ST. LOUIS REGIONAL CONVENTION AND SPORTS COMPLEX AUTHORITY

FINANCIAL STATEMENTS AND ACCOUNTANT'S' COMPILATION REPORT

DECEMBER 31, 2019 and 2018

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SCHOWALTER & JABOURI, P.C.
Certified Public Accountants & Advisors

ACCOUNTANTS' COMPILATION REPORT

Board of Commissioners
St. Louis Regional Convention and Sports Complex Authority
St. Louis, Missouri

Management is responsible for the accompanying financial statements of the St. Louis Regional Convention and Sports Complex Authority (the "Authority") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 2 through page 7 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accountings Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to the Authority.

The 2018 financial statements were audited by other accountants, and they expressed an unmodified opinion on them in their report dated April 9, 2019. They have not performed any auditing procedures since that date. In addition, the 2018 management's discussion and analysis on pages 2 through 7 was subjected to certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to their inquiries, the financial statements, and other knowledge obtained during the audit of the financial statements. Their report stated that they do not express an opinion or provide any assurance on the information because the limited procedures do not provide them with sufficient evidence to express an opinion or provide any assurance.

Schowalter & Jabouri, P.C.
SCHOWALTER & JABOURI, P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018

This section presents management's analysis of the St. Louis Regional Convention and Sports Complex Authority's (the Authority) financial condition and activities for the years ended December 31, 2019 and 2018. This information should be read in conjunction with the financial statements.

The Bylaws of the Authority and Missouri State Statutes require a biennial audit. The Authority, therefore, is presenting 2019 compiled and 2018 audited financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for 2019 and 2018:

- Total assets and deferred outflows of resources at December 31, 2019 were $158.63 million as compared to $167.32 million in 2018, and exceeded liabilities by $115.08 million and $105.38 million (i.e. net position), respectively. Total net position increased in 2019 by $9.70 million and increased in 2018 by $9.16 million.

- Total assets and deferred outflows of resources at December 31, 2018 were $167.32 million as compared to $176.97 million in 2017, and exceeded liabilities by $105.38 million and $96.22 million (i.e. net position), respectively. Total net position increased in 2018 by $9.16 million and increased in 2017 by $8.67 million.

- The largest source of revenue for the Authority continues to be annual lease and annual preservation payments from the State of Missouri, the City of St. Louis and St. Louis County. The payments are intended to defray the cost of debt service and to keep the facility in good repair.

OVERVIEW OF ANNUAL FINANCIAL REPORT

The MD&A of the Authority serves as an introduction to, and should be read in conjunction with, the financial statements. The MD&A provides an overall review of the Authority's financial activities for the years ended December 31, 2019 and 2018. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole.

The financial statements report information about the Authority using the full accrual accounting method as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to Financial Statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual basis. The Statement of Net Position presents information on all of the Authority's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year end, the Statement of Revenues, Expenses and Changes in Net Position presents the results of the business activities over the course of the year and information as to how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. This statement also provides certain information about the Authority's recovery of its costs.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities.

The Notes to Financial Statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL ANALYSIS

One of the questions to ask about the Authority's financial health is, "Has the Authority's net position increased or decreased as a result of the year's activities?" Increases or decreases in the Authority's net position provide one indicator of the financial health of the Authority. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all of the Authority's assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The largest portion of the Authority's net position (96% and 97% for the years ended December 31, 2019 and 2018, respectively), reflects its investment in capital assets (e.g. buildings, furniture and equipment), net of any related outstanding debt used to construct or acquire those assets. These assets are used in the Authority's provision of services and are not available for liquidation and future spending. ***The resources necessary to repay the related debt must be provided from other sources.***

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring, and planning:

Table I provides a summary of the Authority's Net Position (difference between its assets and deferred outflows of resources and liabilities) as of December 31, 2019 as compared to December 31, 2018 and 2017.

Table I
Net Position
(In Millions)

	2019	2018	2017
Assets			
Current assets	$ 0.25	$ 0.20	$ 0.18
Restricted assets	9.98	8.76	9.47
Capital assets	148.19	157.95	166.63
Total Assets	158.42	166.91	176.28
Deferred Outflows Of Resources	0.21	0.41	0.69
Liabilities			
Current liabilities	21.03	20.19	20.26
Long-term liabilities	22.52	41.75	60.49
Total Liabilities	43.55	61.94	80.75
Net Position			
Net investment in capital assets	110.27	101.89	92.92
Restricted	9.36	7.41	7.30
Unrestricted	(4.55)	(3.92)	(4.00)
Total Net Position	$ 115.08	$ 105.38	$ 96.22

Capital assets decreased as a result of normal depreciation expense and capital asset disposals. The Statement of Net Position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority only has one item that qualifies for reporting in this category, which is the deferred charge on refunding of debt. Long-term liabilities decreased as a result of normal debt payments.

Table II shows the Changes in Net Position for the year ended December 31, 2019 as compared to December 31, 2018 and 2017.

