

**PEORIA CIVIC CENTER AUTHORITY  
OF PEORIA, ILLINOIS**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED AUGUST 31, 2019 AND 2018**



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## INDEPENDENT AUDITORS' REPORT

Peoria Civic Center Authority Board  
Peoria Civic Center Authority  
Peoria, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Peoria Civic Center Authority of Peoria, Illinois, a component unit of the City of Peoria, Illinois, as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the component unit's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Peoria Civic Center Authority of Peoria, Illinois as of August 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the schedules of employer pension contributions on page 21 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 audits 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 Peoria Civic Center Authority of Peoria, Illinois' basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
November 26, 2019

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**(A Component Unit of the City of Peoria)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2019**

As management of the Peoria Civic Center Authority of Peoria, Illinois (Peoria Civic Center), we offer readers of the Peoria Civic Center's financial statements this narrative overview and analysis of the financial activities of the Peoria Civic Center for the fiscal year ended August 31, 2019.

**Financial Highlights**

- The assets of the Peoria Civic Center exceeded its liabilities by \$52,364,655 at the close of FY19 and by \$56,394,985 at the close of FY18 (net position). Of these amounts, \$5,189,801 in FY19 and \$5,490,093 in FY18 (*current assets*) may be used to meet the government's ongoing obligations to customers and creditors.
- As of the close of FY19, the Peoria Civic Center reported an operating loss before depreciation of \$931,934 which represents a decrease of \$590,730 from the previous fiscal year. This compares to the close of FY18, in which the operating loss before depreciation was \$1,522,664, which was a decline of \$703,031 from the previous year.
- The Peoria Civic Center's unrestricted cash and cash equivalents and investments balances total \$3,818,582 at August 31, 2019 and \$4,231,278 at August 31, 2018. The latter represents an increase of \$456,262 from August 31, 2017.
- Total liabilities for the Peoria Civic Center increased by \$101,521 in the current fiscal year. Total liabilities as of August 31, 2018 had increased by \$2,024,725 during the previous fiscal year. Debt related to bond funding is reported on the City of Peoria's financial statements.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Peoria Civic Center's basic financial statements. The Peoria Civic Center's basic financial statements comprise of four components: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Statement of Net Position.** The statement of net position presents information on all of the Peoria Civic Center's assets and liabilities, with the difference between the two reported as net position. The statements of net position can be found on pages 7-8 of this report.

**Statements of Revenues, Expenses, and Changes in Net Position.** The statements of revenues, expenses, and changes in net position present information showing how the Peoria Civic Center's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statements of revenues, expenses, and changes in net position can be found on page 9 of this report.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**(A Component Unit of the City of Peoria)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2019**

**Statements of Cash Flows.** The statements of cash flows measure the Peoria Civic Center's ability to fund operations, capital spending, and programmatic initiatives from funds generated from operations. This measure excludes noncash gains or losses. Operational cash flow can also be significantly impacted by amounts held on ticket sales for future events. The statements of cash flows can be found on pages 10-11 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-20 of this report.

**Financial Analysis**

The following table shows a comparison of the 2019 data compared to the 2018 data, and the 2018 data to the 2017 data:

	2019	2018	Amount Increase/ Decrease	Percent Increase/ Decrease	2017	Amount Increase/ Decrease	Percent Increase/ Decrease
Current and Other Assets	\$ 5,434,164	\$ 5,850,106	\$ (415,942)	-7.1%	\$ 5,240,936	\$ 609,170	11.6%
Capital Assets	<u>52,546,854</u>	<u>56,059,721</u>	<u>(3,512,867)</u>	-6.3%	<u>60,554,300</u>	<u>(4,494,579)</u>	-7.4%
Total Assets	<u>\$ 57,981,018</u>	<u>\$ 61,909,827</u>	<u>\$ (3,928,809)</u>	-6.3%	<u>\$ 65,795,236</u>	<u>\$ (3,885,409)</u>	-5.9%
Long-Term Liabilities							
Outstanding	\$ 597,913	\$ 959,342	\$ (361,429)	-37.7%	\$ 1,170,330	\$ (210,988)	-18.0%
Other Liabilities	<u>5,018,450</u>	<u>4,555,500</u>	<u>462,950</u>	10.2%	<u>2,319,787</u>	<u>2,235,713</u>	96.4%
Total Liabilities	5,616,363	5,514,842	101,521	1.8%	3,490,117	2,024,725	58.0%
Net Position:							
Net Investment in							
in Capital Assets	52,262,704	55,620,183	(3,357,479)	-6.0%	59,910,245	(4,290,062)	-7.2%
Unrestricted	<u>101,951</u>	<u>774,802</u>	<u>(672,851)</u>	-86.8%	<u>2,394,874</u>	<u>(1,620,072)</u>	-67.6%
Total Net Position	<u>52,364,655</u>	<u>56,394,985</u>	<u>(4,030,330)</u>	-7.1%	<u>62,305,119</u>	<u>(5,910,134)</u>	-9.5%
Total Liabilities and Net Position	<u>\$ 57,981,018</u>	<u>\$ 61,909,827</u>	<u>\$ (3,928,809)</u>	-6.3%	<u>\$ 65,795,236</u>	<u>\$ (3,885,409)</u>	-5.9%

