GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

WASHINGTON CONVENTION AND SPORTS AUTHORITY

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS (WITH REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS)

OIG

FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

DANIEL W. LUCAS
INSPECTOR GENERAL

OIG NO. 16-1-04ES MARCH 2016

Mission

The mission of the Office of the Inspector General (OIG) is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District administration and operations; and
- recommend and track the implementation of corrective actions.

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

March 31, 2016

The Honorable Muriel Bowser
Mayor of the District of Columbia
Mayor's Correspondence Unit
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 316
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report issued by SB & Company, LLC (SBC) on the Washington Convention and Sports Authority financial statement for the years ended September 30, 2015, and 2014 (OIG No. 16-1-04ES). SBC submitted this component report as part of our overall contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2015.

SBC opined that the financial statements present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America. SBC identified no weaknesses in internal control.

If you have any questions concerning this report, please contact me or Toayoa D. Aldridge, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/lw

Enclosure

cc: See Distribution List

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SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Mayor and Council of the Government of District of Columbia
Board of Directors of Washington Convention and Sports Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Washington Convention and Sports Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1299 Pennsylvania Avenue NW • Suite 1120 • Washington • District of Columbia 20004 • P 202.803.2335 • F 202.756.1301

Other Matter

The financial statements of the Authority as of and for the year ended September 30, 2014, were audited by another auditor whose expressed an unmodified opinion on those statements on January 28, 2015.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of net position by fund and schedule of revenues, expenses, and changes in net position by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of net position by fund and schedule of revenues, expenses, and changes in net position by fund 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 net position by fund and schedule of revenues, expenses, and changes in net position by fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government of the District of Columbia's internal control over financial reporting and compliance.

SB & Company, LLC

Washington, DC.
December 30, 2015

As management of Washington Convention and Sports Authority (Authority) doing business as Events DC, we present this Management's Discussion and Analysis (MD&A) of the Authority's financial condition and the results of operations for the years ended September 30, 2015 and 2014. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

Introduction

On October 1, 2009, in accordance with the Washington Convention Center Authority (WCCA) and D.C. Sports and Entertainment Commission (DCSEC) Merger Amendment Act of 2009, D.C. Law 18-111, D.C. Sports and Entertainment Commission was absorbed as a program of the WCCA and its mission, responsibilities and assets were transferred to WCCA. Following the transfer, the WCCA was renamed the Washington Convention and Sports Authority. This transfer created one umbrella organization with a broadened charter for increasing economic development through the promotion of key sports and entertainment offerings, as well as major national and international conventions, meetings and special events held in the District of Columbia (the District). As part of the Amendment Act, the District's Department of General Services (DGS) became responsible for the facility maintenance tasks previously performed by the D.C. Sports and Entertainment Commission.

To further the effort of the expanded mission, the Authority created a new brand identity, "Events DC," on June 22, 2011. The new name is the centerpiece of a marketing effort intended to draw more events to the convention center, RFK Stadium, the DC Armory and Carnegie Library at Mount Vernon Square. The new name is also designed to align with the existing brands for Washington D.C. and the city's tourism arm, Destination DC.

About Our Business

The Authority operates three distinct business divisions that generate significant regional economic impact by attracting conventions, tradeshows, sports and entertainment and other special events. The Convention & Meetings Operations Division includes the Walter E. Washington Convention Center (WEWCC) and Carnegie Library at Mt. Vernon Square which generate event-related revenues primarily from the sale and use of meeting and exhibition space and other ancillary services such as commissions on telecommunications, audio-visual, electrical and catering services. The Sports and Entertainment Division (SED), which includes Robert F. Kennedy Memorial Stadium, the DC Armory, and the surrounding Festival Grounds, and functions as landlord for Nationals Park. SED generates revenue primarily from hosting a full season of DC United major league soccer games and other entertainment and community events. Through the Special Events Division, the Authority is actively involved in the planning and support of some of the city's most anticipated events, attracting thousands of attendees to locations around the city which bring economic impact to our nation's capital.

Fiscal Year 2015 Financial Highlights

- Net position increased by $38 million or 16%, when compared to the fiscal year ended September 30, 2014. Significant factors contributing to the $38 million increase in the net position included a $11 million increase in dedicated taxes, and a $14.2 million increase in TIF revenue coupled with an increase in operating revenue of $3.3 million.

- Operating expenses remained flat compared to the same period last year.

- Operating revenues increased by $3.3 million or 13% from fiscal year 2014, resulting in total operating revenues of $28.6 million.

- The Authority's long-term debt, excluding current maturities, decreased to $618.5 million or 3% compared to fiscal year 2014, mainly due to payment of the scheduled current portion of debt outstanding.

- The Statements of Cash Flows reflect an increase in cash and cash equivalents of $2.5 million.

- The Authority's bonds are rated "A1" by Moody's, "A" by Standard & Poor's Corporation and "A+" by Fitch Rating Services.

Fiscal Year 2014 Financial Highlights

- Net position increased by $6.1 million or 3%, when compared to the fiscal year ended September 30, 2013.

- Operating expenses increased by $6.4 million or 8% from fiscal year 2013, due to increases in personnel services and depreciation expenses.

- Operating revenues decreased by $1.2 million or 4% from fiscal year 2013, resulting in total operating revenues of $25.3 million.

- Assets plus deferred outflow of resources exceeded liabilities by $239.8 million at the end of fiscal year 2014, a 3% increase over fiscal year 2013.

- The Authority's long-term debt, excluding current maturities, decreased to $638.1 million or 4% compared to fiscal year 2013.

- The Statements of Cash Flows reflect a decrease in cash and cash equivalents of $2.3 million.

- The Authority's bonds are rated "A1" by Moody's, "A" by Standard & Poor's Corporation and "A+" by Fitch Rating Services.

(1) *Overview of the Financial Statements*

The Authority's financial report includes Management's Discussion and Analysis, the Financial Statements, and Notes to the Financial Statements.

— The Financial Statements are designed to provide readers with a broad overview of the Authority's financial activities in a manner similar to a private-sector business. These financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units on a full accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. The basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. This report also includes notes accompanying the statements to fully explain the activities detailed therein.

— The Statements of Net Position present information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

— The Statements of Revenues, Expenses and Changes in Net Position report both the operating and non-operating revenues and expenses and other changes in net position for the end of the fiscal year.

— The Statements of Cash Flows present information showing how the Authority's cash and cash-equivalents position changed during the fiscal years. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, noncapital financing activities and investing activities.

(2) *Financial Analysis*

The Authority's audited Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows are presented on pages 15 through 18.

The following table reflects a summary of the Authority's net position at September 30, 2015, 2014 and 2013 *(in thousands)*:

Table 1.
Condensed Statements of Net Position
(In Thousands)

				Percentage change	
	2015	**2014**	**2013**	**2015-2014**	**2014-2013**
Current assets	$ 133,765	$ 114,424	$ 97,689	17%	17%
Capital assets, net of accumulated depreciations	554,825	581,821	616,969	-5%	-6%
Other non-current assets	247,860	219,350	219,030	13%	0%
Total Assets	936,450	915,595	933,688		
Deferred outflow of resources	15,688	16,871	19,622		
Total Assets and Deferred Outflow of Resources	952,138	932,466	953,310		
Current liabilities	55,827	54,575	57,125	2%	-4%
Noncurrent liabilities	618,535	638,116	662,551	-3%	-4%
Total Liabilities	674,362	692,691	719,676		
Net Position:					
Investment in capital assets	151,890	162,200	176,359	-6%	-8%
Restricted	114,030	113,225	112,112	1%	1%
Unrestricted	11,856	(35,650)	(54,837)	-133%	-35%
Total Net Position	$ 277,776	$ 239,775	$ 233,634	16%	3%

2015 - The Authority's overall financial position improved during fiscal year 2015. The total net position at September 30, 2015 was $277.8 million a 16% increase over September 30, 2014 net position, of $239.8 million. Of the Authority's net position, $152 million, or 55% represents investment in capital assets and $114 million or 41% represents resources that are subject to external restriction on how they may be used (primarily related to the Authority's bond indenture reserve requirements). The remaining balance of $12 million or 4% is unrestricted.

Some of the 2013 balances presented have been reclassified and adjusted to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65 that resulted in a change in financial reporting for deferred inflows and outflows of resources and a change in accounting in principle.

2014 - The total net position of the Authority increased by $6.1 million or 3% for the year ended September 30, 2014. As of September 30, 2014, the Authority had total net position amounting to approximately $239.8 million, with the largest portion of the Authority's net position, $162 million, or 68%, reflecting its investment in capital assets used to acquire the assets. Of the Authority's remaining net position, $113 million, or 47%, represents resources that are subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture reserve requirements).

The Authority uses its capital assets to fulfill its mission of promoting conventions, tourism and sports and entertainment events in the District of Columbia. The resources to repay the debt are derived from dedicated tax collections which are composed of (i) 4.45% sales and use tax on hotel room charges and (ii) a 1% sales and use tax on restaurant meals, alcoholic beverages consumed on premises and rental vehicle charges in the District of Columbia and TIF revenue transfers.

