | 18,015,588 | 4,657,723 | - | - | - | 63,691,160 | 64,976,388 |
| 2001 Debt Service Funds | 127,892 | - | - | - | | - | - | - | - | 811,376 | - | - | - | 939,268 | 293,393 |
| 2014 Debt Service Funds | 80,563 | | | | | | | | | | | | | 80,563 | 157,312 |
| 2019 Debt Service Funds | 32,323 | | | | | | | | | | | | | 32,323 | - |
| *Transfers (out)* | | | | | | | | | | | | | | | |
| General Fund | - | - | - | (43,024) | (18,499,795) | (127,892) | - | - | (80,563) | (32,323) | - | - | - | (18,783,597) | (20,452,720) |
| Comiskey Park Capital Improvement Fund | (5,107,301) | - | - | - | (1,946,677) | - | - | - | - | - | - | - | - | (7,053,978) | (11,578,111) |
| Chicago White Sox Reserve Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (96,662) |
| 2001 Debt Service Funds | - | - | - | - | (20,571,377) | - | - | - | - | - | - | - | - | (20,571,377) | (25,143,226) |
| 2014 Debt Service Funds | - | - | - | - | (18,015,588) | - | - | - | - | - | - | - | - | (18,015,588) | (17,941,588) |
| 2019 Debt Service Funds | - | - | - | - | (4,657,723) | (811,376) | | | | | | | | (5,469,099) | - |
| Soldier Field Capital Improvement Fund | (3,261,935) | - | - | - | | - | - | - | - | - | - | - | - | (3,261,935) | (3,166,927) |
| Soldier Field Reserve Fund | (266,352) | - | - | - | | - | - | - | - | - | - | - | - | (266,352) | (258,595) |
| Total other financing sources (uses) | 10,148,009 | 7,053,978 | - | (43,024) | (63,691,160) | 19,632,109 | - | - | 17,935,025 | 6,929,230 | 3,261,935 | 266,352 | 4,593,254 | 6,085,708 | 4,975,535 |
| Net change in fund balance | 3,580,853 | (999,492) | 966 | (43,024) | (14,720,082) | 221,086 | - | - | 5,212 | (246,103) | (354,204) | 266,352 | 4,593,254 | (7,695,182) | 10,595,066 |
| Fund balance (deficit) - June 30, 2019 | 37,081,756 | 17,554,954 | 394,662 | 5,855,204 | 16,227,822 | (399,978,005) | (42,535,000) | (10,000,000) | (582,900) | - | 6,074,899 | 8,878,408 | 170,403,430 | (190,624,770) | (201,219,836) |
| **Fund balance (deficit) - June 30, 2020** | $ 40,662,609 | $ 16,555,462 | $ 395,628 | $ 5,812,180 | $ 1,507,740 | $ (399,756,919) | $ (42,535,000) | $ (10,000,000) | $ (577,688) | $ (246,103) | $ 5,720,695 | $ 9,144,760 | $ 174,996,684 | $ (198,319,952) | $ (190,624,770) |

The accompanying notes are an integral part of the combined financial statements.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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%.

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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Organization of the Authority *(continued)*

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; the construction of a 61,500 seat state-of-the-art facility for athletic, artistic, and cultural events; the 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 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 was renamed to U.S. Cellular Field and various improvements were made to the park in both the 2004 and 2005 off seasons, most notably the upper deck renovations and 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.

On August 20, 2014, the Authority issued $292,475,000 Series 2014 Refunding Bonds and used the proceeds for the refunding of all maturities outstanding for the Series 2001 Current Interest Bonds totaling $187,835,000, the Taxable Series 2003 Bonds totaling $36,425,000 and the Series 2008 Bonds totaling $8,345,000, along with the advance refunding of Series 2001 Conversion Bonds scheduled to mature from 2017 through 2028 totaling $46,734,857. The Series 2001 Conversion Bonds were redeemed at a call premium of 101%.

On September 5, 2019, the Authority issued $119,770,000 Series 2019 Refunding Bonds and used the proceeds for the refunding of all maturities outstanding for the Series 2001 Conversion Bonds totaling $89,747,586 scheduled to mature from 2028 through 2030. In connection with the issuance of the Series 2019 Refunding Bonds, the refunded bonds were defeased and the liability was removed from the financial statements on September 5, 2019. The Series 2001 Conversion Bonds were redeemed on September 17, 2019 at a call premium of 100%, with bond proceeds held in escrow.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Organization of the Authority *(continued)*

The Series 2001 Bonds, Series 2014 Refunding Bonds and Series 2019 Refunding Bonds (collectively, the Bonds) outstanding at June 30, 2020 and 2019, as applicable, were 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.