Assets exceeded liabilities by \$52,364,655 in FY19 and by \$56,394,985 in FY18.

By far the largest portion of the Peoria Civic Center's net position (approximately 99.8 percent in FY19, 98.6 percent in FY18, and 95.8 percent in FY17) reflects its net investment in capital assets (e.g. buildings, machinery, and equipment). The Peoria Civic Center uses these capital assets to provide service to customers; consequently, these assets are not available for future spending. Although the Peoria Civic Center's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net position* may be used to meet the Peoria Civic Center's ongoing obligations to customers and creditors.

The net position of the Peoria Civic Center decreased by \$4,030,330 during FY19. The net position of the Peoria Civic Center decreased by \$5,910,134 during FY18, compared with a decrease of \$5,412,460 in FY17. Depreciation makes up the majority of the decrease in net position.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**(A Component Unit of the City of Peoria)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2019**

The following table shows a comparison of the statements of revenues, expenses, and changes in net position for fiscal years 2019, 2018, and 2017:

	2019	2018	Amount Increase/ Decrease	Percent Increase/ Decrease	2017	Amount Increase/ Decrease	Percent Increase/ Decrease
Net Event Income	\$ 528,889	\$ 531,539	\$ (2,650)	-0.5%	\$ 507,639	\$ 23,900	4.7%
Net Ancillary Income	4,657,019	3,488,584	1,168,435	33.5%	4,440,634	(952,050)	-21.4%
Net Other Operating Income	956,492	743,308	213,184	28.7%	815,974	(72,666)	-8.9%
Total Operating Income	6,142,400	4,763,431	1,378,969	28.9%	5,764,247	(1,000,816)	-17.4%
Operating Expenses (Excluding Depreciation)	7,074,334	6,286,095	788,239	12.5%	6,583,880	(297,785)	-4.5%
Depreciation	4,471,786	5,387,525	(915,739)	-17.0%	6,031,597	(644,072)	-10.7%
Operating Expenses	11,546,120	11,673,620	(127,500)	-1.1%	12,615,477	(941,857)	-7.5%
Net Nonoperating Income (Expenses)	1,373,390	1,000,055	373,335	37.3%	1,438,770	(438,715)	-30.5%
Change in Net Position	(4,030,330)	(5,910,134)	1,879,804	-31.8%	(5,412,460)	(497,674)	9.2%
Net Position - Beginning of Year	56,394,985	62,305,119	(5,910,134)	-9.5%	67,717,579	(5,412,460)	-8.0%
Net Position - End of Year	<u>\$ 52,364,655</u>	<u>\$ 56,394,985</u>	<u>\$ (4,030,330)</u>	-7.1%	<u>\$ 62,305,119</u>	<u>\$ (5,910,134)</u>	-9.5%

**Capital Asset and Debt Administration**

As of August 31, 2019, the Peoria Civic Center's capital assets were \$52,546,854 (net of accumulated depreciation). That comparable balance at August 31, 2018 was \$56,059,721. Capital assets include land, buildings, improvements, equipment, and computer software.