Table 2
Revenues, Expenses and Changes in Net Assets
(in thousands)

	2015	2014	2013	Percentage change 2015-2014	Percentage change 2014-2013
Operating Revenues:					
Building rental	$ 10,316	$ 9,508	$ 10,030	8%	-5%
Plumber's Building Rental	2,300	-	-	100%	NA
Ancillary charges	15,988	15,842	16,475	1%	-4%
Total Operating Revenues	28,604	25,350	26,505	13%	-4%
Operating Expenses:					
Personal services	23,092	21,929	19,964	5%	10%
Contractual services	17,432	18,267	18,207	-5%	-
Depreciation	31,890	36,368	30,510	-12%	19%
Occupancy	9,085	5,803	6,925	57%	-16%
Payments to District	2,378	1,995	2,292	19%	-13%
Miscellaneous	1,009	822	915	23%	-10%
Bad debt	231	117	100	97%	17%
Total Operating Expenses	85,117	85,301	78,913	0%	8%
Operating loss	(56,513)	(59,951)	(52,408)	-6%	14%
Non-operating Revenues and (Expenses):					
Interest income	2,744	3,322	614	-17%	441%
Dedicated taxes	116,448	105,451	104,108	10%	1%
TIF Revenue	18,298	4,131	-	343%	100%
Miscellaneous	2,634	2,792	3,085	-6%	-9%
Bond interest and amortization issue costs	(33,340)	(35,395)	(35,835)	-6%	-1%
Marketing agencies payments	(12,270)	(10,578)	(10,844)	16%	-2%
Funding Hotel Project	-	(1,335)	(95,197)	-100%	-99%
Funding Baseball Academy	-	(2,296)	(7,925)	-100%	-71%
Total Non-operating Revenues and (Expenses)	94,514	66,092	(41,994)		
Change in Net Position	38,001	6,141	(94,402)	519%	-107%
Net Position, beginning of year	239,775	233,634	337,439	3%	-31%
Change in Accounting Principle	-	-	(9,403)	NA	100%
Net Position, End of Year	$ 277,776	$ 239,775	$ 233,634	16%	3%

Analysis of Changes in Net Position

Revenues

For the fiscal years ended September 30, 2015 and 2014, the Authority's operating revenues were $28.6 million and $25.4 million, respectively.

2015 - Operating revenues increased by $3.3 million or 13% compared to the previous year. The $3.3 million increase in operating income reflects a $2.3 million revenue generated from the first year operations from the leased Plumber's building, an $808,000 increase in building rental from events operation and a $146,000 increase in ancillary charges such as: audio visual, equipment rentals, room set-up fees, and fees earned from ATMs installed inside the Convention Center.

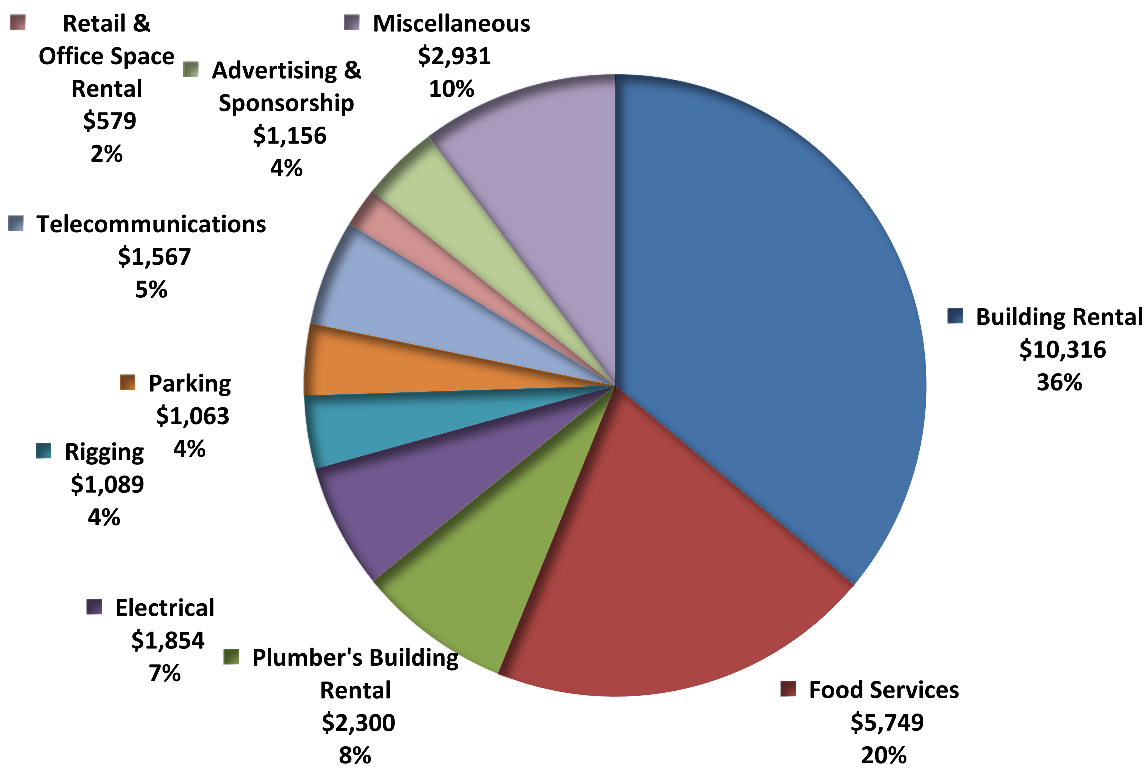
During fiscal year 2015, non-operating revenues of $140.1 million increased by 21% compared to fiscal year 2014. This was due to the first full year in which TIF revenue were received by the Authority and increased in the dedicated taxes.

2014 - Operating revenues decreased by 4% compared to fiscal year 2013. The net decrease is attributed to the nature of events and the amount of revenue derived from each event hosted during the year. There was one less city-wide event held in fiscal year 2014 that contributed to 4% decrease in revenue compared to fiscal year 2013. Ancillary charges decreased by 4% in fiscal year 2014 as a result of less demand for food services, electrical and rigging services, a reflection of the type of events hosted during the fiscal year. Parking, retail office space rental and advertising revenues also contributed to the decrease. Miscellaneous income sources including trash hauling charges, special meeting room setup charges, equipment rental, and fees earned from ATMs installed inside the Convention Center were less than prior year which also contributed to the decrease in operating revenues.

During fiscal year 2014, non-operating revenues of $115.7 million increased by 7% compared to fiscal year 2013. The increase represents the first year of receiving TIF revenues as well as an increase in interest income from a $25 million promissory note entered with Marriott Marquis Headquarters' Hotel, LLC. The growth was offset by a reduction in interest income related to investment and miscellaneous income.

The following is a graphic illustration of 2015 operating revenue by source.

(In Thousands)



Expenses
For fiscal years 2015 and 2014, the Authority's total operating expenses were $85.1 million and $85.3 million, respectively.

2015 - Total operating expenses remained flat compared to the same period last year. Although the cost increased in salary and fringe benefit, occupancy expenses, payments to District for maintenance services and miscellaneous expense, it was offset by expenses reduction in depreciation and contractual services which contributed to the stabilizing operating expenses.

Salaries increased by $1.2 million or 5%. The increase was due to positions being filled that were vacant in the previous year. Occupancy expense, which includes all utility related costs such as electricity, telecommunications, water, sewer and natural gas, totaled $9 million, an increase of 57% from fiscal year 2014. This was mainly due to payment of $2.6 million to District of Columbia Water and Sewer Authority to cover Clean Rivers Impervious charges for RFK Stadium and parking lot area. Depreciation expense, primarily for the convention center building, amounted to $31.9 million, a decrease of $4.5 million from fiscal year 2014.

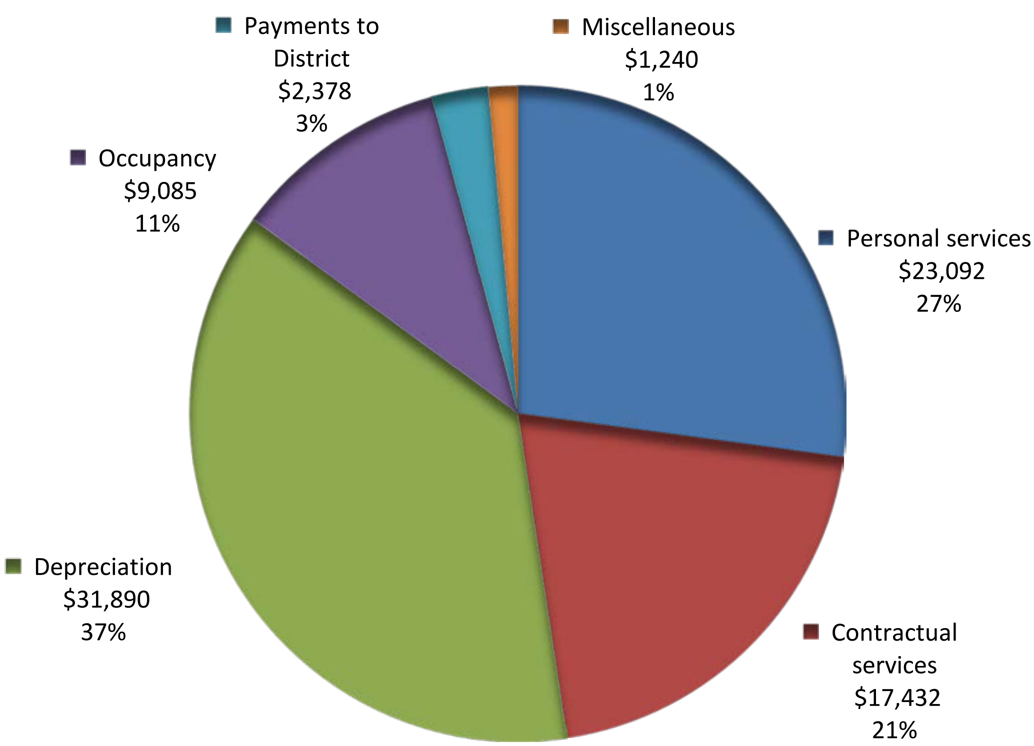
The Authority's non-operating expenses consisted of $33.3 million in bond interest and amortization, $12.3 million in payments to marketing entities. The Washington Convention Center Authority Act of 1994 (as amended in 1998) requires the Authority to transfer 17.4% of the hotel taxes received to the Marketing Fund for the purpose of promoting conventions and tourism in the District of Columbia.

2014 - Total operating expenses increased by $6.4 million, or 8%, from fiscal year 2013. The increase was driven by rise in salaries and fringe benefits associated with new hiring's and increased depreciation expenses offset by specific cost containment efforts by management in the area of utility expenses. Expense reductions occurred in utilities, payments to District for maintenance services and miscellaneous expense categories.