In August 2016, the Authority and the Team agreed that the Team may license to Guaranteed Rate, a Chicago-based mortgage lender, the naming rights for U.S. Cellular Field. In exchange, the Team agreed that the Authority will receive all incremental naming rights revenue in excess of the amount due to the Team. The Team also agreed not to invoke a provision in the Management Agreement, which requires the Authority to undertake certain major renovations during the last two years of the current lease term, and, if extended, during the one year of the extension term. The renaming of U.S. Cellular Field to Guaranteed Rate Field took effect on November 1, 2016.

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, the Third Supplemental Indenture of Trust, the Amended and Restated Indenture of Trust, the Fourth Supplemental Indenture of Trust, and the Fifth Supplemental Indenture of Trust (collectively the “Bond Indenture”) securing the Series 2001 Bonds, the Series 2003 Bonds, the Series 2008 Bonds, the Series 2014 Refunding Bonds, and the Series 2019 Refunding 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Funds *(continued)*

*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.

- *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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Funds *(continued)*

*Debt Service Funds (continued)*

- *Cost of Issuance Fund* - A portion of the proceeds from the issuance of the 2003 Series Bonds, the 2008 Series Bonds, the 2014 Refunding Series Bonds and the 2019 Refunding Series Bonds were placed into the funds to meet the costs associated with issuing the 2003, 2008, 2014 and 2019 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 and 2014 Series Bonds is currently being met by surety bonds issued by Ambac Assurance Corporation (Ambac) and Assured Guaranty Municipal Corporation, respectively. There is no reserve requirement for the 2019 Series Bonds.

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

- *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. Such proceeds were 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 Guaranteed Rate 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.

- *Refunding Bond Fund* - Upon the closing of the Series 2014 and Series 2019 Refunding Bonds, the proceeds were used to pay the principal, interest, and redemption premium of the refunded bonds, as applicable, the costs of issuance, and underwriter, bond insurance, and surety fees. The Refunding Bond Fund contains the outstanding refunding bonds payable balance.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Funds *(continued)*

*Debt Service Funds (continued)*

- 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, one column for the 2008 Debt Service Funds, one column for the 2014 Debt Service Funds and one column for the 2019 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 Guaranteed Rate 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 Guaranteed Rate 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 Park Capital Improvement Fund.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Funds *(continued)*

*Other Funds (continued)*

- *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, 2020 and 2019.

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

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 Guaranteed Rate Field, Series 2008 Bonds to redevelop the 35$^{th}$ Street infrastructure, and Series 2014 and Series 2019 Refunding Bonds to achieve debt service savings. To set forth obligations and agreements of the Authority with regard to these Bonds, the Authority adopted the Bond Indenture.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Accounting Principles *(continued)*

Under the Bond Indenture and the Authorizing Legislation, various accounting principles are to be followed by the Authority, which differ in certain respects that may be material, from generally accepted accounting principles 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.

- 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.

- In addition, for the year ended June 30, 2012, the Authority would have been required to adopt the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balance classifications are non-spendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

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 changes in financial position in accordance with GAAP. Following are the significant accounting policies required by the Bond Indenture:

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Accounting Principles *(continued)*

- *Accrual Basis of Accounting* – The accompanying financial statements were prepared using the accrual basis of accounting, except for the activity related to 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.

  *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 statement of assets, liabilities and equity, 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 statement of assets, liabilities and equity, 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. Reductions in the long-term liabilities are recorded as offsetting entry to equity in the combined statement of assets, liabilities, and equity.

  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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Accounting Principles *(continued)*

- *Long-Term Assets and Liabilities (continued)*

  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 15 and December 15 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:

  - **State and City Subsidy Payments** – 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.

    - Proceeds of the State Hotel Tax – 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.

    - 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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Accounting Principles *(continued)*

- *Revenues (continued)*

  - **State and City Subsidy Payments** *(continued)*

  - **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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Accounting Principles *(continued)*

- *Revenues (continued)*

  - **State Advance** *(continued)*

    During fiscal years 2020 and 2019, 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.

    The Authorizing Legislation provides that on June 15 of each year all amounts that 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 fiscal years 2020 and 2019.

  - **Fees to the Authority from the Chicago White Sox -** The Management Agreement, as amended, currently provides three mechanisms by which the Chicago White Sox remits 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. Tickets sold for the 2019 Season did not exceed the minimum ticket threshold. Therefore, no net ticket fees were received at the conclusion of the 2019 Season. Tickets sold for the 2020 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 2020 Season.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Accounting Principles *(continued)*

- *Revenues (continued)*

  - **Fees to the Authority from the Chicago White Sox** *(continued)*

    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, 2020 and 2019, $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 Season 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. For the 2020 and 2019 Seasons, the amount of the base fee was $1,688,253 and $1,647,955, respectively.

