

FINAL DRAFT

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

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CUDNEY, ECORD, McENROE & MULLANE L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Commissioners
Jackson County Sports Complex Authority
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and the major fund of the Jackson County Sports Complex Authority (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 opinions 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position - cash basis of the governmental activities and major fund as of December 31, 2017, and the respective changes in financial position - cash basis thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of administrative expenditures - cash basis, the management's discussion and analysis and pension information as listed in the table of contents, and the 2017 Economic Impact Analysis are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of administrative expenditures - cash basis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenditures - cash basis is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis, pension information, and the 2017 Economic Impact Analysis section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

May 15, 2018

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

STATEMENT OF NET POSITION - CASH BASIS

December 31, 2017

ASSETS:

Cash	\$ 30,287
Investments (see Note 2)	<u>1,464,641</u>
Total assets	<u><u>\$ 1,494,928</u></u>

NET POSITION:

Restricted for project completion and common area maintenance	<u><u>\$ 1,494,928</u></u>
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See notes to financial statements.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

STATEMENT OF ACTIVITIES - CASH BASIS

Year ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Governmental activities:				
Facility leasing and administration	\$ 775,856	\$ 671,958	\$ -	\$ (103,898)
Improvements and repairs	<u>685,381</u>	<u>-</u>	<u>671,958</u>	<u>(13,423)</u>
Total governmental activities	<u>\$ 1,461,237</u>	<u>\$ 671,958</u>	<u>\$ 671,958</u>	(117,321)
General revenues:				
Investment earnings				<u>8,376</u>
Change in net position				(108,945)
Net position, beginning				<u>1,603,873</u>
Net position, ending				<u>\$ 1,494,928</u>

See notes to financial statements.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

STATEMENT OF GOVERNMENTAL FUND ASSETS - CASH BASIS

December 31, 2017

**ADMINISTRATION AND COMMON AREA
MAINTENANCE FUND**

Cash	\$ 30,287
Investments (see Note 2)	<u>1,464,641</u>
	<u>\$ 1,494,928</u>

See notes to financial statements.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

STATEMENT OF CHANGES IN GOVERNMENTAL FUND ASSETS - CASH BASIS

Year ended December 31, 2017

	Administration and Common Area Maintenance Fund
REVENUES:	
Received from RMMO Fund for common area repair and maintenance	\$ 671,958
Received from RMMO Fund for administration	671,958
Investment income	8,376
Total revenues	<u>1,352,292</u>
EXPENDITURES:	
Complex repairs and maintenance (Note 3)	685,381
Facility leasing and management	775,856
Total expenditures	<u>1,461,237</u>
Change in fund assets	(108,945)
Balance, beginning of year	<u>1,603,873</u>
Balance, end of year	<u><u>\$ 1,494,928</u></u>

See notes to financial statements.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year ending December 31, 2017

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

The Jackson County Sports Complex Authority (the "Authority") is a body corporate and politic, and a political subdivision of the State of Missouri. The Authority was created for the construction, operating and financing of recreational facilities. The Authority currently leases the Truman Sports Complex (the "Sports Complex") to the Kansas City Chiefs Football Club, Inc. ("Chiefs") and the Kansas City Royals Baseball Corporation ("Royals") under long-term leases (see Note 3). The Sports Complex is owned by Jackson County, Missouri.

Cash Basis of Accounting

The Authority's policy is to prepare its basic financial statements on the cash basis. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, no accruals for income or liabilities of the Authority have been reflected in the accompanying basic financial statements. Also, expenditures for buildings, vehicles, equipment and office furnishings are expensed currently.

Basis of Presentation

The Authority's basic financial statements include both government-wide and fund financial statements.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Authority, as a whole.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Authority.

The Authority's net position is reported as either restricted or unrestricted net position. The Authority's restricted net position consists of funds restricted for specific purposes under provisions of the lease amendments.

Fund Financial Statements - The fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

The major governmental fund of the Authority is:

Administration and Common Area Maintenance Fund - This fund accounts for the ongoing administration of the Authority and common area maintenance and repairs as provided by the lease amendments.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Jackson County, Missouri Revised Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Under the cash basis of accounting, the Authority does not recognize deferred outflows and inflows of resources related to pensions, and only reports the payments made to the Plan as an expenditure.

Fund Balance

Fund balances are classified 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 Authority reports the following fund balance classification:

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation.

2. DEPOSITS AND INVESTMENTS

The disclosures that follow have been prepared in accordance with the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes disclosure requirements for investment and deposit risks related to credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk.

Investments - As of December 31, 2017, the Authority's investments were held in a single financial institution's money market mutual fund, where the underlying investments were either U.S. government or agency securities. Such investments are carried at cost which approximates fair value.