Table II
Changes In Net Position
(In Millions)

	2019	2018	2017
Operating Revenues	$ -	$ -	$ -
Operating Expenses	12.38	12.24	12.04
Nonoperating Revenues, Net	22.08	21.40	20.71
Increase In Net Position	9.70	9.16	8.67
Net Position - Beginning	105.38	96.22	87.55
Net Position - Ending	$ 115.08	$ 105.38	$ 96.22

The net position of the Authority increased by $9.70 million and major changes in total assets and deferred outflows of resources and total liabilities were the result of the following factors:

- Effective March 31, 2016, the lease between the St. Louis Convention and Visitors Commission (CVC) and the Rams terminated their rights to occupy and use the Dome. In addition, on April 30, 2016, the training facility lease between the Authority and the St. Louis Rams terminated. As a result, the Authority has been operating and maintaining the training facility since May 1, 2016. During 2019, 2018 and 2017, the Authority incurred total costs of approximately $172,000, $178,000 and $281,000, respectively relating to the training facility.

  The lease between the Rams and the Authority related to the training facility property contains a provision giving the Rams an option of purchasing the facility and the land in October 2024 for $1. During 2019 the Authority lost a lawsuit thereby giving the Rams the ability to exercise the purchase option and incurred legal expenses of approximately $687,000.

- During 2017, the Authority entered into a lease agreement and subsequent lease amendments with a tenant for the training facility as described in Note 10. During 2019, 2018 and 2017, the Authority recognized approximately $177,000, $147,000 and $135,000 of lease income, respectively.

- During 2016, the Authority entered into a note payable with the Missouri Development Finance Board for a maximum amount of $3 million, plus the amount of accrued but unpaid interest on the note. As of December 31, 2019, 2018 and 2017, the Authority has drawn $1.5 million and incurred interest of $61,844, $61,910 and $64,536, respectively. Per the terms of the agreement, the Authority's ability to take advances on the note ended December 31, 2016. In 2019, 2018 and 2017, the Authority paid all interest that was due through December 14, 2019, December 14, 2018 and December 15, 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2019, the Authority had $352.73 million invested in capital assets. Of this amount, $204.54 million has been taken in depreciation. The Authority had a net book value of $148.19 million or approximately 42% of the cost. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and the depreciation of depreciable assets for the year. This year the Authority has taken measures to reduce capital asset activity in anticipation that capital assets will be needed in the future after the Sponsor payments expire. No significant projects were in process at December 31, 2019.

At December 31, 2018, the Authority had $352.65 million invested in capital assets. Of this amount, $194.70 million has been taken in depreciation. The Authority had a net book value of $157.95 million or approximately 45% of the cost. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and the depreciation of depreciable assets for the year. Major capital asset additions included $2.37 million for security system enhancements and $1.13 million for a new 600 ton base chiller. No significant projects were in process at December 31, 2018. Deletions mainly related to the original security system and chiller which resulted in a net loss of approximately $840,000.

Table III provides a summary of the Authority's capital assets as of December 31, 2019 compared to December 31, 2018 and 2017.

Table III
Capital Assets At
December 31, 2019, 2018 and 2017
(In Millions)

	2019	2018	2017
Land	$ 46.40	$ 46.40	$ 46.40
Construction in process	-	0.01	1.53
Multi-purpose convention and stadium facility	301.04	301.02	299.64
Furniture and equipment	5.29	5.22	5.23
Totals	$ 352.73	$ 352.65	$ 352.80

Refer to Note 4 in the financial statements for a summary of the capital assets activity.

Debt

At December 31, 2019, the Authority had $38.13 million in outstanding general obligation bonds, including unamortized bond premium. The bonds originally issued were used for the acquisition of land and for the construction and equipping of the multi-purpose convention and sports facility (Facility). Since the bonds were originally issued, several refunding bond issues were sold to refund prior bond issues. Refer to Note 5 in the financial statements for a summary of the bonds payable activity.

At December 31, 2019, the Authority had $1.50 million in outstanding notes payable, as previously discussed on page 5.

Table IV provides a summary of the Authority's outstanding debt as of December 31, 2019 compared to December 31, 2018 and 2017.

Table IV
Outstanding Debt, At Year End
(In Millions)

	2019	2018	2017
2007 - Series C (City of St. Louis, Missouri)	$ 9.25	$ 13.52	$ 17.60
2013 - Series A (State of Missouri)	18.59	27.23	35.45
2013 - Series B (St. Louis County, Missouri)	9.28	13.60	17.70
Unamortized bond premium	1.01	2.13	3.64
Note payable	1.50	1.50	1.50
Totals	$ 39.63	$ 57.98	$ 75.89

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The Authority assumed operation and maintenance of the former Ram's Leased Training Facility in Earth City, Missouri on May 1, 2016 after the Rams were allowed to leave St. Louis for Los Angeles. The Authority spent approximately $385,000 in 2016, $281,000 in 2017, $178,000 in 2018 and $172,000 in 2019 on operating the facility, primarily for security, utilities, inspections, and necessary repairs before a tenant could be sought. Some of these expenses will be invoiced to the Rams for items that are considered their obligation.

Negotiations with a potential tenant began in November of 2016 for a lease of the first floor and outdoor fields in the facility. A formal lease was executed with Lou Fusz Soccer Club in February 2017. A First Amendment to the lease allowing Fusz to utilize the second floor of the facility was executed in September 2017 requiring Fusz to pay all utilities at the facility with increased rental income to the Authority. A Second Amendment to the lease was executed in 2019 allowing Fusz to sublease a portion of the property to the St. Louis XFL franchise.