Major capital asset purchases during this year and the previous two fiscal years include the following:

- Parking Lighting
- Office Equipment
- Security Systems
- Data/Communications
- HVAC Upgrades
- Plumbing Upgrades
- Event Equipment
- Lexus Club Updates/Vom Lofts
- Concession/Catering Equipment
- Arena/Ballroom/Theater LED Lighting
- Mechanical/Electrical Systems
- Concrete

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**(A Component Unit of the City of Peoria)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2019**

In prior years, the City of Peoria issued general obligation bonds, of which a portion of the proceeds were used for capital improvements to the Peoria Civic Center. Drawdowns have been reflected as capital contributions in the financial statements of the Peoria Civic Center. The bonds are general obligations of the City of Peoria and therefore reported on the financial statements of the City of Peoria. The debt service for the Peoria Civic Center portion of the bonds is deducted from the Hotel, Restaurant, and Amusement tax subsidy from the City of Peoria. The debt service is also reported on the City's financial statements.

The Peoria Civic Center incurred long-term debt during fiscal year 2004 as a result of the Monroe and Fulton land acquisition. The debt was refinanced at a lower rate in 2012 and requires future payments through March 2022. Additionally, the Peoria Civic Center incurred long-term debt during fiscal year 2007 for the construction of four private club suites. Monthly installments were required on this debt through September 2012. This debt was refinanced in 2011 along with debt for the scoreboard, and again in 2013 at a lower rate with monthly installments due until December 2017.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Peoria Civic Center's budget for the 2020 fiscal year:

- A .051% increase in event income. Arena concerts are projected to double the concert revenue and revenues in the family and concert categories in the Theater.
- Other operating income has been budgeted to increase by .16%.
- Personnel costs (including taxes and benefits) are expected to decrease .30% from the prior year.
- A .30% for the HRA tax subsidy.
- The operating loss before depreciation is budgeted approximately \$539,601 less than FY19.

**Requests for Information**

This financial report is designed to provide a general overview of the Peoria Civic Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Peoria Civic Center, Director of Finance, 201 SW Jefferson Street, Peoria, Illinois 61602.



**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS  
STATEMENTS OF NET POSITION  
AUGUST 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,818,582	\$ 4,231,278
Accounts Receivable	980,105	843,091
Inventory	128,228	153,792
Prepaid Expenses and Other Assets	262,886	261,932
Total Current Assets	5,189,801	5,490,093
<b>LAND, BUILDING, AND EQUIPMENT, at Cost</b>	183,402,253	182,443,334
Less: Accumulated Depreciation	(130,855,399)	(126,383,613)
Net Land, Building, and Equipment	52,546,854	56,059,721
<b>LONG-TERM RECEIVABLES</b>		
Advertising and Signage Contracts Receivable	244,363	360,013
Total Assets	\$ 57,981,018	\$ 61,909,827

See accompanying Notes to Financial Statements.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**AUGUST 31, 2019 AND 2018**

<b>LIABILITIES AND NET POSITION</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT LIABILITIES</b>		
Advance Ticket Sales	\$ 2,750,319	\$ 2,935,234
Accounts Payable	709,375	308,982
Accrued Expenses	369,748	258,727
Unearned Revenue and Deposits	765,638	799,644
Due to City of Peoria:		
Hotel, Restaurant, Amusement Tax Allocation	313,366	142,909
Current Maturities of Long-Term Debt	<u>110,004</u>	<u>110,004</u>
Total Current Liabilities	5,018,450	4,555,500
<b>LONG-TERM LIABILITIES</b>		
Unearned Revenue and Deposits	423,767	675,196
Long-Term Debt, Less Current Maturities Above	<u>174,146</u>	<u>284,146</u>
Total Long-Term Liabilities	<u>597,913</u>	<u>959,342</u>
 Total Liabilities	 5,616,363	 5,514,842
<b>NET POSITION</b>		
Net Investment in Capital Assets	52,262,704	55,620,183
Unrestricted	<u>101,951</u>	<u>774,802</u>
Total Net Position	<u>52,364,655</u>	<u>56,394,985</u>
 Total Liabilities and Net Position	 <u>\$ 57,981,018</u>	 <u>\$ 61,909,827</u>

See accompanying Notes to Financial Statements.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED AUGUST 31, 2019 AND 2018**