Investment Policies - The Authority deposits and invests all monies as allowed by state statute and in accordance with the Authority's by-laws. State statutes allow the Authority to deposit in bank deposits or government securities. Similar to the state statutes, the by-laws allow the Authority to invest in direct obligations of the United States of America.

On April 19, 2016, per resolution 16-03, the Authority approved and adopted an investment policy modeled after the Missouri Treasurer's suggested policy to meet the objectives of safety, liquidity and yield. Among other provisions, the policy addresses investment types and parameters, investment restrictions and prohibited transactions.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the Authority's investment, which is rated AAAM by Standard & Poor's:

<u>Investment</u>	<u>Carrying Amount</u>
Morgan Stan Inst'l Lig Gov't - I	<u>\$1,464,641</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, the Authority follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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. All of the Authority's investments are held by the Authority's agent in the Authority's name.

At December 31, 2017, the Authority's deposits were fully insured.

Interest Rate Risk

The Authority's investment policies do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To minimize the risk of loss, the Authority matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The Authority has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of December 31, 2017, all of the Authority's investments had maturities of less than one year.

Concentration of Credit Risk

The Authority's investment policy in 2017 does not address the amounts that can be invested with any one issuer. Investments that represent more than 5% of the Authority's investments are listed above under Credit Risk.

3. LEASES AND MANAGEMENT CONTRACTS

On January 19, 1990, the Authority entered into leases and management contracts through January 31, 2015 with the Chiefs and the Royals. Both lease agreements call for annual basic rents from both the Chiefs and Royals of \$450,000 and percentage rentals based upon gross receipts, net of taxes, in excess of \$7,500,000, and calculated using a sliding scale from 5% down to 2% as gross receipts increase.

The management contracts provide for annual management fees (RMMO fees) to be paid to the Chiefs and Royals. The management fees increase commensurate with the Consumer Price Index, not to exceed 4.75% in any given year for each year during the remainder of the contracts.

On January 24, 2006, and with the successful passage of a 3/8 cent sales tax election on April 4, 2006, the Authority, along with Jackson County, entered into lease amendments with the Chiefs and Royals to extend the original leases to January 31, 2031.

The 2006 Lease Amendments call for the establishment of a separate Repair, Maintenance, Management and Operations Fund (RMMO Fund) for the teams with the Chiefs and Royals assuming responsibility and financial risk for the long-term repair, maintenance, management, and operations of their respective stadiums. The Authority receives an annual allocation from the sales tax funds for administrative expenses and to provide for the ongoing maintenance of Sports Complex Common Areas.

4. GOVERNMENTAL FUNDING

The Authority and the County have historically received revenues, subject to annual appropriation, from the City, County and State to fund current and future expenditures in relation to the leases and management contracts with the teams. These funds now flow through to the County's Bond Trustee, Bank of Kansas City and are applied pursuant to section 402(b) of the Bond Indenture in a nine-step order of priority, in which the first five steps relate to payment of the bonds. The payments to the Authority's operating and common area accounts are step six. Under step nine, any remaining amounts are deposited to the teams' RMMO funds. The annual commitments have been \$2,000,000 from the City; not less than \$3,500,000 from the County, generated from the County's park levy of \$0.08 per \$100 assessed valuation and \$3,000,000 from the State. As these funds now go directly to the County's Trustee, the Authority has no control over these financial transactions, and, accordingly they are not included in these financial statements.

5. BENEFIT PLANS

General Information about the Pension Plan

Plan Description

The Authority employees are provided retirement and other benefits through the Jackson County, Missouri Revised Pension Plan (the Plan), a cost-sharing multiple employer defined benefit plan administered by the Pension Plan Board of Trustees. The benefit provisions are provided under the authority of RSMo. 50.337 and may be amended by the Jackson County Legislature. The Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.jacksongov.org.

Benefits Provided

The Plan provides retirement, death and disability benefits. Eligibility begins after twelve months of credited service and benefits vest after 5 years of credited service. Retirement benefits are 1.5% of the average monthly earnings for each year of credited service beginning at age sixty-five, or at age fifty-five for those whose age and years of service total eighty years.

Early retirement benefits, subject to certain reductions, are available to those age fifty-five with five years of service. Disability benefits are provided to those with five years of service equal to the accrued benefit if the disability is total and permanent. A death-in-service benefit is also provided, equal to the lump sum equivalent of the accrued benefit. The Plan also provides for discretionary cost of living increases of up to 3% for those who have been retired for a full year.