Salaries increased by $1.9 million or 10%. The increase was due to four new hires, alignment of salaries, and shifting from contracting outside central plant management services to hiring in-house engineers. Contractual services costs slightly increased compared to fiscal year 2013. Occupancy expense, which includes all utility related costs such as electricity, telecommunications, water, sewer and natural gas, totaled $5.8 million, a decrease of 16% from fiscal year 2013. This was mainly due to the cost savings associated with management decision to hire in house engineers to run the central plant operations previously managed by an outside contractor. Depreciation expense, primarily for the convention center building, amounted to $36.4 million, an increase of $5.9 million from fiscal year 2013.

The following is a graphic illustration of 2015 operating expenses.

(In Thousands)



(3) *Capital Asset and Debt Administration*

Capital Assets

The Authority has invested $554.8 million and $581.8 million in capital assets, net of depreciation for 2015 and 2014, respectively. Approximately 80% of this investment is related to the undepreciated cost of the convention center building for both fiscal years. The Authority's 2015 net capital assets decreased by $27 million compared to fiscal year 2014, which was primarily due to depreciation expenses of $31.9 million offset by $4.9 building improvements, parking lots improvements, and purchase of furniture during the year.

Table 3 summarizes the Authority's capital assets, net of accumulated depreciation at September 30, 2015, 2014, and 2013. The changes are presented in detail in Note 6 to the financial statements.

Table 3.
Capital Assets (Net Depreciation)
(In Thousands)

				Percentage change	
	2015	2014	2013	2015-2014	2014-2013
Non-depreciable					
Land	$ 4,785	$ 4,785	$ 4,785	-	-
Construction in Progress	-	-	7,853	-	-100%
Plumber's building	-	-	32,155	-	-100%
Artwork	2,742	2,742	2,742	-	-
Total non-depreciable capital assets	7,527	7,527	47,535		
Depreciable					
Building	769,409	769,453	769,453	-	-
Building improvements	32,340	31,288	25,935	3%	21%
Plumber's building	33,425	33,425	-	-	NA
Building improvements-RFK	38,210	38,175	38,454	-	-1%
Stadium Structure	19,037	19,037	19,037	-	-
Parking Lot improvements	6,801	6,183	5,965	10%	4%
Central plant	16,265	16,265	16,265	-	-
Carnegie Library (Visitor Center)	13,386	13,386	21,941	-	-39%
Carnegie Library-Building improvements	251	242	201	4%	20%
Financial Systems	1,446	1,446	1,446	-	-
Furniture and Fixtures	23,469	23,168	20,857	1%	11%
Furniture and Fixtures-RFK	1,139	1,065	623	7%	71%
Machinery and equipment	15,664	12,816	10,521	22%	22%
Total depreciable capital assets	970,842	965,949	930,698		
Less accumulated depreciation	423,544	391,655	361,264	8%	8%
Net depreciable capital assets	$ 547,298	$ 574,294	$ 569,434		

Debt Administration

The Authority had $618.5 million and $638.1 million long-term debt outstanding as of September 30, 2015 and 2014, respectively. Principal payments of $16.3 million and $14.5 million were made during fiscal years 2015 and 2014, respectively. The debt position of the Authority is summarized below and is presented in more detail in the financial statements (see Note 9 for more information on long-term debt).

Table 4.
Long-Term Debt Outstanding
(In Thousands)

				Percentage change	
	2015	2014	2013	2015-2014	2014-2013
Bonds Payable, Premium & Deferral	$ 632,608	$ 649,432	$ 664,486	-3%	-2%
Capital Lease	3,937	4,053	14,729	-3%	-72%
Compensated Absences	1,078	1,061	1,081	2%	-2%
Total debt outstanding	637,623	654,546	680,296	-3%	-4%
Current portion of debt outstanding	19,088	16,430	17,745	16%	-7%
Debt outstanding less current portion	$ 618,535	$ 638,116	$ 662,551		

The Authority's bonds are rated "A1" by Moody's for fiscal year 2015 and for fiscal year 2014 and "A" by Standard & Poor's Corporation and "A+" by Fitch Rating Services for both fiscal years.

(4) *Budgetary Controls*

The Authority adopts an operating and capital budget, which are approved by its Board of Directors in February of each year for the subsequent fiscal year. The budget is reviewed and adjusted, if necessary, and changes are approved by the Board prior to the start of each new fiscal year. The budgets are loaded into the Authority's Financial Management System. The Financial Management Division prepares monthly reports for the Board of Directors and its Finance Committee. The reports are reviewed and acted upon each month to ensure the Authority complies with its authorized budget levels.

After approval by the Board of Directors, the Authority is required to submit its annual operating and capital budgets to the Mayor and Council of the District of Columbia to be included in the District's budgets that are sent to the United States Congress for approval.

(5) ***Request for Information***

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Mr. Henry W. Mosley, Chief Financial Officer, Washington Convention and Sports Authority, 801 Mount Vernon Place, N.W., Washington, D.C. 20001.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2015 and 2014
(In Thousands)

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 13,162	$ 8,828
Restricted Cash	7,094	8,975
Investments	99,912	80,866
Due from District of Columbia	11,258	12,370
Accounts Receivable, Net of Allowance for Uncollectible Accounts	1,845	3,160
Prepaid Expenses and Other Assets	275	35
Accrued Interest Receivable	219	190
Total Current Assets	133,765	114,424
Noncurrent Assets:		
Notes Receivable	-	27,181
Other Asset	47,000	47,000
Long-Term Investments	20,000	-
Restricted Investments	180,860	145,169
Non-depreciable Capital Assets	7,527	7,527
Depreciable Capital Assets, Net of Accumulated Depreciation	547,298	574,294
Total Noncurrent Assets	802,685	801,171
Total Assets	936,450	915,595
Deferred Outflow of Resources		
Bond Deferral of Refunding Costs	15,688	16,871
Total Assets and Deferred Outflow of Resources	952,138	932,466
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	5,209	3,719
Other Liabilities	8,518	9,965
Due to District of Columbia	1,703	3,535
Compensation Liabilities	1,572	1,254
Unearned Revenue	3,486	2,980
Accrued Interest Payable	16,326	16,692
Capital Lease - Current Portion	113	115
Bonds Payable - Current Portion	18,900	16,315
Total Current Liabilities	55,827	54,575
Noncurrent Liabilities:		
Compensated Absences	1,003	1,061
Capital Lease, Net of Current Portion	3,824	3,938
Bonds Payable Net of Current Portion	613,708	633,117
Total Noncurrent Liabilities	618,535	638,116
Total Liabilities	674,362	692,691
Net Position:		
Net Investment in Capital Assets	151,890	162,200
Restricted:		
Debt Service and Capital Interest	24,857	26,214
Capital Renewal	18,370	18,134
Operating and Marketing Fund	36,959	35,031
Senior Proceeds Account	-	2
Debt Service Reserve	33,700	33,700
Kenilworth Park	144	144
Unrestricted (Deficit)	11,856	(35,650)
Total Net Position	$ 277,776	$ 239,775

The accompanying notes are an integral part of these financial statements.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

	2015	2014
OPERATING REVENUE AND EXPENSES		
Operating Revenues:		
Building Rental	$ 10,316	$ 9,508
Food Services	5,749	5,693
Electrical	1,854	1,882
Rigging	1,089	1,035
Parking	1,063	826
Telecommunications	1,567	1,835
Retail and Office Space Rental	579	817
Advertising and Sponsorship	1,156	1,165
Plumber's Building Rental	2,300	-
Miscellaneous	2,931	2,589
Total Operating Revenues	28,604	25,350
Operating Expenses:		
Personnel Services	23,092	21,929
Contractual Services	17,432	18,267
Depreciation	31,890	36,368
Occupancy	9,085	5,803
Payment to District of Columbia	2,378	1,995
Miscellaneous	1,009	822
Provision for Doubtful Accounts	231	117
Total Operating Expenses	85,117	85,301
Operating Loss	(56,513)	(59,951)
Non-operating Revenues and (Expenses):		
Investment Income	2,744	3,322
Dedicated Taxes	116,448	105,451
Tax Increment Financing Taxes	18,298	4,131
Miscellaneous Revenues	2,634	2,792
Interest Expense	(32,665)	(33,388)
Bond Amortization Expense	(675)	(2,007)
Marketing Agencies and Internal Marketing Expenses	(12,270)	(10,578)
Funding Hotel Project	-	(1,335)
Funding Baseball Academy	-	(2,296)
Total Non-operating Revenues and (Expenses)	94,514	66,092
Increase in Net Position	38,001	6,141
Net Position, Beginning of Year	239,775	233,634
Net Position, End of Year	$ 277,776	$ 239,775

The accompanying notes are an integral part of these financial statements.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

	2015	2014
Cash Flows from Operating Activities		
Receipts from Customers	$ 30,210	$ 23,943
Payments to Suppliers	(25,819)	(25,968)
Payments to Employees	(22,842)	(21,359)
Other Payments	(3,761)	(3,900)
Net Cash Used for Operating Activities	(22,212)	(27,284)
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(4,894)	(9,909)
Capital Lease Payment	(2,115)	(121)
Bonds Payable Payment	(16,315)	(14,545)
Interest Expense Payments	(33,552)	(33,732)
Net Cash Used for Capital and Related Financing Activities	(56,876)	(58,307)
Cash Flows from Noncapital Financing Activities		
Dedicated Tax Receipts	117,307	102,689
Tax Increment Financing Tax Receipts	18,191	2,746
Transfer to Tourism Responsibility Centers	(12,270)	(10,578)
Other Payments	28,153	(468)
Net Cash Provided by Noncapital Financing Activities	151,381	94,389
Cash Flows from Investing Activities		
Proceeds from Sale and Maturities of Investments Securities	100,595	103,255
Purchases of Investments Securities	(175,331)	(115,279)
Interest and Dividends on Investments	4,896	923
Net Cash Used in Investing Activities	(69,840)	(11,101)
Net Increase (Decrease) in Cash and Cash Equivalents	2,453	(2,303)
Cash and Cash Equivalents, Beginning of Year	17,803	20,106
Cash and Cash Equivalents, End of Year	$ 20,256	$ 17,803
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	$ (56,513)	$ (59,951)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	31,890	36,368
Allowance for Uncollectible Accounts	231	117
Decrease (Increase) in Receivables	1,444	(942)
(Increase) Decrease in Prepaid and Other Assets	(241)	34
(Decrease) Increase in Payables	204	(3,015)
Increase in Compensation Liabilities	250	570
Decrease (Increase) in Unearned Revenue	522	(465)
Net Cash Used for Operating Activities	$ (22,212)	$ (27,284)

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to U.S. Generally Accepted Accounting Principles (GAAP) as applicable to government enterprises. The following is a summary of the Authority's significant accounting policies:

- ***Reporting Entity***

  The Washington Convention Center Authority (WCCA or Authority), a corporate body and independent authority of the District of Columbia (District) Government, was created pursuant to the "Washington Convention Center Authority Act of 1994," D.C. Law 10-188 (the WCCA Act), effective September 28, 1994.