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 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. The rental payment for fiscal years 2020 and 2019 was $134,211 and $132,556, respectively.

- *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; and

  4. From the Other Revenues Fund.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

<u>Establishment of Accounting Principles</u> *(continued)*

- *Application of Revenues Under the Indenture (continued)*

  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;

  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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Accounting Principles *(continued)*

- *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 State Finance Act:

  1. Payment of the Chicago White Sox maintenance subsidy;
  2. Payment of the Authority's ordinary and necessary expenditures;
  3. Payment of Guaranteed Rate Field capital repairs to a set amount;
  4. Payment of the annual subsidy amount to the Chicago Park District;
  5. Payment of any Guaranteed Rate 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; and
  10. Payment of any amounts under any agreement with the Chicago White Sox or Chicago Park District entered into after the Three-Party Agreement.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Establishment of Accounting Principles *(continued)*

- *Disposition of Revenues after Receipt by the Authority (continued)*

  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 2020 and 2019 was $155,000 and $7,155,000, respectively.

  In fiscal year 2020, $43,024 was transferred to the General Fund from the Chicago White Sox Reserve Fund; $266,352 was transferred from the General Fund to the Soldier Field Reserve Fund; and the hotel tax variation reserve was increased by $3,570,000, along with a transfer of $7,000,000 from the real estate account, bringing the reserve balance at the conclusion of the fiscal year to $38,070,000.

  In fiscal year 2019, $96,662 was transferred from the General Fund to the Chicago White Sox Reserve Fund; $258,595 was transferred from the General Fund to the Soldier Field Reserve Fund; and $685,617 increased the hotel tax variation reserve within the year, along with an increase of $814,383, bringing the reserve balance at the conclusion of the fiscal year to $27,500,000.

  - *Investments* – The Authority follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with the statement, fair value is the price that would be received to sell an asset or paid to transfer to a liability in an orderly transaction between market participants at the measurement date.

    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.

    The Authority did not report any investments during fiscal years ended June 30, 2020 or 2019.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Establishment of Accounting Principles *(continued)*

- *Disposition of Revenues after Receipt by the Authority (continued)*
  - *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.
- *Estimates* – 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.

Summarized Financial Information for Fiscal Year 2019

The accompanying financial statements include certain prior-year summarized comparative information. Such information does not include all of the information required by a presentation in conformity with the basis of accounting under the Bond Indenture as previously described. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

## NOTE 2 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Cash equivalents include highly liquid debt instruments purchased with a maturity date of three months or less.

During fiscal year 2018, the Authority's five checking accounts were changed from non-interest bearing to interest-bearing accounts. The checking accounts were fully collateralized as of June 30, 2020 and 2019.

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.

## NOTE 2 CASH AND CASH EQUIVALENTS *(continued)*

Credit Risk *(continued)*

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.

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.

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.

## NOTE 3 BONDS PAYABLE

Series 2001

As a result of the Series 2019 Refunding Bonds, all maturities outstanding for the Series 2001 Conversion Bonds (S2001CCB) scheduled to mature from 2028 to 2030 totaling $89,747,586, were defeased and the liability was removed from the financial statements on September 5, 2019. The Series 2001 Conversion Bonds were redeemed on September 17, 2019 with bond proceeds held in escrow.

Total Series 2001 Bonds (S2001CBS) outstanding at June 30, 2020 are as follows:

## NOTE 3 BONDS PAYABLE *(continued)*

Series 2001 *(continued)*

| | Effective Interest Rate | Amount |
|---|---|---|
| Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2001 Capital Appreciation Bonds, Due June 15, 2021 to 2026 | 5.52% to 9.00% | 30,981,741 |
| | | $ 30,981,741 |

The Capital Appreciation Bonds are not subject to optional or mandatory redemption prior to maturity.

Series 2001 Bonds maturing in the years subsequent to June 30, 2020, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 3,968,976 | $ 18,466,024 | $ 22,435,000 |
| 2022 | 4,095,360 | 21,184,640 | 25,280,000 |
| 2023 | 4,199,047 | 24,105,953 | 28,305,000 |
| 2024 | 4,280,633 | 27,229,367 | 31,510,000 |
| 2025 | 4,355,244 | 30,654,756 | 35,010,000 |
| 2026 | 10,082,481 | 28,562,519 | 38,645,000 |
| | $ 30,981,741 | $ 150,203,259 | $ 181,185,000 |

Ambac 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.