CONTACTING THE AUTHORITY

This report is designed to provide our citizens, taxpayers, investors or creditors with a full and complete disclosure of the Authority's finances and to show the Authority's accountability for the resources it receives. If you have any questions about this report or need additional copies, please contact the Authority's Executive Director at 901 North Broadway, St. Louis, Missouri 63101.

ST. LOUIS REGIONAL CONVENTION AND
SPORTS COMPLEX AUTHORITY

STATEMENTS OF NET POSITION

Assets and Deferred Outflows of Resources

	December 31,	
	2019 (Compiled)	2018 (Audited)
Current Assets		
Cash and cash equivalents	$ 74,029	$ 132,964
Accounts receivable	21,485	10,000
Accrued interest receivable	200	210
Prepaid items	44,426	-
Short-term investments	109,467	46,721
Total Current Assets	249,607	189,895
Restricted Assets		
Trustee-held investments	9,825,569	8,610,858
Accrued interest receivable	158,652	153,397
Total Restricted Assets	9,984,221	8,764,255
Capital Assets		
Nondepreciable capital assets	46,395,862	46,409,357
Depreciable capital assets, net	101,798,884	111,543,181
Total Capital Assets	148,194,746	157,952,538
Deferred Outflows Of Resources		
Deferred charge on refunding	204,044	411,839
Total Assets and Deferred Outflows of Resources	$ 158,632,618	$ 167,318,527

Liabilities And Net Position

	2019 (Compiled)	2018 (Audited)
Current Liabilities		
Accounts payable and accrued expenses	$ 1,010,120	$ 162,720
Accounts payable and accrued expenses - restricted	625,129	1,346,565
Accrued interest and arbitrage payable	1,291,723	1,456,601
Current portion of bonds payable	18,105,000	17,225,000
Total Current Liabilities	21,031,972	20,190,886
Long-Term Liabilities		
Long-term portion of bonds payable, net	20,025,423	39,253,639
Note payable	1,499,366	1,499,579
Other	994,668	994,668
Total Long-Term Liabilities	22,519,457	41,747,886
Total Liabilities	43,551,429	61,938,772
Net Position		
Net investment in capital assets	110,268,367	101,885,738
Restricted for preservation and debt service	9,359,092	7,417,690
Unrestricted	(4,546,270)	(3,923,673)
Total Net Position	115,081,189	105,379,755
Total Liabilities And Net Position	$ 158,632,618	$ 167,318,527

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

ST. LOUIS REGIONAL CONVENTION AND SPORTS COMPLEX AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2019 (Compiled)	2018 (Audited)
Operating Revenues	$ -	$ -
Operating Expenses		
Salaries and employee benefits	158,789	174,224
General and administrative	289,768	263,928
Repairs and maintenance	1,929,071	1,821,878
Depreciation	10,003,094	9,986,942
Total Operating Expenses	12,380,722	12,246,972
Net Operating Loss	(12,380,722)	(12,246,972)
Nonoperating Revenues (Expenses)		
Intergovernmental revenue	24,000,000	24,000,000
Interest income and unrealized gain/loss on investments	622,686	568,921
Loss on disposal of capital assets	(87,569)	(839,720)
Other revenues	176,818	146,031
Interest and arbitrage expense	(1,736,237)	(2,259,203)
Distribution of bond recapitalization proceeds	-	-
Bond issuance costs	-	-
Other expenses	(893,542)	(212,612)
Nonoperating Revenues (Expenses), Net	22,082,156	21,403,417
Increase In Net Position	9,701,434	9,156,445
Net Position - Beginning Of Year	105,379,755	96,223,310
Net Position - End Of Year	$ 115,081,189	$ 105,379,755

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

ST. LOUIS REGIONAL CONVENTION AND SPORTS COMPLEX AUTHORITY

STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2019 (Compiled)	**2018 (Audited)**
Cash Flows Used In Operating Activities		
Cash paid to suppliers	$ (2,788,081)	$ (2,843,283)
Cash paid to employees	(165,233)	(172,574)
Net Cash Used In Operating Activities	(2,953,314)	(3,015,857)
Cash Flows From Noncapital And Related Financing Activities		
Principal payments on line of credit	(2,979)	(3,210)
Interest payments on line of credit	(61,845)	(61,614)
Other	20,587	(21,025)
Net Cash Used In Noncapital And Related Financing Activities	(44,237)	(85,849)
Cash Flows From Capital And Related Financing Activities		
Acquisition and construction of capital assets	(332,870)	(2,150,707)
Cash received from other governmental entities	24,000,000	24,000,000
Principal payments on bonds	(17,225,000)	(16,400,000)
Interest payments on bonds	(2,754,691)	(3,588,190)
Other	(91,572)	(35,324)
Net Cash Provided By Capital And Related Financing Activities	3,595,867	1,825,779
Cash Flows From Investing Activities		
Purchase of investments	(36,387,653)	(35,027,208)
Proceeds from sale of investments	35,114,101	35,750,274
Interest received on investments	616,301	570,472
Net Cash (Used In) Provided By Provided By Investment Activities	(657,251)	1,293,538
Net (Decrease) Increase in Cash and Cash Equivalents	(58,935)	17,611
Cash And Cash Equivalents - Beginning Of Year	132,964	115,353
Cash And Cash Equivalents - End Of Year	$ 74,029	$ 132,964
Reconciliation Of Net Operating Loss To Net Cash Used In Operating Activities		
Net operating loss	$ (12,380,722)	$ (12,246,972)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	10,003,094	9,986,942
Change in assets and liabilities:		
Accounts receivable	10,000	(9,214)
Prepaid items	(44,426)	69
Accounts payable and accrued expenses	(541,260)	(746,682)
Net Cash Used In Operating Activities	$ (2,953,314)	$ (3,015,857)