  The Authority was established for the purpose of acquiring, constructing, equipping, maintaining, and operating a new convention center in the District of Columbia. The Authority engages in activities deemed appropriate to promote trade shows, conventions, and other events closely related to activities of the new convention center.

  The Washington Convention and Sports Authority (the Authority) was formed on October 1, 2009 following the transfer of D.C. Sports and Entertainment Commission's mission, responsibilities and assets to WCCA in accordance with the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, D.C. Law 18-111.

  Following the transfer, the Authority's Board of Directors (the Board) grew from nine to eleven members. Two members serve as ex-officio voting members of the Board. One of the ex-officio members must be the chief financial officer of the District of Columbia and the mayor designates the other. The remaining nine public members are appointed by the mayor with the consent of the Council of the District of Columbia (the Council). The terms of the public members are four years. The mayor appoints one public member as chairperson with the advice and consent of the Council.

  The Authority receives its funding by generating operating revenues from meetings, sports events, parking, advertising, sponsorships, and ancillary operations. In addition, it receives dedicated taxes from the hospitality industry as well as interest and dividend income from investments. The dedicated taxes were established pursuant to the WCCA Act. The dedicated taxes consist of separate sales and use tax of 4.45% (of the District's 14.5%) on hotel room charges and a sales and use tax of 1% (of the District's 10%) on restaurant meals, alcoholic beverages consumed on premises, and rental vehicle charges. The dedicated taxes are collected on behalf of the Authority in accordance with the September 1998 Lockbox and Collection Agreements executed by the Authority, the District and a financial institution.

  The Authority is a component unit of the District of Columbia Government.

- ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

  The Authority's basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The economic measurement focus reports all assets, deferred outflows of resources, liabilities, and deferred inflow of resources, associated with the operations and are included on the Statements of Net Position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ***Measurement Focus, Basis of Accounting, and Basis of Presentation*** *(continued)*

The financial statements have been prepared in accordance with GAAP as prescribed by the GASB and are presented as required by these standards to provide a comprehensive perspective of the Authority's net position, changes in net position, and cash flows.

For the purposes of financial reporting, the Authority is considered to be a single enterprise fund. However, for accounting purposes, and to ensure observation of limitations and restrictions placed on the use of the resources available to the Authority, accounts are maintained in accordance with the principles of fund accounting.

The Authority accounts for its activities in ten separate funds: the Operating (WEWCC) Fund, the Building Fund, the Marketing Fund, Capital (WEWCC) Fund, the Demolition Fund, Operating (SED) Fund, New Stadium Fund, Capital (SED) Fund, Operating (Visitor Center) Fund and Capital (Visitor Center) Fund. The following activities are reported in each fund.

a. Operating (WEWCC) Fund – The operating fund accounts for the transactions related to the operation of the convention center.

b. Building Fund – The building fund accounts for the transactions related to the new hotel and expansion projects.

c. Marketing Fund – The marketing fund accounts for the transactions related to marketing and promoting conventions and tourism in the District.

d. Capital (WEWCC) Fund – The capital fund accounts for the transactions related to the improvement of the convention center.

e. Demolition Fund – The demolition fund accounts for the transactions related to the demolition of the old convention center, construction of a parking lot, and management of parking operations.

f. Operating (SED) Fund – The operating SED fund accounts for transactions related to the operation of Robert F. Kennedy Memorial Stadium and DC Armory.

g. New Stadium Fund – The new stadium fund accounts for transactions related to the new Nationals Park Stadium.

h. Capital (SED) Fund – The SED capital fund accounts for the transactions related to the improvement of the Robert F. Kennedy Memorial Stadium and DC Armory.

i. Operating (Visitor Center) Fund – The operating visitor center fund accounts for transactions related to the operation of the Visitor Center (Carnegie Library).

j. Capital (Visitor Center) Fund – The visitor center capital fund accounts for the transactions related to the improvement of the Visitor Center (Carnegie Library).

- ***Current and Noncurrent***

Current assets are used to designate cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or consumed during a normal operating cycle of business, usually one year or less, without interfering with normal business operations. Current liabilities are defined as obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ***Use of Restricted Components of Net Position***

  The Authority spends restricted funds only when unrestricted amount are insufficient or unavailable.

- ***Cash and Cash Equivalents***

  The Authority considers all highly liquid instruments purchased with an original maturity of less than ninety (90) days to be cash equivalents.

- ***Accounts Receivables***

  Accounts receivable, which is recorded at net realizable value, is related to transactions involving building rental, electrical, telecommunications, audio-visual, advertising, sponsorships, parking, and miscellaneous revenue. At September 30, 2015 and 2014, accounts receivable was $2.2 million and $3.5 million, respectively.

- ***Provision for Doubtful Accounts***

  The Authority establishes an allowance for uncollectible accounts for all account receivables over 180 days old and based on management review of specific accounts. At September 30, 2015 and 2014, allowance for uncollectible accounts were $402 thousands and $391 thousand, respectively.

- ***Investments***

  Investments in money markets and repurchase agreements are recorded at market value which approximates fair value. Treasury obligations and commercial paper are recorded at amortized cost which approximates fair value.

- ***Restricted Assets***

  Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through enabling legislation.

- ***Capital Assets and Depreciation***

  Capital assets are carried at cost. The Authority capitalizes assets with an original cost of $5,000 or greater. Donated capital assets are recorded at fair market value at the date donated and capital lease assets are recorded at the net present value of minimum lease payments. Land and artwork are carried on the Authority’s books at cost and are not depreciated. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Financial Systems	5 years
Machinery and Equipment	5 years
Furniture and Fixtures	10 years
Central Plant	20 years
Building and Building Improvements	30 years
Structure and Parking Lot Improvements	5-35 years
RFK Stadium	50 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ***Capital Assets and Depreciation*** *(continued)*

  Expenditures for repairs and maintenance that do not increase the economic useful lives of related assets are charged to operations during the fiscal year in which the costs are incurred. Improvements are capitalized.

- ***Bond Deferral of Refunding Costs***

  Bond deferral of refunding costs represents the defeasance of Series 1998A bonds and $25 million of the 2007A bonds obtained for a portion of the land acquisition related to Headquarters Hotel for the Convention Center. The cost is the difference between the reacquisition price and the net carrying amount of the old debts and is deferred and amortized over the remaining life of the old debt. Series 1998 bonds is amortized over 22 years and the 2007A Bonds is amortized over 18 years. At September 30, 2015 and 2014, bond deferral costs which are reflected as deferred outflow of resources in the Statements of Net Position totaled $15.7 million and $16.9 million, respectively.

- ***Bond Premium and Discount***

  The bond premium and discount is recorded as an increment of the carrying cost of the bonds. Both are amortized based upon the weighted average of bonds outstanding over the term of the bonds.

- ***Unearned Revenue***

  Unearned revenue represents revenue and deposits received in advance from show managers and promoters for events booked at the Walter E. Washington Convention Center and the Sports & Entertainment Division.

- ***Operating Component***

  The financial statement operating component includes all transactions and other events that are not defined as capital and related financing, noncapital financing or investing activities.

- ***Revenue Recognition***

  Revenues are recorded when earned. Dedicated and Tax Increment Financing taxes are recorded in the period when the exchange transaction on which the tax is imposed occurs.

- ***Compensated Absences***

  The Authority accrues a liability for annual leave based on salary rates and accumulated leave hours at September 30. Employees earn annual leave during the year at varying rates, depending on the employee’s classification and years of service. Generally, non-union employees may carry over a maximum of 240 hours of annual leave and union employees may carry a maximum of 320 hours beyond December 31 of each calendar year. Carryover of annual leave in excess of 240 and 320 hours is permitted with the approval of appropriate Authority officials. The accrued maximum annual leave balance is payable to employees upon termination of employment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ***Estimates***

  The preparation of financial statements in conformity GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions may also affect the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

- ***Revenue and Expenses***

  The Authority distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority consist of building rental, electrical, telecommunications, food services, retail/office, advertisements and sponsorship and miscellaneous revenues such as audio-visual, event services, meeting setup charges and equipment rental. Operating expenses include personnel services, contractual services, depreciation, occupancy, payment to District of Columbia and miscellaneous expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The carrying amount of the Authority's cash as of September 30, 2015 and 2014 was $20.3 million and $17.8 million, respectively. The Authority's bank balances at September 30, 2015 and 2014 were $23.5 million and $19.4 million, respectively. These bank balances are entirely insured or collateralized with securities held by third parties in the Authority's name.

Investments

In accordance with the Authority's investment policy adopted in 1997 and amended in 2009, the Authority may invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities guaranteed by the U.S. Government, its agencies, and instrumentalities, domestic interest bearing savings accounts, certificate of deposits, time deposits or any other investments that are direct obligations of any bank, short-term obligations of U.S. Corporations, shares or other securities legally issued by state or federal savings and loan associations that are insured by the FDIC, money market mutual funds registered under the amended Investment Act of 1940, repurchase agreements with any bank, trust company, or national banking association or government bond dealer reporting to the Federal Reserve Bank of New York, and investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution.