	2019	2018
<b>EVENT</b>		
Sales	\$ 19,384,918	\$ 11,606,042
Cost of Sales	18,856,029	11,074,503
Net Event Income	528,889	531,539
 <b>ANCILLARY SERVICES, NET</b>		
Concessions	1,340,325	1,032,920
Catering	969,619	1,029,704
Novelties	144,898	69,895
Event Parking	364,422	326,219
Advertising Commissions	48,289	30,713
Facility Improvement Fees	766,341	523,951
Ticket Incentives	1,023,125	475,182
Net Ancillary Services Income	4,657,019	3,488,584
 <b>OTHER OPERATING INCOME, NET</b>		
Signage Advertising Income	510,673	476,269
Contract Revenue for Capital Improvement	100,000	100,000
Nonevent Parking	2,205	4,380
Suite Income	167,710	136,586
Miscellaneous	175,904	26,073
Net Other Operating Income	956,492	743,308
 Total Operating Income	6,142,400	4,763,431
 <b>OPERATING EXPENSES OTHER THAN DEPRECIATION</b>	7,074,334	6,286,095
 <b>NET OPERATING LOSS BEFORE DEPRECIATION</b>	(931,934)	(1,522,664)
 <b>DEPRECIATION</b>	4,471,786	5,387,525
 <b>NET OPERATING LOSS</b>	(5,403,720)	(6,910,189)
 <b>NONOPERATING INCOME (EXPENSES)</b>		
Investment Income	43	183
City of Peoria Subsidy	1,385,860	1,017,327
Interest Expense	(12,513)	(17,455)
Net Nonoperating Income	1,373,390	1,000,055
 <b>CHANGE IN NET POSITION</b>	(4,030,330)	(5,910,134)
 Net Position - Beginning of Year	56,394,985	62,305,119
 <b>NET POSITION - END OF YEAR</b>	\$ 52,364,655	\$ 56,394,985

See accompanying Notes to Financial Statements.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 27,428,334	\$ 19,918,282
Payments to Employees	(5,460,407)	(4,978,231)
Payments to Suppliers	(22,900,939)	(14,731,879)
Net Cash Provided (Used) by Operating Activities	(933,012)	208,172
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from City of Peoria for Subsidy	1,556,317	1,362,825
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	43	183
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Acquisitions	(913,531)	(907,439)
Payments on Long-Term Debt	(110,000)	(190,024)
Interest Payments	(12,513)	(17,455)
Net Cash Used by Capital and Related Financing Activities	(1,036,044)	(1,114,918)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(412,696)	456,262
Cash and Cash Equivalents - Beginning of Year	4,231,278	3,775,016
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,818,582	\$ 4,231,278

See accompanying Notes to Financial Statements.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED AUGUST 31, 2019 AND 2018**

	2019	2018
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Net Operating Loss	\$ (5,403,720)	\$ (6,910,189)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,471,786	5,387,525
Effects of Changes in Operating Assets and Liabilities:		
(Increase) in Accounts Receivable	(21,364)	(313,778)
(Increase) Decrease in Inventory	25,564	(17,791)
(Increase) in Prepaid Expenses and Other Assets	(954)	(23,928)
Increase (Decrease) in Advance Ticket Sales	(184,915)	2,025,095
Increase in Accounts Payable	355,005	10,797
Increase (Decrease) in Accrued Expenses	111,021	(39,565)
Increase (Decrease) in Unearned Revenue and Deposits	(285,435)	90,006
Net Cash Provided (Used) by Operating Activities	\$ (933,012)	\$ 208,172
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Asset Acquisitions Included in Accounts Payable	\$ -	\$ 45,388

See accompanying Notes to Financial Statements.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Peoria Civic Center Authority of Peoria, Illinois (the Authority) is a special purpose governmental entity which operates a convention, sports, and entertainment facility located in Peoria, Illinois. Revenues are substantially generated as a result of event ticket sales, conventions, and hotel, restaurant, and amusement taxes distributed to the Authority from the City of Peoria, Illinois (the City). The Authority is a component unit of the City of Peoria, Illinois.

The accounting policies of the Peoria Civic Center Authority conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the significant policies:

**Financial Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in applicable accounting standards. The financial reporting entity consists of (a) the Peoria Civic Center Authority, which is a component unit of the City of Peoria, Illinois, (b) organizations for which the Peoria Civic Center Authority is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Peoria Civic Center Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of August 31, 2019 and 2018, there were no component units of the Peoria Civic Center Authority.

The Peoria Civic Center Authority is considered a component unit of the City of Peoria, Illinois in that the Peoria Civic Center Authority is fiscally dependent on the City. The City subsidizes the Authority and through agreement has assumed the obligation to finance operating deficits (see Note 7).