Series 2014

Total Series 2014 Refunding Bonds outstanding at June 30, 2020, are as follows:

| | Interest Rate | Amount |
|---|---|---|
| Illinois Sports Facilities Authority Sports Facilities Refunding Bonds, Series 2014 Series Bonds, Due June 15, 2021 to 2032 | 5.00% - 5.25% | $ 272,010,000 |

The Series 2014 Refunding Bonds are subject to optional redemption prior to maturity.

## NOTE 3 BONDS PAYABLE *(continued)*

Series 2014 *(continued)*

| | Maturing After | Price |
|---|---|---|
| Illinois Sports Facilities Authority Sports Facilities Refunding Bonds, Series 2014 | On or after June 15, 2024 | 100.0% |

Series 2014 Refunding Bonds maturing in the years subsequent to June 30, 2020 are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 4,030,000 | $ 14,057,087 | $ 18,087,087 |
| 2022 | 4,305,000 | 13,855,588 | 18,160,588 |
| 2023 | 4,600,000 | 13,640,337 | 18,240,337 |
| 2024 | 4,905,000 | 13,410,338 | 18,315,338 |
| 2025 | 5,145,000 | 13,165,087 | 18,310,087 |
| 2026-2030 | 92,825,000 | 55,101,438 | 147,926,438 |
| 2031-2032 | 156,200,000 | 12,538,050 | 168,738,050 |
| | $ 272,010,000 | $ 135,767,925 | $ 407,777,925 |

Assured Guaranty Municipal Corporation provides bond insurance for the payment of the principal and interest on the Series 2014 Bonds maturing on June 15 of the years 2025 through 2032, and provides the debt service reserve fund surety bond for the outstanding Series 2014 Bonds.

Series 2019

In connection with the issuance of $119,770,000 of Series 2019 Refunding Bonds on September 5, 2019, the Authority had the following sources and uses of funds:

| | |
|---|---|
| Issuance Proceeds | $ 147,114,639 |
| Authority funds for debt service requirements | 811,376 |
| Total Sources of Funds | $ 147,926,015 |
| Refunding of the Series 2001 Conversion Bonds | $ 143,695,000 |
| Accrued Interest on the Series 2001 Conversion Bonds | 1,927,185 |
| Subtotal - Uses of Funds – Escrow Deposits | $ 145,622,185 |
| Cost of Issuance | $ 602,138 |
| Underwriter's Discount | 580,675 |
| Premium - Bond Insurance | 1,121,016 |
| Subtotal - Uses of Funds - Other | $ 2,303,829 |
| Total Uses of Funds | $ 147,926,015 |

**NOTE 3 BONDS PAYABLE** *(continued)*

Series 2019 *(continued)*

Total Series 2019 Refunding Bonds outstanding at June 30, 2020 are as follows:

| | Interest Rate | Amount |
|---|---|---|
| Illinois Sports Facilities Authority Sports Facilities Refunding Bonds, Series 2019 Series Bonds, Due June 15, 2021 to 2030 | 5% | $ 119,770,000 |

The Series 2019 Refunding Bonds are subject to optional redemption prior to maturity.

| | Maturing After | Price |
|---|---|---|
| Illinois Sports Facilities Authority Sports Facilities Refunding Bonds, Series 2019 | On or after June 15, 2029 | 100.0% |

The Series 2019 Refunding Bonds maturing in the years subsequent to June 30, 2020 are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ - | $ 5,988,500 | $ 5,988,500 |
| 2022 | - | 5,988,500 | 5,988,500 |
| 2023 | - | 5,988,500 | 5,988,500 |
| 2024 | - | 5,988,500 | 5,988,500 |
| 2025 | - | 5,988,500 | 5,988,500 |
| 2026-2030 | 119,770,000 | 23,349,250 | 143,119,250 |
| | $ 119,770,000 | $ 53,291,750 | $ 173,061,750 |

Build America Mutual Assurance Company provides bond insurance for the payment of the principal and interest on the Series 2019 Bonds maturing on June 15th of the years 2028 through 2030.

In connection with the amended surety bond guaranty agreement with Ambac and at all times while the Bonds are outstanding or any amounts are owed to Ambac, the Authority covenanted to set aside and to 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.

## NOTE 3 BONDS PAYABLE *(continued)*

Series 2019 *(continued)*

In compliance with the amended surety bond guaranty agreement with Ambac, the Authority will determine the required amount of Authority Reserved Funds on or before November 1 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, 2020, the Authority Reserved Funds in compliance with the agreement were calculated to be $0.