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Louis Regional Convention and Sports Complex Authority (the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities that use proprietary fund accounting. The following is a summary of the more significant policies:

Financial Reporting Entity

The Authority was created by an Act of the State of Missouri (the State) in May 1989 for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility (the Facility) (the Project) to be located adjacent to the A.J. Cervantes Convention Center in the City of St. Louis (the City). In connection with these activities, the Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the Facility. The Authority operates under a Board of Commissioners, three of whom are appointed by the Mayor of the City, three of whom are appointed by the County Executive of St. Louis County (the County), and five of whom are appointed by the Governor of the State. The Authority represents a joint venture between the City, County, and State (collectively, the Sponsors). The annual lease payments provided by the Sponsors are intended to defray the cost of debt service. These payments are:

	Annual Lease Payments	Annual Preservation Payments
State	$10,000,000	$ 2,000,000
County	5,000,000	1,000,000
City	5,000,000	1,000,000

The Authority entered into a Project Financing, Construction, and Operation agreement dated August 1, 1991 and terminating on August 1, 2021 with the Sponsors (the Financing Agreement). The Financing Agreement provides for the application of the proceeds from the sale of the initial bonds, the repayment of each respective series of Bonds (to be appropriated annually by the Sponsors), and the preservation of the Project. Pursuant to the Financing Agreement, the Authority has leased the Facility to the Sponsors, and the Sponsors have subleased the Facility back to the Authority. Each Sponsor has covenanted in the Financing Agreement to include in its annual budget proposal a request for appropriation of monies sufficient to pay its required payment during the next succeeding fiscal year. In addition, the Sponsors have committed, through their annual budgeting process, to provide the annual preservation payments through February 1, 2024.

The Authority entered into an operating lease agreement in 1991 with the St. Louis Convention and Visitors Commission (CVC) to maintain, operate, and manage the Facility pursuant to a 30-year lease between the Authority and the CVC. Under this agreement, the CVC pays nominal annual rent to the Authority, and the CVC has the right to terminate the operating lease on relatively short notice upon the occurrence of certain events (primarily non-appropriation by the Sponsors). The CVC is a public body corporate and politic of the State of Missouri. The CVC's primary source of revenue is a 3.75% tax on the sales or charges for all sleeping rooms paid by transient guests of hotels and motels within the City of St. Louis and St. Louis County, Missouri. The CVC operates the Facility on an integrated basis with the existing Convention Center, marketing the Facility and the Convention Center as

America's Center. The Authority will continue to function to preserve the physical structure by providing oversight to the CVC as it relates to the operating lease and to compliance with existing government and legal requirements utilizing the preservation fund account. During the year ended December 31, 2019, the lease was extended through November 30, 2028.

Basis of Accounting and Presentation

The Authority prepares its financial statements on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In reporting its financial activity, the Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenditures not meeting this definition are reported as non-operating revenues and expenditures.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities) is segregated into "net investment in capital assets;" "restricted for preservation and debt service;" and "unrestricted" components. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Capital Assets

All capital assets are valued at historical cost and updated for additions and retirements during the year. The Authority maintains a capitalization threshold of ten thousand dollars. Depreciation expense is recorded on a straight-line basis over the estimated useful life of the Facility and improvements, which range from 7 to 35 years. Depreciation expense for furniture and equipment is recorded on a straight-line basis over estimated lives ranging from 3.5 to 20 years.

Amortization of Bond Discount

The bond discount is recorded as a reduction of the debt obligation. Bond discounts are amortized as a component of interest based upon the weighted average of bonds outstanding over the term of the bonds.

Amortization of Bond Premiums

The bond premium is recorded as an addition to the debt obligation. Bond premiums are amortized as a component of interest and are amortized using the same weighted average that actual interest expense bears to the outstanding debt balance on the bonds.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority only has one item that qualifies for reporting in this category, which is the deferred charge on refunding of debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized as a component of interest expense over the shorter of the life of the refunded or refunding debt.

Investments

Investments are generally stated at fair value. The Authority categorizes it fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. An exception to fair value is an external investment pool that provides a net asset value per share that approximates fair value. Similarly, investments in nonparticipating interest-earning investment contracts do not consider market rates and are reported using a cost-based measure.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consist of demand deposits and all unrestricted highly liquid investment securities with maturities of three months or less at the time of purchase.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 27, 2020, the date the financial statements were available to be issued.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New and Emerging Accounting Pronouncements

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In June 2017, the GASB approved Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The effects, if any, on the Authority's financial statements as a result of the adoption of this new pronouncement is undetermined.