**Basis of Accounting**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

**ASM Global as Agent for the Authority**

The Authority executed a contract with ASM Global (formerly known as SMG) to manage the operations of the Authority. In accordance with the agreement, ASM Global is paid a base rate and a performance fee based on financial performance if certain benchmarks are met. The contract expires on August 31, 2020.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Investments**

Investments are stated at fair value, except money market accounts, which are reported at cost, which approximates fair value. The Authority had no investments as of August 31, 2019 and 2018.

**Inventory**

Inventories are stated at the lower of cost or market (LCM) with cost determined on a first-in, first-out (FIFO) basis.

**Land, Building, and Equipment**

Land, building, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives, which range from three to thirty years, on the straight-line basis. No depreciation is recognized on land, and depreciation is not provided on construction in process until the project is complete and placed in service.

**Compensated Absences**

Employees are annually granted vacation and sick leave in varying amounts depending upon the length of employment. All employees are 100% vested for vacation leave. Certain employees under union contract are paid for unused sick time which exceeds a certain threshold; however, unused sick time is not compensable at termination. Vested accumulated unpaid compensated absences are accrued.

**Revenue Recognition**

Suite and advertising income is unearned and recognized as income based on the terms of the contract agreement. Payments received prior to providing services are recorded as deposits or advances and recognized as income at the time the related services occur.

**Operating and Nonoperating Revenues/Expenses**

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. All other revenues and expenses are reported as nonoperating revenues and expenses.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash Equivalents**

For purposes of the statement of cash flows, the Peoria Civic Center Authority of Peoria, Illinois considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Net Position**

The Authority's net positions are classified as follows:

**Net Investment in Capital Assets**

This classification represents the Authority's total investment in capital assets, net of accumulated depreciation and related debt.

**Restricted**

This classification includes resources that the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

**Unrestricted**

This classification includes resources derived from event sales and other operating income. These resources are used for transactions relating to general operations of the Authority and may be used at the discretion of the governing board to meet current expenses for any purpose.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**NOTE 2 DEPOSITS AND INVESTMENTS**

In accordance with Illinois Compiled Statutes, the Authority is authorized to invest in direct or fully guaranteed obligations of the United States Government or in certificates of deposit of banks or savings and loan associations eligible as depositories of funds of the Authority and fully secured by such obligations. The Authority had no investments at August 31, 2019 and 2018.



**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk — Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of August 31, 2019, \$3,434,686 of the Authority's carrying balance of \$3,748,882 was exposed to custodial credit risk. As of August 31, 2018, \$3,908,192 of the Authority's carrying balance of \$4,180,278 was exposed to custodial credit risk. The balances are made up as follows:

	2019	
	Bank Balance	Carrying Amount
Demand Deposits and Money Market Accounts	\$ 3,684,686	\$ 3,748,882
	2018	
	Bank Balance	Carrying Amount
Demand Deposits and Money Market Accounts	\$ 4,158,192	\$ 4,180,278

**Reconciliation to Statements of Net Position**

	Carrying Amount	
	2019	2018
Cash on Hand	\$ 69,700	\$ 51,000
Demand Deposits and Money Market Accounts	3,748,882	4,180,278
Cash and Cash Equivalents	\$ 3,818,582	\$ 4,231,278

**NOTE 3 AUTHORITY DESIGNATED FUNDS**

The Authority imposes an additional fee on various tickets to events held at the Peoria Civic Center and has designated the proceeds of this "ticket improvement fee" to be used for capital improvements at the Peoria Civic Center. The balance of the unused proceeds of this ticket improvement fee was \$4,650 and \$4,847 at August 31, 2019 and 2018, respectively.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 LAND, BUILDING, AND EQUIPMENT**

A summary of land, building, and equipment follows:

	Balance August 31, 2017	Additions	Deletions	Balance August 31, 2018	Additions	Deletions	Balance August 31, 2019
Historical Cost:							
Not Depreciated:							
Land	\$ 10,247,918	\$ -	\$ -	\$ 10,247,918	\$ -	\$ -	\$ 10,247,918
Depreciated:							
Land Improvements	8,024,595	-	-	8,024,595	-	-	8,024,595
Building and Improvements	150,082,011	717,151	-	150,799,162	623,891	-	151,423,053
Furniture, Fixtures, and Equipment	13,195,864	175,795	-	13,371,659	335,028	-	13,706,687
Total Depreciated	<u>171,302,470</u>	<u>892,946</u>	<u>-</u>	<u>172,195,416</u>	<u>958,919</u>	<u>-</u>	<u>173,154,335</u>
Total Cost	181,550,388	892,946	-	182,443,334	958,919	-	183,402,253
Accumulated Depreciation:							
Land Improvements	7,220,696	236,569	-	7,457,265	236,285	-	7,693,550
Building and Improvements	101,256,026	4,915,791	-	106,171,817	3,990,003	-	110,161,820
Furniture, Fixtures, and Equipment	<u>12,519,366</u>	<u>235,165</u>	<u>-</u>	<u>12,754,531</u>	<u>245,498</u>	<u>-</u>	<u>13,000,029</u>
Total Accumulated Depreciation	<u>120,996,088</u>	<u>5,387,525</u>	<u>-</u>	<u>126,383,613</u>	<u>4,471,786</u>	<u>-</u>	<u>130,855,399</u>
Net Land, Building, and Equipment	<u>\$ 60,554,300</u>	<u>\$ (4,494,579)</u>	<u>\$ -</u>	<u>\$ 56,059,721</u>	<u>\$ (3,512,867)</u>	<u>\$ -</u>	<u>\$ 52,546,854</u>

The Authority had no construction in process at August 31, 2019 and 2018.

**NOTE 5 DISAGGREGATION OF ACCRUED EXPENSES**

	2019	2018
Accrued Expenses:		
Accrued Payroll	\$ 150,558	\$ 68,570
Accrued Compensated Absences	140,488	148,686
Accrued Workers' Compensation	19,582	16,308
Accrued Sales and Employment Taxes	37,454	8,504
Accrued 401(k)	21,666	16,659
Total Accrued Expenses	<u>\$ 369,748</u>	<u>\$ 258,727</u>

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 6 LONG-TERM DEBT**

The Authority has the following long-term debt:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Note payable to bank in the original amount of \$1,100,000, requiring monthly principal payments of \$9,167 plus interest at LIBOR plus 1.75% per year. Final payment is due on March 1, 2022.	\$ 284,150	\$ 394,150
Less: Current Portion	<u>110,004</u>	<u>110,004</u>
Long-Term Debt, Net of Current Portion	<u>\$ 174,146</u>	<u>\$ 284,146</u>

Future maturities of long-term debt are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 110,004	\$ 8,531	\$ 118,535
2021	110,004	4,516	114,520
2022	<u>64,142</u>	<u>780</u>	<u>64,922</u>
Total	<u>\$ 284,150</u>	<u>\$ 13,827</u>	<u>\$ 297,977</u>

Interest requirements for the variable rate note are calculated above using the interest rate effective at August 31, 2019. The interest rate is reset monthly and is based upon LIBOR plus 1.75%, which was 3.98% at August 31, 2019.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Changes in long-term debt are as follows:

	Balance August 31, 2017			Balance August 31, 2018			Balance August 31, 2019
	Additions	Reductions	Additions	Reductions	Additions	Reductions	2019
Notes Payable	\$ 504,150	\$ -	\$ 110,000	\$ 394,150	\$ -	\$ 110,000	\$ 284,150
Capital Leases	80,024	-	80,024	-	-	-	-
Total	<u>\$ 584,174</u>	<u>\$ -</u>	<u>\$ 190,024</u>	<u>\$ 394,150</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 284,150</u>

In February 2012, the Authority entered into an interest rate swap agreement with PNC Bank. Under the terms of the interest rate swap agreement, the Authority will pay a fixed rate of 1.90% and receive a variable rate of interest equal to the one-month LIBOR, based on an original notional principal amount of \$1,100,000, that declines as applicable debt payments are made. The swap became effective on March 1, 2012 with monthly settlement periods through the maturity date of March 1, 2022. Management believes the fair market value of the interest rate swap at August 31, 2019 to not be material and, therefore, the Authority has elected to not record the value in the statement of net position.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 7 INTERGOVERNMENTAL AGREEMENT**

The intergovernmental agreement between the City and the Authority titled “2013 Intergovernmental Agreement between the City of Peoria and the Peoria Civic Center Authority” was entered into on July 1, 2013. The agreement establishes a consistent mechanism for a flow of funds from the City to the Authority in order to provide funding for operations and capital improvements. This flow of funds is accomplished by allocating Hotel, Restaurant, and Amusement (HRA) taxes, levied by the City, to the Authority in a stipulated formula after meeting the debt service on bonds issued for the purpose of capital improvements to the Peoria Civic Center and other commitments as stipulated in the agreement. The subsidy to the Authority in fiscal years 2019 and 2018 amounted to \$1,385,860 and \$1,017,327, respectively.