## NOTE 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, U.S. Bank N.A. (Trustee) assumed the trustee role for the 1999 Bonds, the Series 2001 Bonds, and the Series 2003 Bonds. U.S. Bank N.A. was also appointed as trustee of the Series 2008, Series 2014 and Series 2019 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.

## NOTE 5 CONTINGENCIES AND COMMITMENTS

Maintenance Requirements, Guaranteed Rate 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 Park Capital Improvement Fund. This increase provision was effective in fiscal

**NOTE 5 CONTINGENCIES AND COMMITMENTS** *(continued)*

Maintenance Requirements, Guaranteed Rate Field *(continued)*

year 2003 and equated to required minimum transfer amounts of $5,107,301 and $4,958,545 in fiscal years 2020 and 2019, respectively.

In fiscal year 2020, the Authority transferred the required amount from the General Fund and $1,946,677 from the Other Revenues Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout Guaranteed Rate Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred $0 from the Other Revenues Fund to the Supplemental Stadium Fund.

In fiscal year 2019, the Authority transferred the required amount plus an additional $4,730,007 from the General Fund and $1,889,559 from the Other Revenues Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout Guaranteed Rate Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred $0 from the Other Revenues Fund to the Supplemental Stadium Fund.

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 $5,616,472 in fiscal year 2020 and $5,452,885 in fiscal year 2019. 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 $3,261,935 in fiscal year 2020 and $3,166,927 in fiscal year 2019. The Chicago Park District maintains responsibility for ensuring the facility is structurally sound and safe. In fiscal years 2020 and 2019, the Authority paid the required subsidies.

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 Guaranteed Rate 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 2020 and 2019, no transfer was required.

Arbitrage Rebate Requirement

The Bond Indenture requires the Authority to establish and administer a Rebate Fund. However, the Rebate Fund need not be maintained 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.

## NOTE 5 CONTINGENCIES AND COMMITMENTS *(continued)*

Arbitrage Rebate Requirement *(continued)*

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, Series 2014 and Series 2019 bonds) above the yield on those bonds. At June 30, 2020 and 2019, there was no arbitrage rebate liability.

Fund Deficits

As of June 30, 2020, the 2001 Debt Service Fund, the 2003 Debt Service Fund, the 2008 Debt Service Fund, the 2014 Debt Service Fund and the 2019 Debt Service Fund had deficit fund balances of $399,756,919, $42,535,000, $10,000,000, $577,688 and $246,103, respectively. As of June 30, 2019, the 2001 Debt Service Fund, the 2003 Debt Service Fund, the 2008 Debt Service Fund and the 2014 Debt Service Fund had deficit fund balances of $399,978,005, $42,535,000, $10,000,000, and $582,900, 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 2021, 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 and Refunding Bond Fund are due to the outstanding bonds payable balances 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 Guaranteed Rate Field as defined in Note 1.

## NOTE 6 RETIREMENT PLAN

In fiscal year 2014, the Authority elected to change from a defined contribution simplified employee pension plan to a non-elective 401(a) governmental plan for the benefit of its employees. 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 401(a) plan. Subject to the approval of the Authority, the one-year service requirement may be waived or modified by either the terms of an employment contract and/or by the hiring of an employee directly from a qualifying governmental entity or agency. The Authority contributes 13% of its employees' salaries. In fiscal years 2020 and 2019, retirement contributions by the Authority were $71,671 and $86,758, respectively.

The non-elective 401(a) governmental plan liability at June 30, 2020 and 2019 was $32,837 and $42,999, respectively.

The Authority established a 457(b) plan in fiscal year 2013 to provide employees with the opportunity to defer current compensation, up to the maximum allowable dollar limit. Employees of the Authority are fully vested in the 457(b) plan.

## NOTE 6 RETIREMENT PLAN *(continued)*

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 plans 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.

## NOTE 7 IN-KIND DONATIONS

During fiscal year 2020, $900,806 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, 2020.

During fiscal year 2019, $2,370,162 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, 2019.

## NOTE 8 CONTINGENT LIABILITIES

Various lawsuits, claims, and other contingent liabilities may arise during the ordinary course of the Authority’s operations. In management’s opinion, any current related matters have been adequately provided for, are without merit, or are of such nature that if settled, would not have a material adverse effect on the Authority’s financial position.