2. DEPOSITS AND INVESTMENTS

A. The Authority is governed by the deposit and investment limitations of state law. It is the policy of the Authority to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all state and local statutes governing the investment of public funds. The Authority's policy and state law authorize the following types of investments:

   i. Bonds, notes, certificates of indebtedness, treasury bills, or other securities which are fully guaranteed by the United States of America, or securities which represent an undivided interest in such obligations, which obligations are held in a custody account by a custodian of the Authority and senior debt obligations of other government-sponsored agencies.

   ii. Bonds, notes or other obligations of any state of the United States of America or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service.

   iii. Certificates of deposit, time deposits, or money market accounts, constituting direct obligations of any bank that are either insured or secured with acceptable collateral.

iv. Repurchase agreements with any bank, bank holding company, savings and loan association, trust company, financial institution or other credit provider organized under the laws of the United States or any state, which are adequately secured.

v. Investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, financial institution or other credit provider whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service.

vi. Short-term discount obligations of the Federal National Mortgage Association and Government National Mortgage Association.

vii. Commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total commercial paper program size in excess of two hundred and fifty million dollars ($250,000,000) and have a long-term debt rating of A or better from at last one nationally recognized rating service.

viii. Time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. The Authority may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

ix. Local government investment pools established under the authority of Article VI, Section 16 of the Constitution of Missouri and Section 70.210 to 70.320 of the Revised Statutes of Missouri, as amended and rated at the highest rating category of at least one nationally recognized rating service.

The Authority's policy does not apply to the investment of proceeds of any revenue funds issued by the Authority, which proceeds are held by a trustee or escrow agent under a trust indenture, escrow agreement or similar agreement in a construction fund, acquisition fund, project fund or other similar such fund.

GASB Statement No. 72, *Fair Value Measurement and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
Level 2	Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

- Money market mutual funds: Valued using quoted market prices (Level 1 inputs).
- Debt Securities, Commercial Paper and Negotiable Certificates of Deposit: Valued using a matrix pricing model where similar securities are given a price based on the credit rating and maturity (Level 2 inputs).

The Authority participates in the Missouri Securities Investment Program (MOSIP). MOSIP is an external investment pool in which the Authority's monies are pooled with other local governments' monies to purchase investments that are permitted by state statutes. The Authority's monies are used to purchase a pro-rata share of the pool. A board of directors, comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The Board seeks to maintain a stable net position value of $1 per share.

The deposits and investments held at December 31 are as follows:

	Carrying Value	
Type	**2019 (Compiled)**	**2018 (Audited)**
Deposits:		
Demand deposits	$ 74,029	$ 132,964
Investments:		
Money Market Mutual Funds	2,560,884	1,651,633
MOSIP External Investment Pool	106	104
Negotiable Certificates of Deposit	500,263	499,620
Commercial Paper	990,604	-
Federal Home Loan Mortgage Corporation	-	373,699
United States Treasury Notes	-	249,643
Societe General GIC	5,883,179	5,882,880
Total Investments	9,935,036	8,657,579
Total Deposits And Investments	$ 10,009,065	$ 8,790,543
Reconciliation to the Statements of Net Position:		
Current:		
Cash and cash equivalents	$ 74,029	$ 132,964
Short-term investments	109,467	46,721
Restricted Assets:		
Trustee-held investments	9,825,569	8,610,858
Total	$ 10,009,065	$ 8,790,543

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has adopted the depository policy of the Treasurer of the State of Missouri. At December 31, 2019 (compiled) and 2018 (audited), the Authority was in compliance with its policy.

Custodial Credit Risk - Investments - For an investment, 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 investment or collateral securities that are in the possession of an outside party. The Authority has adopted the investment policy of the Treasurer of the State of Missouri. As such, the Authority's investments are required to be fully collateralized and to be committed to the principles of safety, liquidity and yield, in that order, when managing its funds. The policy must restrict investments from speculative or risky investment vehicles. The Authority must review the value, the rating and investment return on a regular basis. At December 31, 2019 (compiled) and 2018 (audited), the Authority was in compliance with its policy.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy limits investment maturities for certain investments as noted below as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Type	Maximum Maturity
United States Agency Discount Notes	One (1) year
United States Agency Callable Securities	Five (5) years
United States Agency Step-Up Securities	Five (5) years
United States Mortgage Backed Securities	Five (5) years
Repurchase Agreements	90 days
Bankers' Acceptance	180 days
Commercial Paper	180 days

Maturities of investment held at December 31, 2019 (compiled) and 2018 (audited) are as follows:

	2019 (Compiled)			
		Investment Maturities (In Years)		
Investment Type	**Amount**	**Less Than 1**	**1 - 5**	**6 - 10**
Money Market Mutual Funds	$ 2,560,884	$ 2,560,884	$ -	$ -
MOSIP External Investment Pool	106	106	-	-
Negotiable Certificates of Deposit	500,263	500,263	-	-
Commercial Paper	990,604	990,604	-	-
Societe General GIC	5,883,179	-	5,883,179	-
	$ 9,935,036	$ 4,051,857	$ 5,883,179	$ -

	2018 (Audited)			
		Investment Maturities (In Years)		
Investment Type	**Amount**	**Less Than 1**	**1 - 5**	**6 - 10**
Money Market Mutual Funds	$ 1,651,633	$ 1,651,633	$ -	$ -
MOSIP External Investment Pool	104	104	-	-
Negotiable Certificates of Deposit	499,620	499,620	-	-
Federal Home Loan Mortgage Corporation	373,699	373,699	-	-
United States Treasury Notes	249,643	249,643	-	-
Societe General GIC	5,882,880	-	5,882,880	-
	$ 8,657,579	$ 2,774,699	$ 5,882,880	$ -

Investment Credit Risk – Credit risk is that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy and state law limit its investment choices, as documented above. At December 31, 2019 (compiled) and 2018 (audited), the Authority's investments subject to credit risk were rated as follows:

	2019 (Compiled)		2018 (Audited)	
Description	**Amount**	**Rating**	**Amount**	**Rating**
Money Market Mutual Funds	$ 2,560,884	AAA	$ 1,651,633	AAA
MOSIP External Investment Pool	106	AAA	104	AAA
Negotiable Certificates of Deposit	500,263	Not rated	499,620	Not rated
Commercial Paper	990,604	A-1	-	-
Federal Home Loan Mortgage Corporation	-	-	373,699	A-1
Societe General GIC	5,883,179	A	5,882,880	A

Concentration of Investment Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Concentration of credit risk is required to be disclosed by the Authority for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

The Authority places the following limits on the amount it may invest in any one issuer.