As of September 30, 2015 and 2014, the Authority's investments were in money market, U.S. treasury securities, certificate of deposits, other U.S. guaranteed securities, and federal agency securities. Agency securities and money market investments were rated AAA and/or collateralized by the fund provider.

As of September 30, 2015 and 2014, the Authority had the following cash and cash equivalents and investments *(in thousands)*:

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

Description	**2015**	**2014**
Cash, Cash Equivalents and Investments		
Demand Deposits	$ 20,256	$ 17,803
Money Market Deposit Accounts	209,906	154,875
US Government Agency Obligations	45,172	45,003
FDIC-Insured Certificate of Deposits	5,698	6,161
Collateralized Certificate of Deposits	20,000	-
Guaranteed Investment Contracts (GIC)	19,996	19,996
Total Cash, Cash Equivalents & Investments	$ 321,028	$ 243,838

The Authority's investments are subject to certain risks. Those risks are as follows:

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments. As of September 30, 2015 and 2014, 22% and 21% of the Authority's investments were held by a counterparty that is insured and collateralized.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The risk may vary based on the type of investment. As of September 30, 2015 and 2014, all funds were invested in AAA rated money market funds, agency securities and certificate of deposits (CDs) thereby limiting the Authority's exposure to interest rate risk. In accordance with the Authority's investment policy, the investments maturities vary from 1- 5 years.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy limits investments to investments that are highly rated by Moody's or Standard and Poor's. As of September 30, 2015 and 2014, the Authority's investments were all in AAA rated short-term money market funds, AAA rated agency securities, guaranteed investment contracts, and certificate of deposits.

Concentration of Credit Risk: To limit exposure to concentrations of credit risk, the Authority's investment policy limits investment in U.S. Treasury to 100%, Federal Agencies to 40%, money market mutual funds to 25%, and repurchase agreements 25% to any one issuer.

The fair values of investments that individually represent 5% or more of total Authority investments at September 30, 2015 and 2014 are as follows *(in thousands)*:

Issuer	**2015 Fair Value**
Bank of George Town-Collateralized Certificate of Deposits	$ 20,000
FDIC-Insured Certificate of Deposits	5,698
U.S. Government Agency Securities	45,172
Duetche Bank-Guaranteed Investment Contracts (GIC)	19,996

Issuer	**2014 Fair Value**
FDIC-Insured Certificate of Deposits	$ 6,161
U.S. Government Agency Securities	45,003
Duetche Bank- Guaranteed Investment Contracts (GIC)	19,996

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

Required Reserves: Under the Bond Trust agreements, the Authority is required to maintain certain reserve requirements for debt service, operating and marketing, capital renewal and replacement, marketing and hotel projects. The Authority maintained the above funds in various reserve accounts to meet the requirements. As of September 30, 2015 and 2014, those restricted funds totaled approximately $180.9 million and $145.2 million, respectively.

In connection with the Series 2007A Bonds, the Debt Service Reserve Account requirement is satisfied by the deposit of a surety bond (the Reserve Account Credit Facility) provided by AMBAC Assurance Corporation ("AMBAC Assurance" the "Reserve Account Credit Facility Provider"). If there are insufficient funds in the Debt Service account, the series 2007A Bonds are insured against non-payment by a Municipal Bond Insurance Policy issued by AMBAC Assurance.

However, due to the lowering of AMBAC's credit rating, the Authority is obligated to provide a disclosure with respect to the downgrading of AMBAC Assurance, who provided the surety policy for the 2007 Convention Center Revenue and Refunding Bonds, and the Authority is required either to provide a substitute surety or post cash or other collateral in the Debt Service Reserve Account. The Indenture requires that the Authority fill the Debt Service Reserve Account in ten (10) equal installments on each April 1 and October 1 over five years or fully fund the account. The Authority has opted to fully fund the required amount of $33.7 million.

The proceeds of the Series 2010 Bonds are used to (i) make funds available to the Developer to pay a portion of the costs of acquiring, developing, constructing and equipping the Convention Center Hotel Project to be constructed on the Hotel Site adjacent to the Walter E. Washington Convention Center; (ii) fund capitalized interest for a portion of the Series 2010 Bonds during the construction phase of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of Series 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the Authority's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of $25.4 million; (v) make $2 million available to the Authority for establishment of the D.C. Citizen's Job Program created pursuant to the Hotel Act; and (vi) pay the Cost of Issuance of the Series 2010 Bonds.

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

The following tables summarize the minimum reserve requirements and restricted amounts as of September 30, 2015 and 2014 *(in thousands).*

Reserve Accounts	**Investment Balances as of September 30, 2015**	**Minimum Required Reserve (Restricted)**	**Available Reserve Above the Required Minimum**
Series 2007A			
Capital Renewal & Replacement Account	$ 50,149	$ 18,370	$ 31,779
Debt Service	24,857	24,857	-
Debt Service Reserve Account	34,043	33,700	343
Revenue Stabilization Account	3	-	3
Marketing Account	5,081	5,081	-
Operating and Marketing Reserve Account	83,034	31,879	51,155
Revenue Account	36,528	-	36,528
WCSA Hotel Contribution	102	-	102
Total	233,797	113,887	119,911
Series 2010			
Bond Issuance Cost	227	227	-
Tax Increment Financing Revenue Account	6,808	6,808	-
Debt Service Reserve Account	30,542	30,542	-
Hotel Project	1,611	1,611	-
WCSA Loan Payment Account	27,785	27,785	-
Total	66,973	66,973	-
Totals Restricted Investments	$ 300,770	$ 180,860	$ 119,910

Reserve Accounts	**Investment Balances as of September 30, 2014**	**Minimum Required Reserve (Restricted)**	**Available Reserve Above the Required Minimum**
Series 2007A			
Capital Renewal & Replacement Account	$ 47,096	$ 18,135	$ 28,961
Debt Service	26,214	26,214	-
Debt Service Reserve Account	33,948	33,700	248
Revenue Stabilization Account	3	-	3
Senior Proceeds Account	2	2	-
Marketing Account	3,608	3,608	-
Operating and Marketing Reserve Account	78,169	31,423	46,746
Revenue Account	4,806	-	4,806
WCSA Hotel Contribution	102	-	102
Total	193,948	113,082	80,866
Series 2010			
Bond Issuance Cost	237	237	-
Tax Increment Financing Revenue Account	1,627	1,627	-
Debt Service Reserve Account	28,612	28,612	-
Hotel Project	1,611	1,611	-
Total	32,087	32,087	-
Totals Restricted Investments	$ 226,035	$ 145,169	$ 80,866

NOTE 3 NOTES RECEIVABLE

The Authority entered into a $25 million promissory note agreement with HQ Hotel LLC to facilitate the development of the Marriott Marquis Convention Center Headquarters' Hotel Project. Amounts were distributed based on reimbursement requests submitted by the developer and were recorded as receivables upon issuance. The entire loan amount has been disbursed and shows as an outstanding note receivable as of September 30, 2014. The Loan was paid in full July 2015.

NOTE 4 OTHER ASSETS

The Authority contributed $47 million additional funding from its cash reserves to HQ Hotel LLC to facilitate the development of the Marriott Marquis Convention Center Headquarters' Hotel Project. The contribution is to be reimbursed from the collection of excess Tax Increment Revenues (TIF) generated by the hotel. The contribution was disbursed in fiscal year 2013 and was recorded as other assets.

NOTE 5 CAPITAL ASSETS

Capital asset balances at September 30, 2015 are summarized as follows *(in thousands)*:

	Balance @ 9/30/2014	Additions	Disposals	Transfers/ Adjustments	Balance @ 9/30/2015
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	$ 7,527	$ -	$ -	$ -	$ 7,527
Depreciable					
Building (WEWCC)	$ 769,453	$ -	$ -	$ (44)	$ 769,409
Building Improvements (WEWCC)	31,288	1,001	-	51	32,340
Plumber's Building	33,425	-	-	-	33,425
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	38,175	41	-	(7)	38,209
Parking Lot Improvements (SED)	6,183	618	-	-	6,801
Central Plant	16,265	-	-	-	16,265
Carnegie Library (Visitor Center)	13,386	-	-	-	13,386
Carnegie Library-Building Improvements	242	9	-	-	251
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	23,168	301	-	-	23,469
Furniture and Fixtures (SED)	1,065	74	-	-	1,139
Machinery and Equipment	12,816	2,849	-	-	15,664
Total Depreciable Capital Assets	965,949	4,893	-	-	970,842
Less: Accumulated Depreciation					
Building	293,798	25,595	-	(29)	319,364
Building Improvements	38,301	1,566	-	29	39,896
Plumber's Building	464	1,114	-	-	1,578
Stadium Structure	19,037	-	-	-	19,037
Parking Lot Improvements	5,256	268	-	-	5,524
Central Plant	9,331	813	-	-	10,144
Capital Lease Carnegie Library	1,264	446	-	-	1,710
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	13,190	1,421	-	-	14,611
Machinery and Equipment	9,568	666	-	-	10,234
Total Accumulated Depreciation	391,655	31,889	-	-	423,544
Total Net Depreciable Capital Assets	$ 574,294	$ (26,996)	$ -	$ -	$ 547,298

NOTE 5 CAPITAL ASSETS (continued)

Capital asset balances at September 30, 2014 are summarized as follows *(in thousands)*:

	Balance @ 9/30/2013	Additions	Disposals	Transfers/ Adjustments	Balance @ 9/30/2014
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction in Progress	7,853	349	-	(8,202)	-
Plumber's Building	32,155	-	-	(32,155)	-
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	$ 47,535	$ 349	$ -	$ (40,357)	$ 7,527
Depreciable					
Building (WEWCC)	$ 769,453	$ -	$ -	$ -	$ 769,453
Building Improvements (WEWCC)	25,935	4,197	-	1,156	31,288
Plumber's Building	-	-	-	33,425	33,425
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	38,454	58	-	(337)	38,175
Parking Lot Improvements (SED)	5,965	218	-	-	6,183
Central Plant	16,265	-	-	-	16,265
Carnegie Library (Visitor Center)	21,941	-	-	(8,555)	13,386
Carnegie Library-Building Improvements	201	41	-	-	242
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	20,857	2,311	-	-	23,168
Furniture and Fixtures (SED)	623	442	-	-	1,065
Machinery and Equipment	10,521	2,293	-	2	12,816
Total Depreciable Capital Assets	930,698	9,560	-	25,691	965,949
Less: Accumulated Depreciation					
Building	268,190	25,611	-	(2)	293,798
Building Improvements	36,817	6,717	-	(5,233)	38,301
Plumber's Building	-	464	-	-	464
Stadium Structure	19,037	-	-	-	19,037
Parking Lot Improvements	4,998	258	-	-	5,256
Central Plant	8,518	813	-	-	9,331
Capital Lease Carnegie Library	1,340	731	-	(807)	1,264
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	12,183	1,245	-	(238)	13,190
Machinery and Equipment	8,736	814	-	18	9,568
Total Accumulated Depreciation	361,265	36,653	-	(6,262)	391,655
Total Net Depreciable Capital Assets	$ 569,433	$ (27,093)	$ -	$ 31,953	$ 574,294

NOTE 6 CAPITAL LEASE

In May 2011, the Authority entered into a Memorandum of Understanding (MOU) with the District Government in order to assume the District's responsibility for the operation and maintenance of the historic Carnegie Library and grounds. Under the MOU, the Authority was required to pay $9 million over three years based on an agreed upon schedule. Previously, the District had a 99-year lease in place with the Historical Society of Washington, D.C. (HSW); under the terms of the former existing lease, HSW was allowed the use of the entire Library interior for certain revenue generating programs and activities that supported HSW's mission. The MOU required the Authority to negotiate a new lease agreement with HSW, which was executed on November 9, 2011. Under the new lease agreement, the Authority makes an annual payment to HSW for the remaining 87-year term for use of approximately 80% of the Library interior. The Authority is currently generating revenues from the leasable space for events and tourism related activities.

The carrying value of the capital lease is $13.4 million and the depreciation expense recorded as of September 30, 2015 was $1.7 million.

NOTE 6 CAPITAL LEASE (continued)

The following is a schedule by year of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2015 *(in thousands)*:

Year Ended September 30		Amount
2016	$	129
2017		129
2018		130
2019		133
2019		133
2021-2025		681
2026-2030		683
2031-2035		701
2036-2040		703
2041-2045		722
2046-2050		725
2051-2055		744
2056-2060		746
2061-2065		779
2066-2070		755
2071-2075		789
2076-2080		792
2081-2085		826
2086-2090		801
2091-2095		837
2096-2098		440
Total Minimum Lease Payments		12,378
Less: Interest Costs		(8,441)
Present Value of Minimum Lease Payments	$	3,937

NOTE 7 OPERATING LEASE

The Authority leases the Plumber's building for 99 years. The carrying value of the building is $33.4 million and the deprecation expense recorded as of September 30, 2015 was $1.6 million.

The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2015 *(in thousands)*:

Year Ended September 30		Amount
2016	$	2,369
2017		2,440
2018		2,513
2019		2,589
2020		2,666
2021-2025		14,581
2026-2030		16,903
2031-2035		19,595
2036-2040		22,716
2041-2045		16,131
2046-2050		2,040
2051-2055		2,140
2056-2060		2,240
2061-2065		2,340
2066-2070		2,440
2071-2075		2,540
2076-2080		2,640
2081-2085		2,740
2086-2090		2,840
2091-2095		2,940
2096-2100		3,040
2101-2105		3,140
2106-2108		2,580
Total	$	136,163

NOTE 8 BONDS PAYABLE

The Authority was authorized to issue bonds to finance the costs of the new convention center pursuant to the WCCA Act, as amended. On September 28, 1998, the Authority issued $524.5 million in senior lien dedicated tax revenue bonds (Series 1998A Bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCCA issued $492.5 million of refunding Series 2007A Bonds, with a net premium of $15.6 million to effect a refunding for the Series 1998A Bonds. These refunding bonds were delivered on February 8, 2007, with maturities ranging from October 1, 2008 to October 2036, at interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to 1) advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480.6 million; 2) refinance a portion of the land acquisition cost of WCCA related to the Headquarters Hotel; 3) pay the premium for the Reserve Account Facility that will fund the Series 2007A Debt Service Reserve Requirement; and 4) pay Costs of Issuance of the Series 2007A Bonds, including the premium for the Financial Guaranty Insurance Policy. As a result, the previously outstanding refunded bonds were considered to be defeased and the liabilities for those bonds were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $9.7 million (NPV).

Between June, 2006 and July, 2009, the Council passed a series of legislative Acts (collectively, the "Hotel Acts"),1 which authorized the financing, construction and development of a privately owned and operated Headquarters Hotel (the "HQ Hotel") for the Convention Center, including a program to train D.C. residents for HQ Hotel jobs.

In October 2010, the Authority issued senior lien dedicated tax revenue bonds (Series 2010 Bonds) with face value of $249.2 million. These Bonds were delivered on October 26, 2010, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.1% to 7%. The proceeds are to be used to (i) make funds available to the Developer to pay a portion of the costs of acquiring, developing, constructing and equipping the Convention Center Hotel Project to be constructed on the Hotel Site adjacent to the Walter E. Washington Convention Center; (ii) fund capitalized interest for a portion of the Series 2010 Bonds during the construction phase of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of Series 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the Authority's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of $25.4 million; (v) make $2 million available to the Authority for establishment of the D.C. Citizen's Job Program created pursuant to the Hotel Act; and (vi) pay the Cost of Issuance for the Series 2010 Bonds. As the hotel will be privately owned, the disbursement of the hotel related bond proceeds will be recorded as an expense by the Authority.

A portion of the net proceeds from the issuance of Series 2010 Bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt services payments until the Series 2007A bonds are called or matures. As a result, the aggregate principal amount of $25.4 million from Series 2007A Bonds is considered to be defeased and therefore removed as a liability from the Authority's financial statements. The amount is still outstanding and will be paid upon maturity on October 1, 2016.

[1] *See* New Convention Center Hotel Omnibus Financing and Development Act of 2006 (D.C. Law 16-163); New Convention Center Hotel Omnibus Financing and Development Amendment Act of 2008, D.C. Law 17-144; New Convention Center Hotel Technical Amendments Act of 2008, D.C. Law 17-399; New Convention Center Hotel Emergency Amendment Act of 2009, D.C. Bill No. 18-391; and New Convention Center

Hotel Amendment Act of 2009, D.C. Bill No. 18-310

NOTE 8 BONDS PAYABLE (continued)

In connection with the issuance of the bonds, the District and the Authority entered into lockbox and collection agreements with a local bank into which the dedicated taxes are deposited and transferred to the bond trustee. Dedicated taxes are collected one month in arrears. The WCCA Act states that on or before July 15 of each year, the District's Auditor should deliver a certification relating to the sufficiency of the projected dedicated tax revenues, Authority's operating revenues, and any amounts in excess of the minimum reserve account deposits to meet the sum of the projected operating and debt service expenditures and reserve requirements. If the projected revenues are insufficient, the WCCA Act requires the mayor to impose surtax in an amount sufficient to meet the projected deficiency. The District's Auditor determined that the projected dedicated taxes for fiscal year 2015 were expected to be sufficient to meet the projected expenditures and reserve requirements. Therefore, no surtax was imposed by the Mayor.

The Tax Increment Financing (TIF) revenues generated from the HQ Hotel operations are projected to cover the debt services related to hotel project. If the TIF revenues are not sufficient to pay the debt services, the Authority will utilize dedicated taxes to meet the requirements.

As of September 30, 2015 and 2014, the Authority's bond liability totaled approximately $621.8 million and $638.1 million, respectively. A summary of annual maturities of the bonds payable for the year ending September 30, 2015 is as follows *(in thousands)*:

Fiscal Year	Principal	Interest	Total Debt Service
2016	$ 18,900	$ 32,165	$ 51,065
2017	19,760	31,248	51,008
2018	20,655	30,283	50,938
2019	21,600	29,244	50,844
2020	23,425	28,094	51,519
2020-2025	134,740	121,411	256,151
2026-2030	185,085	81,424	266,509
2031-2035	95,320	41,180	136,500
2036-2040	87,670	16,177	103,847
2041	14,645	-	14,645
Total	$ 621,800	$ 411,226	$ 1,033,026

As of September 30, 2015 and 2014, the unamortized bond premiums were $11.1 million and $11.6 million, respectively, and unamortized bond discount was $302,837 and $314,900, respectively.