## NOTE 9 COVID-19

COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization (“WHO”) on January 30, 2020, and a public health emergency by the Secretary of the United States Department of Health and Human Services on January 31, 2020. On March 6, 2020, Illinois Governor JB Pritzker declared all counties in Illinois a disaster area in response to the COVID-19 outbreak and on March 21, 2020 signed an executive order that issued a statewide “stay-at-home” order.

The COVID-19 pandemic continues to spread throughout Illinois and the United States. The pandemic and the efforts to mitigate the spread of COVID-19 have had a significant negative impact on travel, tourism and the hotel industry in Illinois and caused a significant decline in hotel tax receipts throughout Illinois. As a result, so far in fiscal year 2021, the Authority is experiencing a lag in payments of the State advance amount as it is funded with the State Hotel Tax. The Authority anticipates in fiscal year 2021 that it will still receive the $10 million cumulative

**NOTE 9 COVID-19** *(continued)*

subsidy amount from the State and the City and that it will receive a portion of the State Advance amount that will be sufficient, together with amounts drawn from the Authority's hotel tax variation reserve, to enable the Authority to meet all of its fiscal year 2021 financial obligations.

The extent of the impact of COVID-19 on financial performance of the Authority in fiscal year 2022 will depend on a number of variables, including the duration and spread of the COVID-19 outbreak, and its continued impact on the hotel industry and hotel tax receipts in the State. These impacts are evolving and ongoing and the Authority cannot predict the nature or degree of such impacts with certainty. Therefore, the extent to which COVID-19 may impact the Authority's future financial condition or results of operations is uncertain.

**NOTE 10 SUBSEQUENT EVENTS**

On July 20, 2020, S&P Global Ratings lowered its ratings on the ISFA state tax-supported bonds two notches to BB+ from BBB, with a negative outlook.

On October 7, 2020 Fitch Ratings affirmed its ratings on the ISFA state tax-supported bonds as BB+, with a negative outlook.