Description	Concentration Maximum
Repurchase Agreements	No more than 15%
Bankers' Acceptances	No more than 5%
Commercial Paper	No more than 5%

At December 31, 2019 (compiled) and 2018 (audited), the Authority had the following investments that were more than 5% of the Authority's total investments:

	Concentration	
Description	**2019 (Compiled)**	**2018 (Audited)**
Societe General GIC	59%	68%

B. Following is a summary of the Authority's cash and cash equivalents at December 31, 2019 (compiled) and 2018 (audited):

	2019 (Compiled)	2018 (Audited)
Demand Deposits	$ 74,029	$ 132,964
	$ 74,029	$ 132,964

C. Short-term investments represent investments of the Expense Fund at December 31, 2019 (compiled) and 2018 (audited) as follows:

	2019 (Compiled)	2018 (Audited)
Money Market Mutual Funds	$ 109,361	$ 46,617
MOSIP External Investment Pool	106	104
	$ 109,467	$ 46,721

D. Investments in trustee-held investments are summarized at December 31, 2019 (compiled) and 2018 (audited) as follows:

	2019 (Compiled)	2018 (Audited)
Money Market Mutual Funds	$ 2,451,523	$ 1,605,016
Negotiable Certificates of Deposit	500,263	499,620
Commercial Paper	990,604	-
Federal Home Loan Mortgage Corporation	-	373,699
United States Treasury Notes	-	249,643
Societe General GIC	5,883,179	5,882,880
	$ 9,825,569	$ 8,610,858

3. TRUSTEE-HELD ACCOUNTS

UMB Bank and Trust, N.A. is trustee, bond registrar, and paying agent in accordance with the bond indentures. The trustee has invested the unexpended bond proceeds in accordance with the bond indentures for future payment of bond principal, interest, and construction costs.

A summary of restricted cash and investments in trustee-held accounts at December 31, 2019 (compiled) and 2018 (audited) follows:

	2019 (Compiled)	2018 (Audited)
City Bond Funds	$ 20,779	$ 19,033
City Bond Reserve Fund	5,870,772	5,870,772
Preservation Fund	3,934,018	2,721,053
Total	$ 9,825,569	$ 8,610,858

The bond documents require the Authority to establish certain accounts as follows:

Bond Funds

Semiannual payments are due from the Sponsors in accordance with the Financing Agreement. The semiannual payments from the Sponsors shall be deposited into these funds in an amount adequate to pay interest and principal on a semi-annual basis, as required.

Bond Reserve Funds

The Series A and Series B bonds outstanding at December 31, 2002 were refunded during 2003. During 2013, the 2003 bonds were refunded. The refunding bonds were issued without any requirements for the maintenance of bond reserve funds. The balance of the funds related to the Series A and Series B bond reserve funds were deposited into other funds in accordance with provisions of the bond documents.

At December 31, 2019 (compiled) and 2018 (audited), an amount at least equal to $5,870,772 shall be maintained in the Series C bond reserve fund. The balance in this fund was $5,870,772 at December 31, 2019 (compiled) and 2018 (audited).

Preservation Funds

Beginning August 1, 1994 and semiannually thereafter, during each Sponsor's fiscal year, the Sponsors are required to make preservation payments in accordance with the Financing Agreement, as follows: State Sponsor - $1,000,000 ($2,000,000 annually) and the County and City Sponsors - $500,000, each ($1,000,000 annually, each). These proceeds will be used for preservation costs to maintain and improve the Facility. During 2019 (compiled) and 2018 (audited), the Authority expended approximately $2.3 million and $4.0 million, respectively, for the preservation of the Facility.

Expense Fund

The Expense Fund is the operational account of the Authority and is partially funded from the investment earnings from the Bond and Reserve Funds, if there are any earnings remaining after the bond requirements are paid. The earnings from the Expense Fund are invested at UMB Bank, generally in short-term investments. The expenditures paid from the Expense Fund are used to pay for operating expenses of the Authority and provide supplemental funding for capital expenditures on the Facility, as needed. The Authority does not consider the fund to be restricted and this is the fund the Authority used in 2019 (compiled) and 2018 (audited) for the expenses of the training facility (Note 6).