NOTE 9 LONG-TERM LIABILITIES

The following summarizes long-term liabilities at September 30, 2015 and 2014:

	Balance @ 9/30/2014	Additions	Reductions	Balance @ 9/30/2015	Amount Due Within One Year
Series 2007A Bond Payable	$ 388,895	$ -	$ (15,235)	$ 373,660	$ 15,935
Series 2010 Bond Payable	249,220	-	(1,080)	248,140	2,965
Series 2007A Bond Premium	11,632	-	(521)	11,111	-
Series 2010 Bond Discount	(315)	-	12	(303)	-
Bonds Payable, net	649,432	-	(16,824)	632,608	18,900
Capital Lease Obligation	4,053	-	(116)	3,937	113
Compensated Absences	1,061	-	(17)	1,078	75
Total Long-term Liabilities	$ 654,546	$ -	$ (16,921)	$ 637,625	$ 19,089

	Balance @ 9/30/2013	Additions	Reductions	Balance @ 9/30/2014	Amount Due Within One Year
Series 2007A Bond Payable	$ 403,440	$ -	$ (14,545)	$ 388,895	$ 15,235
Series 2010 Bond Payable	249,220	-	-	249,220	1,080
Series 2007A Bond Premium	12,153	-	(521)	11,632	-
Series 2010 Bond Discount	(327)	-	12	(315)	-
Bonds Payable, net	664,486	-	(15,054)	649,432	16,315
Capital Lease Obligation	14,729	-	(10,676)	4,053	115
Compensated Absences	1,081	-	(20)	1,061	-
Total Long-term Liabilities	$ 680,296	$ -	$ (25,750)	$ 654,546	$ 16,430

NOTE 10 RETIREMENT PLAN

Since April 1998, all Events DC full-time employees are covered by a defined contribution plan. The plan, which is managed by ICMA Retirement Corporation, requires no employee contributions. All employees are fully vested after four years of service. The contribution is 7% of total employee’s salaries. The Authority’s contributions for fiscal years 2015 and 2014 were $1.1 million each year. The Plan’s administrator issues financial statement and required supplemental information which is available upon request. This report may be obtained from the following location: ICMA Retirement Corporation, 777 North Capital Street, NE, Washington, D.C. 20002-4240.

NOTE 11 RELATED PARTY TRANSACTIONS

Dedicated Taxes

In accordance with the WCCA Act and amended Master Trust Agreement, the District of Columbia Government collects and forwards to the Authority the dedicated tax receipts that are used to fund the debt service and reserve requirements of its Series 2007A Bonds. In fiscal years 2015 and 2014, the Authority recognized revenue from dedicated tax receipts of $116.4 million and $105.4 million, respectively. As of September 30, 2015 and 2014, the dedicated taxes due from the District Government were $9.7 million and $10.6 million, respectively. These receivables represent September tax payments collected by the District in October.

Tax Increment Financing (TIF) Revenue

The District issued the TIF Note to the WCSA, and the WCSA pledged the TIF Note to the Trustee to secure the payment of the Series 2010A Bonds and the 2010B Bonds (collectively, the "Bonds"). Pursuant to the TIF Note, the District has agreed to make regularly scheduled payments of principal and interest (the "Regular Payments") to the extent that funds are available in the New Convention Center Hotel Fund. TIF revenues are from the sales and use taxes and property taxes generated from the operation of the HQ Hotel. In fiscal years 2015 and 2014, the Authority recognized revenue from TIF tax receipts of $18.3 million and $4.1 million, respectively. As of September 30, 2015 and 2014, TIF receivables due from the District Government were $1.5 million and $1.4 million, respectively.

District's (DGS) Management Agreement

On October 1, 2009, under the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, D.C. Law 18-111, the Authority merged with the D.C. Sports and Entertainment Commission to form the Washington Convention and Sports Authority (WCSA). As part of the merger, the District of Columbia's Department of General Services (DGS) formerly known as Department of Real Estate Services (DRES) became responsible for the facility maintenance tasks on RFK stadium and the DC Armory previously performed by the D.C. Sports and Entertainment Commission.

The Authority has agreed to pay DGS up to $2.5 million each year for facility maintenance services.

Relationship to the United States Government

The United States Government contracted with the D.C. Sports and Entertainment Commission's predecessor, the District of Columbia Armory Board, for the construction of RFK Stadium while the United States Government constructed the surrounding motor vehicle parking areas. Both were constructed on land owned by the United States Government (DC ST 3-322).

In 1988, the United States Government deeded, pursuant to Public Law 99-581, "all rights, title, and interest of the United States in and to the Stadium" to the District. In addition, the United States Department of the Interior leased to the District the land occupied by the stadium and the parking areas without consideration for 50 years.

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

Relationship to the District of Columbia Government

Prior to the merger, the D.C. Sports and Entertainment Commission (DCSEC) entered into a lease agreement in March 2006 with the government of the District of Columbia under which the District leased the Baseball Stadium Site and the Baseball Stadium complex to the DCSEC for a 99-year term, for the amount of one dollar ($1) for the entire term. The DCSEC, subsequently, entered into a Lease Agreement dated March 6, 2006 with Baseball Expos, L.P which is now the Washington Nationals Baseball Club (the "Team"). The agreement established provisions for the DCSEC, as lessor, to sublease the Baseball Stadium Site and the Baseball Stadium Complex to the Team. The lease term extends for 30 years with an initial lease payment of $3.5 million and with an added escalation clause thereafter. The Team is required to pay additional rent in each lease year in which the number of certain tickets issued exceeds $2.5 million.

The former DCSEC also entered into a Funding and Assignment Agreement dated May 1, 2006 with the District of Columbia whereby the DCSEC assigned to the District all rent and other revenue amounts that it receives or is entitled to receive under or related to the March 6, 2006 Lease Agreement with the Team. During fiscal year 2015 and 2014, the District received annual rent equal to $5.7 million and $5.6 million, respectively. The District uses the rent revenue to pay the outstanding debt related to the Baseball Stadium Bonds.

The Authority assumed all rights and obligations of the former DCSEC pursuant to the merger.

Leasing Arrangements-Carnegie Library (Visitor Center)

The District of Columbia holds the former Central Public Library known as the Carnegie Library at Mount Vernon Square situated on Lot 800 in Square 403N, with a street address at 801 K Street, NW, under a grant of jurisdiction dated March 3, 1899 from the Fifty-Fifth session of the Congress of the United States of America, in Chapter 455, entitled "An act to provide a site for a building for the Washington Public Library."

On June 1, 1999, the District and The Historical Society of Washington, D.C. (HSW) entered into a lease agreement with respect to the Building as the leased premises for a term of ninety-nine (99) years commencing on June 1, 1999 and ending on May 31, 2098. The Original Lease was amended on April 17, 2002 and May 29, 2002.

In 2006, the United States of America transferred to the District administrative jurisdiction of U.S. Reservation 8, being the land underneath and adjacent to the Building.

On May 5, 2011, the District and the Authority entered into a Memorandum of Understanding (MOU) Regarding The Carnegie Library and Reservation 8, whereby the District transferred to the Authority all of its rights and obligations with respect to the administrative jurisdiction over the Carnegie Library and with respect to the Original Lease, as amended, as well as setting forth certain obligations and rights with respect to Reservation 8, among other items, for $9 million payable in three annual installments beginning November 30, 2011. The MOU is effective from May 1, 2011 through April 30, 2110.

The Authority reported the lease as a capital asset and the related debt as a long-term liability in the Authority's statements of net position.

NOTE 12 MARKETING SERVICE CONTRACTS

In accordance with the provisions of Section 208(a) of the Washington Convention Center Act of 1994 (as amended in 1998), the Authority is required to maintain a Marketing Fund for the payment of marketing service contracts to promote conventions, tourism, and leisure travel in the District. The Act states that the total payment amount of the marketing service contracts is to be based on 17.4% of the hotel sales tax received.

During fiscal years 2015 and 2014, the total amount of dedicated taxes allocated to the Marketing Fund was $12.2 million and $10.6 million, respectively. The Authority incurred the following marketing services expenses in fiscal years 2015 and 2014 *(in thousands)*, respectively:

Marketing Agencies	2015	2014
Washington D.C. Convention and Tourism Corporation	$ 11,845	$ 10,203
D.C. Chamber of Commerce	175	175
Greater Washington IBERO American Chamber of Commerce	250	200
Total	$ 12,270	$ 10,578

NOTE 13 BASEBALL STADIUM

Capital Fund Reserve
Pursuant to the lease agreement dated March 6, 2006, the District makes a contribution of $1.5 million to the Capital Reserve Fund each year to be used for necessary improvements and repairs costs to the Baseball Stadium. The Capital Reserve Fund balance is managed by the Authority and has a balance of $244 thousand and $2.1 million as of September 30, 2015 and 2014, respectively, which is included in Other Liabilities in the financial statements.

Close Out Project
A memorandum of agreement was signed between the District and former DCSEC on September 30, 2009 to close out all spending for construction and development of the Baseball Stadium. A transfer of $1.9 million was made to the New Stadium Account, which is managed by the Authority. During fiscal years 2015 and 2014, there was no activity. The remaining balance of $665,221 is reflected in Due to District Government in the financial statements at September 30, 2015 and 2014.

Contingency Reserve Fund
Pursuant to the lease agreement dated March 6, 2006, the District was required to contribute $5 million, on or before the fifth anniversary of the Commencement Date, to the Contingency Reserve Fund. The fund is to be used for necessary and appropriate expenditures to preserve, maintain or enhance the value of the Baseball Stadium complex. The Contingency Reserve Fund is managed by the Authority. As of September 30, 2015 and 2014, there was no activity and the $5 million is included in Other Liabilities in the financial statements.

NOTE 14 BASEBALL ACADEMY

On March 7, 2012, the District entered into a ground lease agreement with the Washington Nationals Youth Baseball Academy, Inc. (the "Academy") for a portion of the Fort DuPont Park Site that the Academy will use to construct and operate a youth baseball academy. In accordance with the lease agreement, the District is to make payments for the Academy improvements and has requested the Authority to facilitate the timely transfer of these payments. The Authority is in receipt of the first payment in the amount of $1 million which is included in Other Liabilities in the financial statements.

On March 7, 2012, the Authority also entered into a grant agreement the Academy to fund $10.2 million for construction and development of a youth baseball academy. In fiscal years 2014 and 2013, the Authority disbursed $4.2 million and $6 million, respectively.

NOTE 15 KENILWORTH PARK PROJECT

The former DCSEC received funds from the Federal Government, the Washington Nationals and the District of Columbia Department of Parks and Recreation to renovate a soccer field at Kenilworth Fort Greble fields which was completed in fiscal year 2008. At the time of the merger, the Kenilworth fund had a balance of $145,537. This project had no activities besides monthly interest/service charge payments in fiscal years 2015 and 2014. As of September 30, 2015 and 2014, there was an account balance of $144,014. The amounts are reflected as restricted net position in the financial statements.