Management has evaluated subsequent events through October 26, 2020, the date the financial statements were available to be issued. No additional 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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 719,819 | $ 529,309 | $ (190,510) |
| Special events revenue | 331,500 | 168,890 | (162,610) |
| Other income | 37,119 | 41,093 | 3,974 |
| Total revenues | 1,088,438 | 739,292 | (349,146) |
| *Expenditures* | | | |
| General expenditures | | | |
| Salaries and benefits | 924,012 | 671,176 | (252,836) |
| Office expenditures | 132,177 | 57,109 | (75,068) |
| Insurance expenditures | 696,529 | 633,060 | (63,469) |
| Professional services | 417,160 | 264,508 | (152,652) |
| Marketing and special events | 225,980 | 64,123 | (161,857) |
| Total general expenditures | 2,395,858 | 1,689,976 | (705,882) |
| Other expenditures | | | |
| Soldier Field maintenance subsidy | 5,616,473 | 5,616,472 | (1) |
| Total other expenditures | 5,616,473 | 5,616,472 | (1) |
| Total expenditures | 8,012,331 | 7,306,448 | (705,883) |
| Excess (deficiency) of revenues over expenditures | (6,923,893) | (6,567,156) | 356,737 |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| Chicago White Sox Reserve Fund | - | 43,024 | 43,024 |
| Revenue Funds | 18,938,329 | 18,499,795 | (438,534) |
| 2001 Debt Service Funds | 1,059,600 | 127,892 | (931,708) |
| 2014 Debt Service Funds | 623,608 | 80,563 | (543,045) |
| 2019 Debt Service Funds | - | 32,323 | 32,323 |
| *Transfers (out)* | | | |
| Comiskey Park Capital Improvement Fund | (5,107,301) | (5,107,301) | - |
| Chicago White Sox Reserve Fund | (142,241) | - | 142,241 |
| Soldier Field Capital Improvement Fund | (3,261,935) | (3,261,935) | - |
| Soldier Field Reserve Fund | (109,728) | (266,352) | (156,624) |
| Total other financing sources (uses) | 12,000,332 | 10,148,009 | (1,852,323) |
| Net change in fund balance | $ 5,076,439 | 3,580,853 | $ (1,495,586) |
| Fund balance - June 30, 2019 | | 37,081,756 | |
| **Fund balance - June 30, 2020** | | $ 40,662,609 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 212,932 | $ 159,063 | $ (53,869) |
| *Expenditures* | | | |
| General expenditures | | | |
| Professional services | 894,425 | 543,070 | (351,355) |
| Total general expenditures | 894,425 | 543,070 | (351,355) |
| Other expenditures | | | |
| Capital improvements | 6,923,700 | 5,974,521 | (949,179) |
| Park maintenance | 2,557,375 | 1,694,942 | (862,433) |
| Total other expenditures | 9,481,075 | 7,669,463 | (1,811,612) |
| Total expenditures | 10,375,500 | 8,212,533 | (2,162,967) |
| Excess (deficiency) of revenues over expenditures | (10,162,568) | (8,053,470) | 2,109,098 |
| *Other financing sources* | | | |
| *Transfers in* | | | |
| General Fund | 5,107,301 | 5,107,301 | - |
| Revenue Funds | 1,790,077 | 1,946,677 | 156,600 |
| Total other financing sources | 6,897,378 | 7,053,978 | 156,600 |
| Net change in fund balance | $ (3,265,190) | (999,492) | $ 2,265,698 |
| Fund balance - June 30, 2019 | | 17,554,954 | |
| **Fund balance - June 30, 2020** | | $ 16,555,462 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 6,962 | $ 966 | $ (5,996) |
| *Expenditures* | | | |
| Other Expenditures | | | |
| Capital Improvements | - | - | - |
| Net change in fund balance | $ 6,962 | 966 | $ (5,996) |
| Fund balance - June 30, 2019 | | 394,662 | |
| **Fund balance - June 30, 2020** | | $ 395,628 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 103,292 | $ - | $ (103,292) |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| General Fund | 142,241 | - | (142,241) |
| *Transfers (out)* | | | |
| General Fund | - | (43,024) | (43,024) |
| Total other financing sources (uses) | 142,241 | (43,024) | (185,265) |
| Net change in fund balance | $ 245,533 | (43,024) | $ (288,557) |
| Fund balance - June 30, 2019 | | 5,855,204 | |
| **Fund balance - June 30, 2020** | | $ 5,812,180 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ - | $ - | $ - |
| State subsidy | 5,000,000 | 5,000,000 | - |
| City subsidy | 5,000,000 | 5,000,000 | - |
| Hotel tax revenues | 56,909,000 | 38,583,231 | (18,325,769) |
| Fees to Authority from the Chicago White Sox | 1,873,558 | 1,946,677 | 73,119 |
| Total revenues | 68,782,558 | 50,529,908 | (18,252,650) |
| *Expenditures* | | | |
| General expenditures | | | |
| Trustee fees | 15,500 | 15,500 | - |
| State administration fee | 2,276,360 | 1,543,330 | (733,030) |
| Total expenditures | 2,291,860 | 1,558,830 | (733,030) |
| Excess of revenues over expenditures | 66,490,698 | 48,971,078 | (17,519,620) |
| *Other financing uses* | | | |
| *Transfers (out)* | | | |
| General Fund | (18,938,329) | (18,499,795) | 438,534 |
| Comiskey Park Capital Improvement Fund | (1,790,077) | (1,946,677) | (156,600) |
| 2001 Debt service funds | (27,663,223) | (20,571,377) | 7,091,846 |
| 2014 Debt service funds | (18,015,588) | (18,015,588) | - |
| 2019 Debt service funds | - | (4,657,723) | (4,657,723) |
| Total other financing uses | (66,407,217) | (63,691,160) | 2,716,057 |
| Net change in fund balance | $ 83,481 | (14,720,082) | $ (14,803,563) |
| Fund balance - June 30, 2019 | | 16,227,822 | |
| **Fund balance - June 30, 2020** | | $ 1,507,740 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 79,638 | $ 127,890 | $ 48,252 |
| *Expenditures* | | | |
| General expenditures | | | |
| *Debt service expenditures* | | | |
| Bond interest | 23,949,495 | 15,721,479 | (8,228,016) |
| Bond principal payments | 3,817,434 | 3,817,434 | - |
| Total expenditures | 27,766,929 | 19,538,913 | (8,228,016) |
| Excess (deficiency) of revenues over expenditures | (27,687,291) | (19,411,023) | 8,276,268 |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| Revenue Funds | 27,663,223 | 20,571,377 | (7,091,846) |
| *Transfers (out)* | | | |
| General Fund | (1,059,600) | (127,892) | 931,708 |
| 2019 Debt Service Funds | - | (811,376) | (811,376) |
| Total other financing sources (uses) | 26,603,623 | 19,632,109 | (6,971,514) |
| Net change in fund balance | $ (1,083,668) | 221,086 | $ 1,304,754 |
| Fund balance - June 30, 2019 | | (399,978,005) | |
| **Fund balance - June 30, 2020** | | $ (399,756,919) | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ - | $ - | $ - |
| *Expenditures* | | | |
| General expenditures | | | |
| *Debt service expenditures* | | | |
| Bond interest | - | - | - |
| Bond principal payments | - | - | - |
| Total general expenditures | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| Revenue Funds | - | - | - |
| *Transfers (out)* | | | |
| General Fund | - | - | - |
| 2014 Debt Service Funds | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balance | $ - | - | $ - |
| Fund balance - June 30, 2019 | | (42,535,000) | |
| **Fund balance - June 30, 2020** | | $ (42,535,000) | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ - | $ - | $ - |
| *Expenditures* | | | |
| General expenditures | | | |
| *Debt service expenditures* | | | |
| Bond interest | - | - | - |
| Bond principal payments | - | - | - |
| Total general expenditures | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| Revenue Funds | - | - | - |
| *Transfers (out)* | | | |
| General Fund | - | - | - |
| 2014 Debt Service Funds | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balance | $ - | - | $ - |
| Fund balance - June 30, 2019 | | (10,000,000) | |
| **Fund balance - June 30, 2020** | | $ (10,000,000) | |