4. CAPITAL ASSETS

A summary of changes in capital assets for the years ended December 31, 2019 (compiled) and 2018 (audited) were as follows:

	2019 (Compiled)			
	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**
Capital Assets, Not Being Depreciated				
Land	$ 46,395,862	$ -	$ -	$ 46,395,862
Construction in process	13,495	-	(13,495)	-
Total Capital Assets, Not Being Depreciated	46,409,357	-	(13,495)	46,395,862
Capital Assets, Being Depreciated				
Multi-purpose convention and stadium facility	301,021,619	276,000	(255,408)	301,042,211
Furniture and equipment	5,222,905	70,365	-	5,293,270
Total Capital Assets, Being Depreciated	306,244,524	346,365	(255,408)	306,335,481
Accumulated Depreciation				
Multi-purpose convention and stadium facility	(190,766,788)	(9,780,427)	167,840	(200,379,375)
Furniture and equipment	(3,934,555)	(222,667)	-	(4,157,222)
Total Accumulated Depreciation	(194,701,343)	(10,003,094)	167,840	(204,536,597)
Total Capital Assets Being Depreciated, Net	111,543,181	(9,656,729)	(87,568)	101,798,884
Capital Assets, Net	$ 157,952,538	$ (9,656,729)	$ (101,063)	$ 148,194,746

	2018 (Audited)			
	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	$ 46,395,862	$ -	$ -	$ 46,395,862
Construction in process	1,531,305	1,976,142	(3,493,952)	13,495
Total Capital Assets, Not Being Depreciated	47,927,167	1,976,142	(3,493,952)	46,409,357
Capital Assets, Being Depreciated				
Multi-purpose convention and stadium facility	299,643,393	3,639,012	(2,260,786)	301,021,619
Furniture and equipment	5,228,028	29,505	(34,628)	5,222,905
Total Capital Assets, Being Depreciated	304,871,421	3,668,517	(2,295,414)	306,244,524
Accumulated Depreciation				
Multi-purpose convention and stadium facility	(182,452,693)	(9,735,159)	1,421,064	(190,766,788)
Furniture and equipment	(3,717,402)	(251,783)	34,630	(3,934,555)
Total Accumulated Depreciation	(186,170,095)	(9,986,942)	1,455,694	(194,701,343)
Total Capital Assets Being Depreciated, Net	118,701,326	(6,318,425)	(839,720)	111,543,181
Capital Assets, Net	$ 166,628,493	$ (4,342,283)	$ (4,333,672)	$ 157,952,538

5. LONG-TERM LIABILITIES

A summary of changes in bonds outstanding for the years ended December 31, 2019 (compiled) and 2018 (audited) were as follows:

	2019 (Compiled)				
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Series 2013 A	$ 27,225,000	$ -	$ (8,635,000)	$ 18,590,000	$ 9,070,000
Series 2013 B	13,595,000	-	(4,310,000)	9,285,000	4,530,000
Series 2007 C	13,525,000	-	(4,280,000)	9,245,000	4,505,000
Add: Unamortized premiums	2,133,639	-	(1,123,216)	1,010,423	-
Note payable	1,499,579	61,844	(62,057)	1,499,366	-
	$ 57,978,218	$ 61,844	$ (18,410,273)	$ 39,629,789	$ 18,105,000

	2018 (Audited)				
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Series 2013 A	$ 35,450,000	$ -	$ (8,225,000)	$ 27,225,000	$ 8,635,000
Series 2013 B	17,700,000	-	(4,105,000)	13,595,000	4,310,000
Series 2007 C	17,595,000		(4,070,000)	13,525,000	4,280,000
Add: Unamortized premiums	3,642,630	-	(1,508,991)	2,133,639	-
Note payable	1,502,500	61,903	(64,824)	1,499,579	-
	$ 75,890,130	$ 61,903	$ (17,973,815)	$ 57,978,218	$ 17,225,000

Bonds Payable

The Authority originally issued Convention and Sports Facility Project Bonds during August 1991, the proceeds of which were used for the acquisition of land and construction and equipping of the Facility. The bonds were sponsored in the amount of $132,910,000 by the State (Series A), $65,685,000 by the County (Series B), and $60,075,000 by the City (Series C). Pursuant to the Financing Agreement entered into with the Sponsors in August 1991, the Authority leased the Facility to the Sponsors, who subleased the Facility back to the Authority. The payments made by the Sponsors under the Financing Agreement, which are subject to annual appropriation by the Sponsors, are designed to be sufficient to pay the principal of and interest on the bonds when due.

On December 15, 1993, the Authority issued $121,705,000 in Series A refunding bonds and $60,180,000 in Series B refunding bonds to advance refund $101,410,000 of outstanding 1991 Series A bonds and $50,275,000 of outstanding 1991 Series B bonds, respectively. This transaction was considered to be a partial defeasance of the outstanding 1991 Series A and Series B bonds as the advance refunding related only to those bonds scheduled to mature on August 15, 2004 and thereafter. The 1991 Series A and Series B bonds were fully refunded in 2003.

On February 27, 1997, the Authority issued $61,285,000 in Series C refunding bonds to advance refund $47,155,000 of outstanding 1991 Series C bonds. This transaction was considered to be a partial defeasance of the outstanding 1991 Series C bonds as the advance refunding related only to those bonds scheduled to mature on August 15, 2004 and thereafter. The 1991 Series C bonds were fully refunded in 2007.

On August 1, 2003, the Authority issued $116,030,000 in Series A refunding bonds to refund $2,845,000 of Series A 1991 Bonds and $113,170,000 of Series A 1993 refunding bonds and the Authority issued $58,790,000 in Series B refunding bonds to refund $1,390,000 of Series B 1991 Bonds and $56,020,000 of Series B 1993 refunding bonds. These transactions were considered to be a current refunding and the remaining Series 1991 and all of the 1993 refunding bonds were fully refunded on August 15, 2003. The 2003 Series A and Series B bonds were fully refunded in 2013.