Contributions

The contribution requirements of the Authority are determined by the Plan's Board of Trustees based on an actuarial valuation. The Authority's contractually required contribution rate was 16.53% of covered payroll. The rate is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the Authority do not contribute to the Plan. Contributions to the Plan were \$38,065.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Authority's liability for its proportionate share of the net pension liability was \$189,582. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on its percentage of covered payroll to the total covered payroll of all participating employers for the period July 1, 2016 to June 30, 2017. At June 30, 2017, the Authority's proportion was 0.3265%, which was an increase of 0.0032% from its proportion measured as of July 1, 2016.

For the year ended December 31, 2017 the Plan reported pension expense of \$69,433 on the accrual basis. At December 31, 2017, the Authority's proportionate share of deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,156	\$ 523
Changes of assumptions	1,924	15,747
Net difference between projected and actual earnings on pension plan investments	9,671	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	21,276	-
Contributions subsequent to the measurement date	18,825	-
Total	<u>\$ 62,852</u>	<u>\$ 16,270</u>

On the accrual basis of accounting, the Authority's \$18,825 deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
2018	\$ 26,128
2019	7,533
2020	2,781
2021	<u>(8,685)</u>
	<u>\$ 27,757</u>

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	2.75 to 4.75%
Investment rate of return	6.75%, net of expenses
Post retirement benefit increase	2.0%

Mortality rates were based on RP2014 Combined Mortality Table with generational improvements.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study in 2014 and included the adoption of the RP2014 mortality table.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	62.50%	8.69%
Fixed Income	32.50%	3.27%
Real Assets	5%	5.51%

Discount Rate

The discount rate used to measure the total pension liability is 6.75%. The projection of cash flows used to determine the discount rate assumes that Authority contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of net pension liability would be using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Proportionate share of the net pension liability	\$ 335,422	\$ 189,582	\$ 69,696

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan Comprehensive Annual Financial Report.

Payable to the Pension Plan

The Authority's payable for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017 was \$1,460.

6. LEGAL MATTERS

The Kansas City Royals have put the Authority on notice that they may make a claim that certain deposits of non-sales tax revenues were not made to the Royals RMMO fund, and instead were used for the payment of debt service on Jackson County's 2006 sales tax revenue bonds. If such a claim were made, it is likely a similar claim would be made by the Chiefs.

The Authority has never had custody or control of either the sales tax revenues or the non-sales tax revenues in question. All of these revenues are deposited in the Revenue Fund described in the trust indenture relating to the Jackson County Missouri Special Obligation Bonds Series 2006 which is under the custody and control of the bond trustee. Thus, this is essentially a dispute between the County and the teams over whether the bond trustee may use non-sales tax revenues for debt service on the 2006 bonds. The Authority is not a party to the 2006 bond indentures.

The Authority has become aware of an assessment by the Department of Revenue against the Chiefs alleging unpaid sales tax of \$1,200,000 plus interest and penalties. The Department's claim appears to be based upon the belief that the Authority's exemption certificate, which was limited by its terms to construction materials, was used by the Chiefs to purchase personal property that falls outside the Department's definition of construction materials. It should be noted that the Missouri Constitution and Chapter 144 RSMo both exempt all purchases by the Authority from sales taxes. The Authority has taken certain steps to protect itself and, according to counsel, even if the Authority did not prevail, it would have a claim against the Chiefs.

From time to time, various parties have asserted claims in the nature of mechanics liens against the Authority for work done in the course of the renovation of the Sports Complex. These parties are advised that a mechanics lien will not lie against a political subdivision, and they usually file a claim against the payment bond furnished by the teams or their general contractor, which is their sole remedy. In addition, from time to time the Authority receives notice of a personal injury claim, usually a slip and fall case, alleging an unsafe condition on property that is leased to either the Chiefs or the Royals. These parties are referred to the respective teams who then refer these claims to their insurer, as the teams are responsible for the condition of the premises under their leases. These types of claims are not considered material. In February, 2017, the Authority received a lien letter from an attorney on behalf of an individual who allegedly sustained injuries at a Chiefs game on December 25, 2016. The matter was referred to the Authority's liability carrier.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

SCHEDULE OF ADMINISTRATIVE EXPENDITURES - CASH BASIS

Year ended December 31, 2017

ADMINISTRATIVE EXPENDITURES:

Salaries	\$	254,072
Legal		233,741
Lobbying services		46,000
Consulting fees		90,272
Insurance		40,819
Pension		37,676
Professional services		12,725
Statutory compensation		17,128
Contractual services		3,978
Payroll taxes		20,199
Personal property tax		1,046
Business travel		7,148
Office and telephone		11,052
		<hr/>
	\$	<u>775,856</u>

OTHER INFORMATION

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Jackson County Sports Complex Authority’s (the Authority) annual financial report presents management’s discussion and analysis of the Authority’s operations and financial position during the fiscal year ended December 31, 2017. This analysis should be read in conjunction with the Independent Auditor’s Report, financial statements, notes to the financial statements and supplementary information.