See independent auditor's report.

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual
2014 Debt Service Funds
Year Ended June 30, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 38,172 | $ 78,028 | $ 39,856 |
| *Expenditures* | | | |
| General expenditures | | | |
| *Debt service expenditures* | | | |
| Bond interest | 14,237,841 | 14,237,841 | - |
| Bond principal payments | 3,770,000 | 3,770,000 | - |
| Total general expenditures | 18,007,841 | 18,007,841 | - |
| Excess (deficiency) of revenues over expenditures | (17,969,669) | (17,929,813) | 39,856 |
| *Other financing sources (uses)* | | | |
| *Transfers in* | | | |
| Revenue Funds | 18,015,588 | 18,015,588 | - |
| *Transfers (out)* | | | |
| General Fund | (623,608) | (80,563) | 543,045 |
| Total other financing sources (uses) | 17,391,980 | 17,935,025 | 543,045 |
| Net change in fund balance | $ (577,689) | 5,212 | $ 582,901 |
| Fund balance - June 30, 2019 | | (582,900) | |
| **Fund balance - June 30, 2020** | | $ (577,688) | |

See independent auditor's report.

**ILLINOIS SPORTS FACILITIES AUTHORITY**
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Bond Indenture Basis - Budget to Actual
2019 Debt Service Funds
Year Ended June 30, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ - | $ 17,847 | $ 17,847 |
| *Expenditures* | | | |
| General expenditures | | | |
| *Debt service expenditures* | | | |
| Bond interest | - | 4,903,825 | 4,903,825 |
| Bond issuance cost | - | 2,289,355 | 2,289,355 |
| Total general expenditures | - | 7,193,180 | 7,193,180 |
| Excess (deficiency) of revenues over expenditures | - | (7,175,333) | (7,175,333) |
| *Other financing sources (uses)* | | | |
| Bond issuance proceeds | - | 147,114,639 | 147,114,639 |
| Transfer to escrow agent | - | (145,622,185) | (145,622,185) |
| *Transfers in* | | | |
| Revenue Funds | - | 4,657,723 | 4,657,723 |
| 2001 Debt Service Funds | - | 811,376 | 811,376 |
| *Transfers (out)* | | | |
| General Fund | - | (32,323) | (32,323) |
| Total other financing sources (uses) | - | 6,929,230 | 6,929,230 |
| Net change in fund balance | $ - | (246,103) | $ (246,103) |
| Fund balance - June 30, 2019 | | - | |
| **Fund balance - June 30, 2020** | | $ (246,103) | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 64,364 | $ 61,222 | $ (3,142) |
| *Expenditures* | | | |
| Other expenditures capital improvements | 2,860,000 | 3,677,361 | 817,361 |
| Excess (deficiency) of revenues over expenditures | (2,795,636) | (3,616,139) | (820,503) |
| *Other financing sources* | | | |
| *Transfers in* | | | |
| General Fund | 3,261,935 | 3,261,935 | - |
| Net change in fund balance | $ 466,299 | (354,204) | $ (820,503) |
| Fund balance - June 30, 2019 | | 6,074,899 | |
| **Fund balance - June 30, 2020** | | $ 5,720,695 | |

See independent auditor's report.

**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, 2020

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| *Revenues* | | | |
| Interest income | $ 156,624 | $ - | $ (156,624) |
| *Other financing sources* | | | |
| *Transfers in* | | | |
| General Fund | 109,728 | 266,352 | 156,624 |
| Net change in fund balance | $ 266,352 | 266,352 | $ - |
| Fund balance - June 30, 2019 | | 8,878,408 | |
| **Fund balance - June 30, 2020** | | $ 9,144,760 | |

See independent auditor's report.