On May 17, 2007, the Authority issued $49,585,000 in Series C 2007 refunding bonds to refund all of the Series C 1997 bonds maturing on August 15, 2009 and thereafter. The Series C 1997 bonds were fully refunded on August 15, 2007.

On August 20, 2013, the Authority issued $65,195,000 in Series A refunding bonds to current refund $65,385,000 of Series A 2003 Bonds and issued $32,560,000 in Series B refunding bonds to current refund $32,180,000 of Series B 2003 Bonds.

Principal payments on the outstanding bonds are to be made annually on August 15. Interest payments are to be made semiannually each February 15 and August 15. Interest rates on the Series A and B bonds range from 2% to 5% and the interest rate for the Series C bonds is 5.25%.

A summary of the annual principal and interest requirements to maturity as of December 31, 2019 (compiled) follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 18,105,000	$ 1,879,113	$ 19,984,113
2021	19,015,000	962,600	19,977,600
	$ 37,120,000	$ 2,841,713	$ 39,961,713

Note Payable

On February 1, 2016, the Authority entered into a promissory note and loan agreement ("note payable") with the Missouri Development Finance Board for a maximum amount of $3 million, (the Authority borrowed principal of $1.5 million, less than the maximum amount) plus the amount of accrued but unpaid interest on the note. The note bears interest at 4% per annum and matures January 14, 2021, subject to extension. The note is interest only and no scheduled principal payments are required until maturity. The first interest due date was January 14, 2019 and interest is payable annually until the maturity date. In 2019 (compiled) and 2018 (audited), the Authority paid all interest that was due through December 15, 2019 and December 15, 2018. As of December 31, 2019 (compiled) and 2018 (audited), the balance on the note was $1,499,366 and $1,499,579 including accrued interest of $2,788 and $2,789, respectively.

6. COOPERATIVE AGREEMENT

On November 1, 1995, the Authority entered into a Cooperative Agreement (the Agreement) with the City and the CVC to provide a portion of the $12,500,000 funding necessary for construction of a training facility for the St. Louis Rams. In conjunction with the Agreement, the Authority issued $5,000,000 in Revenue Anticipation Notes, Series 1995 Rams Training Facility Project (the Notes). Funding for the repayment of principal and interest on the Notes came from the City's 5% tax on admission charges to Rams' games played within the City.

The tax proceeds represent the City's portion of the training facility's cost. The Authority's obligation to repay the Notes is limited to the funds appropriated by the City, and no funds or assets of the Authority are to be pledged for repayment. The Notes and interest do not constitute a debt or liability of the Authority, nor will the Authority be liable or obligated to levy any form of taxation to make appropriation for payment. In May 1996, the Authority received title to the training facility which it, in turn, leased to the St. Louis Rams. Such lease provides for the St. Louis Rams to operate and maintain the training facility at their sole, exclusive cost. The Authority has not recorded the assets or liabilities relating to these transactions in its financial statements for the years ended December 31, 2019 or 2018. The Revenue Anticipation Notes were paid in full on August 16, 2000.

On April 30, 2016, the training facility lease was terminated and since that time, the Authority has operated and maintained the property. The Authority has leased the facility to a tenant in 2019 and 2018. See Note 10.

The original lease between the Rams and the Authority contains a provision giving the Rams an option of purchasing the facility and the land in October 2024.

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss and the operating lease agreement requires the CVC to obtain insurance coverage for the Facility. The CVC purchases commercial insurance for risks it considers significant and the Authority is listed as an additional insured on these policies.

8. EMPLOYEE BENEFIT PLAN

The Authority has adopted a Simplified Employee Pension plan (SEP). A SEP plan allows employers to contribute to traditional IRAs set up for each employee. Employers are not required to contribute; however, when employers do contribute, they must contribute the same percentage for all eligible employees. The Authority contributes 10% of annual salary to an individual employee account. Employees are not eligible to contribute. Contributions to SEP accounts and earnings on those contributions are 100% vested by the employee. The Authority contributed $22,335 and $25,408 during 2019 (compiled) and 2018 (audited), respectively.

9. COMMITMENTS

The Authority, in conjunction with America's Center, has approved a budget for Preservation expenditures based upon the America's Center's fiscal years ending June 30, 2020 and 2019 in the amount of approximately $2.64 million and $3.40 million, respectively. As of December 31, 2019 (compiled), the amount encumbered relating to these budgets amounted to approximately $0.58 million and $2.73 million for June 30, 2020 and 2019, respectively. At the end of an 18-month operating cycle any unencumbered funds are reprogrammed to a current fiscal year, if necessary.

10. LEASE AGREEMENT

The Authority entered into an original lease agreement with a tenant for a portion of the training facility described in Note 6. The original lease commencement date was February 1, 2017 through January 31, 2018 with seven (7) optional extension terms through October 21, 2024. On September 15, 2017, the first amendment to the lease expanded the lease to the entire property. On September 26, 2019, the second amendment to the lease allows the tenant to sublease a portion of the property. During 2019 (compiled) and 2018 (audited), the Authority recognized approximately $177,000 and $147,000 of lease income and the lessee is now required to pay all utilities.