NOTE 16 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage for property, liability, errors and omissions, employee accident and surety bonds.

NOTE 17 CONTINGENCIES

Due to the nature of the Authority's business, it is involved in several claims and lawsuits. In the opinion of management and legal counsel, the expected outcome of claims and lawsuits, individually, or in the aggregate will not have a material adverse effect on the financial statements.

NOTE 18 SUBSEQUENT EVENTS

The Authority did not have any subsequent events, that based on the facts and circumstances, required recording or disclosure in the financial statements for the fiscal year ended September 30, 2015. Events and transactions were evaluated through December 30, 2015, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SCHEDULE OF NET POSITION BY FUND
SEPTEMBER 30, 2015
(In Thousands)

	Operating (WCC) Fund	Operating (SESED) Fund	Marketing Fund	Capital Fund	Building Fund	Demolition Fund (Parking) (Lot)	New Stadium Fund	SE & SED Capital Fund	Visitor Center Operating Fund	Visitor Center Capital Fund	2015
ASSETS											
Current assets:											
Cash and Cash Equivalents	$ 2,720	$ 2,271	$ 2,779	$ 1,119	$ 161	$ 1,781	$ -	$ 673	$ 1,015	$ 643	$ 13,162
Restricted Cash	-	1,185	-	-	-	-	5,909	-	-	-	7,094
Due from District of Columbia	8,637		1,130	-	1,491	-	-	-	-	-	11,258
Accounts Receivable, Net of Allowance for Uncollectible Accounts	987	772	-	-	38	4	-	-	44	-	1,845
Prepaid Expenses and Other Assets	260	15	-	-	-	-	-	-	-	-	275
Accrued Interest Receivable	219	-	-	-	-	-	-	-	-	-	219
Interfund Receivable (Payable)	(1,033)	411	1,011	-	-	-	-	(404)	15	-	-
Investments	99,406	-	506	-	-	-	-	-	-	-	99,912
Total Current assets	111,196	4,654	5,426	1,119	1,690	1,785	5,909	269	1,074	643	133,765
Noncurrent Assets											
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	-	-	-	-	47,000	-	-	-	-	-	47,000
Restricted Investments	133,886	-	-	-	66,974	-	-	-	-	-	200,860
Non Depreciable Capital Assets	7,510	-	-	17	-	-	-	-	-	-	7,527
Depreciable Capital Assets, net of accumulated depreciation	459,553	500	-	37,382	31,847	-	-	6,130	11,676	210	547,298
Total Noncurrent Assets	600,949	500	-	37,399	145,821	-	-	6,130	11,676	210	802,685
Total Assets	712,145	5,154	5,426	38,518	147,511	1,785	5.909	6,399	12,750	853	936,450
Deferred Outflow of Resources											
Bond Deferral of Refunding Costs	15,688	-	-	-	-	-	-	-	-	-	15,688
Total Assets and Deferred Outflow of Resources	$ 727,833	$ 5,154	$ 5,426	$ 38,518	$147,511	$ 1,785	$ 5,909	$ 6,399	$ 12,750	$ 853	$952,138

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SCHEDULE OF NET POSITION BY FUND *(Continued)*
SEPTEMBER 30, 2015
(In Thousands)

	Operating (WCC) Fund	**Operating (SESED) Fund**	**Marketing Fund**	**Capital Fund**	**Building Fund**	**Demolition Fund (Parking) (Lot)**	**New Stadium Fund**	**SE & SED Capital Fund**	**Visitor Center Operating Fund**	**Visitor Center Capital Fund**	**2015**
LIABILITIES AND NET POSITION											
Current Liabilities											
Accounts Payable	$ 2,350	$ 683	$ 1,324	$ 729	$ 9	$ 31	$ -	$ 40	$ 44	$ -	$ 5,209
Due to District of Columbia	-	823	-	-	-	-	665	215	-	-	1,703
Compensation Liabilities	1,360	174	-	-	-	-	-	-	37	-	1,572
Unearned Revenue	2,871	316	-	-	-	-	-	-	299	-	3,486
Accrued Interest Payable	8,922	-	-	-	7,404	-	-	-	-	-	16,326
Other Payables	79	3,179	-	10	-		5,244	-	6	-	8,518
Capital Lease-Current Portion	-	-	-	-	-	-	-	-	113	-	113
Bonds Payable-Current portion	15,935	-	-	-	2,965	-	-	-	-	-	18,900
Total Current Liabilities	31,536	5,156	1,324	739	10,378	31	5,909	255	499	-	55,827
Noncurrent Liabilities											
Compensated Absences	900	88	-	-	-	-	-	-	15	-	1,003
Capital Lease	-	-	-	-	-	-	-	-	3,824		3,824
Bonds Payable, Net of Bond Premium	368,836	-	-	-	244,872	-	-	-	-	-	613,708
Total Noncurrent Liabilities	369,717	107	-	-	244,872	-	-	-	3,839	-	618,535
Total Liabilities	401,253	5,263	1,324	739	255,250	31	5,909	255	4,338	-	674,362
Net Position:											
Net Investment in Capital Assets, net of related debt	97,980	500	-	37,398	1,934	-	-	6,130	7,738	210	151,890
Restricted											
Debt Services and Capitalized Interest	24,857	-	-	-	-	-	-	-	-	-	24,857
Capital Renewal	18,370	-	-	-	-	-	-	-	-	-	18,370
Operating and Marketing Fund	36,959	-	-	-	-	-	-	-	-	-	36,959
Senior Proceeds	-	-	-	-	-	-	-	-	-	-	-
Debt Services Reserve	33,700	-	-	-	-	-	-	-	-	-	33,700
Kenilworth Park	-	144	-	-	-	-	-	-	-	-	144
Unrestricted Net position	114,714	(753)	4,102	381	(109,673)	1,754	-	14	674	643	11,856
Total Net Position	$ 326,580	$ (109)	$ 4,102	$ 37,779	$ 107,739)	$ 1,754	$ -	$ 6,144	$ 8,412	$ 853	$277,776

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY FUND
SEPTEMBER 30, 2015
(In Thousands)

	Operating (WCC) Fund	Operating (SESED) Fund	Marketing Fund	Capital Fund	Building Fund	Demolition Fund (Parking) (Lot)	New Stadium Fund	SE & SED Capital Fund	Visitor Center Operating Fund	Visitor Center Capital Fund	2015
Operating Revenues:											
Building Rental	$ 8,431	$ 1,002	$ -	$ -	$ -	$ -	$ -	$ -	$ 883	$ -	10,316
Food Services	5,171	485	-	-	-	-	-	-	93	-	5,749
Electrical	1,853	-	-	-	-	-	-	-	1	-	1,854
Rigging	1,088	-	-	-	-	-	-	-	1	-	1,089
Parking	-	400	-	-	-	663	-	-	-	-	1,063
Telecommunications	1,562	-	-	-	-	-	-	-	5	-	1,567
Office Rental	93	486	-	-	-	-	-	-	-	-	579
Advertising and Sponsorship		1,156	-	-	-	-	-	-	-	-	1,156
Plumber's Building Rental	-	-	-	-	2,300	-	-	-	-	-	2,300
Miscellaneous Revenues	1,119	1,742	-	-	-	-	-	-	70	-	2,931
Total Operating Revenues	19,317	5,271	-	-	2,300	663	-	-	1,053	-	28,604
Operating Expenses											
Personnel services	20,684	1,958	-	-	-	-	-	-	450	-	23,092
Contractual services	11,248	1,682	3,722	50	166	287	-	4	273	-	17,432
Depreciation	26,591	272	-	2,660	1,114	-	-	793	446	14	31,890
Occupancy	4,672	4,231	-	-	-	-	-	-	182	-	9,085
Payment to District	-	2,280	-	-	-	98	-	-	-	-	2,378
Miscellaneous Expenses	878	96	-	-	-	-	-	-	35	-	1,009
Provision for Doubtful Accounts	206	-	-	-	-	-	-	-	25	-	231
Total Operating Expenses	64,279	10,519	3,722	2,710	1,280	385	-	797	1,411	14	85,117
Operating Loss	(44,962)	(5,248)	(3,722)	(2,710)	1,020	278	-	(797)	(358)	(14)	(56,513)
Nonoperating Revenues and (Expenses)											
Investment Income	2,512	-	-	-	232	-	-	-	-	-	2,744
Dedicated Taxes	116,448	-	-	-	-	-	-	-	-	-	116,448
Tax Increment Financing Taxes		-	-	-	18,298	-	-	-	-	-	18,298
Miscellaneous Revenues	-	-	-	-	2,634	-	-	-	-	-	2,634
Interest Expense	(17,844)	-	-	-	(14,808)	-	-	-	(13)	-	(32,665)
Bond Amortization Expense	(663)	-	-	-	(12)	-	-	-	-	-	(675)
Marketing Agencies and Internal Marketing Expenses	-	-	(12,270)	-	-	-	-	-	-	-	(12,270)
Funding to Hotel project	-	-	-	-	-	-	-	-	-	-	-
Funding to Baseball Academy	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues and (Expenses)	100,453	-	(12,270)	-	6,343	-	-	-	(13)	-	94,514
Transfers In (Out)	(86,567)	4,852	27,730	34,253	15,064	(12)	-	2,596	2,084	-	-
Change in Net Position	(31,076)	(396)	11,738	31,543	22,428	266	-	1,799	1,713	(14)	38,001
Net Position, Beginning of Year	357,656	287	(7,636)	6,236	(130,167)	1,488	-	4,345	6,699	867	239,775
Net Position, End of the Year	$ 326,580	$ (109)	4,102	37,779	$ (107,739)	$ 1,754	$ -	6,144	8,412	$ 853	$ 277,776

SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Council of the Government of District of Columbia
Board of Directors of Washington Convention and Sports Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Washington Convention and Sports Authority (the Authority) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, DC.
December 30, 2015

SB & Company, LLC