Overview of the Cash Basis Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements which are prepared using the cash basis of accounting. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the Authority’s finances.

The *statement of net position* presents the Authority’s assets and net position. Net position is an important measure of the Authority’s overall financial health. The increases and decreases in net position can be monitored to determine whether the Authority’s financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Authority’s net position changed during the year.

Both of the government-wide financial statements report functions of the Authority that are principally supported by intergovernmental revenues (governmental activities). The governmental activities for the Authority include facility leasing and management, and improvements and repairs to the Jackson County Sports Complex.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure compliance with finance-related legal requirements for its governmental fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains supplementary information on administrative expenditures.

Government-wide Financial Analysis

Net Position – Cash Basis

	2017	2016
Cash	\$ 30,287	\$ 41,524
Investments	1,464,641	1,562,349
Total assets	\$ 1,494,928	\$ 1,603,873
Net position:		
Restricted for project completion and common area maintenance	\$ 1,494,928	\$ 1,603,873

Changes in Net Position – Cash Basis

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues -		
Operating grants and contributions	\$ 671,958	\$ 652,387
Capital grants and contributions	671,958	652,386
General revenues -		
Investment earnings	8,376	3,116
Total revenues	<u>1,352,292</u>	<u>1,307,889</u>
Expenses:		
Facility leasing and management	775,856	849,602
Improvements and repairs	685,381	677,640
Total expenses	<u>1,461,237</u>	<u>1,527,242</u>
Increase (decrease) in net position	(108,945)	(219,353)
Net position, beginning	<u>1,603,873</u>	<u>1,823,226</u>
Net position, ending	<u>\$ 1,494,928</u>	<u>\$ 1,603,873</u>

For 2017, revenues include amounts received from trustee RMMO funds for administration and common area maintenance. Expenses include costs of administration, project completion, and common area maintenance. Rents received and management fees paid are not included in these financial statements. These and other governmental revenues are never in the custody or control of the Authority. The only revenues received by the Authority are the annual deposits by the Trustee in equal amounts in the Authority's operating and common area fund.

Financial Analysis of the Authority's Fund

Administration and Common Area Maintenance Fund – Activities in the fund include receipt and disbursement of funds for the continuing work of the Authority.

Economic Factors

On January 24, 2006 the Authority, along with the County, entered into lease amendments with the Chiefs and Royals. With the successful 3/8 cent sales tax election held April 4, 2006, together with intergovernmental funding, sufficient revenue will be available to renovate both stadiums as well as provide for ongoing repairs and maintenance over the 25 year lease term.

Requests for Information

This financial report is designed to provide the reader a general overview of the Authority's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Jim Rowland, Executive Director, Arrowhead Stadium, 8501 Stadium Drive, Kansas City, Missouri 64129.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

JACKSON COUNTY, MISSOURI REVISED PENSION PLAN

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.3265%	0.3233%	0.22%
Authority's proportionate share of the net pension liability	\$ 189,582	\$ 236,881	\$ 124,205 134,903
Authority's covered payroll	\$ 225,813	\$ 195,640	\$ 195,640
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	84%	121.1%	92.07%
Plan fiduciary net position as a percentage of the total pension liability	82.3%	76.7%	81.25%

The amounts presented were determined as of June 30th.

Note: This schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

SCHEDULE OF CONTRIBUTIONS

JACKSON COUNTY, MISSOURI REVISED PENSION PLAN

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 37,830	\$ 33,746	\$ 27,869
Contributions in relation to the contractually required contribution	<u>(37,830)</u>	<u>(33,746)</u>	<u>(27,869)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 228,863	\$ 218,279	\$ 204,816
Contributions as a percentage of covered-employee payroll	16.53%	15.46%	13.60%

Note: This schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

2017 ECONOMIC IMPACT ANALYSIS

Year ended December 31, 2017

MISSOURI

Withholding	\$ 16,771,142
Sales tax	9,894,454
Income/franchise tax	-
Use tax	<u>154,615</u>
Total	<u>\$ 26,820,211</u>

JACKSON COUNTY

Sales tax	\$ 2,818,395
Amusement tax	19,100
Property tax	<u>274,593</u>
Total	<u>\$ 3,112,088</u>

KANSAS CITY

Sales tax	\$ 7,159,761
Earnings and profits tax	4,016,816
Convention and tourism tax	960,352
Business license	265,445
Use tax	<u>108,216</u>
Total	<u>\$ 12,510,590</u>

Total Economic Impact	<u><u>\$ 42,442,889</u></u>
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