On August 9, 2016, the Authority entered in to a new agreement titled “2016 Intergovernmental Agreement between the City of Peoria and the Peoria Civic Center Authority.” The Tourism Reserve Fund previously consisted of five separate components. The 2016 agreement eliminated two of these components: the “90% Civic Center Fund” and the “Joint Marketing Fund.” The 2016 Agreement stipulates future distributions for both the “90% Civic Center Fund” and the “Joint Marketing Fund” shall be allocated to the Civic Center subsidy. As a result, distributions that were reported as operating activity in previous years are now reported as nonoperating subsidy revenue.

**NOTE 8 EMPLOYEE BENEFIT PLANS**

The Authority’s trade employees are primarily covered by three union-sponsored multiple employer cost-sharing pension plans: the National Electrical Contractors Association International Brotherhood of Electrical Workers Pension Fund (NECA-IBEW), the Carpenters Pension Fund of Illinois (CPFI), and the Plumbers & Pipefitters National Pension Fund (PPNPF). The Plans provide retirement and disability benefits to its respective Plan members and beneficiaries. None of the pension Plans are a state or local governmental pension plan nor have a predominant state or local governmental employer (individually or collectively with other governmental employers of the plan). The Plans are used to provide defined benefit pensions both to employees of state or local governmental employers as well as employees of employers that are not state or local governmental employers. None of the pension Plans issue a publicly available financial report.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019 AND 2018**

**NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)**

The Authority has two employees in the NECA-IBEW Plan, along with one employee for CPF and one employee for PPNPF. Each Plan has a board of trustees that acts as an administrator of the Plan. The unions and collective employers have joint right to establish and amend the Plans. The Authority contributed and charged to expense amounts determined in accordance with the provisions of negotiated labor contracts which are generally based on the number of man-hours worked. No withdrawals by the employer are permitted under the Plans, and there are no minimum contributions required for future periods. The collective bargaining agreements are currently set to expire on March 31, 2023. Pension expense was approximately \$53,000 and \$52,000 for fiscal years 2019 and 2018, respectively.

A 401(k) savings plan is a defined contribution plan also provided for all full-time employees age 21 or older with one year of service not covered by the union-sponsored Plan. Effective January 1, 2010, 40% of the first 5% of employees' contributions is contributed by the employer. Employer contributions are 100% vested after three years of continuous service. The expense for the Plan to the Authority was approximately \$37,000 and \$27,000 for fiscal years 2019 and 2018, respectively.

**NOTE 9 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The Authority purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS**  
**YEARS ENDED AUGUST 31, 2019, 2018, 2017, 2016, AND 2015**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Employer Contributions by Pension Plan		
	NECA-IEBW	CPFI	PPNPF
Fiscal Year Ended August 31, 2019	\$ 22,381	\$ 16,926	\$ 13,910
Fiscal Year Ended August 31, 2018	22,381	14,939	14,889
Fiscal Year Ended August 31, 2017	28,171	11,204	10,500
Fiscal Year Ended August 31, 2016	22,381	12,264	12,598
Fiscal Year Ended August 31, 2015	22,381	11,086	12,098

Note to RSI:

There are no known factors that would significantly affect trends in the amounts reported above. Additional years will be added prospectively to this schedule until 10 years of data is presented.

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**SCHEDULES OF EVENT SALES AND COST OF SALES**  
**YEARS ENDED AUGUST 31, 2019 AND 2018**  
(SEE INDEPENDENT AUDITORS' REPORT)

		2019		
		Tickets and Rent	Services	Total
Sales		\$ 16,766,740	\$ 2,618,178	\$ 19,384,918
Cost of Sales		14,963,864	3,892,165	18,856,029
Total		\$ 1,802,876	\$ (1,273,987)	\$ 528,889
		2018		
		Tickets and Rent	Services	Total
Sales		\$ 9,707,158	\$ 1,898,884	\$ 11,606,042
Cost of Sales		7,531,796	3,542,707	11,074,503
Total		\$ 2,175,362	\$ (1,643,823)	\$ 531,539



**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**SCHEDULES OF ANCILLARY SERVICES SALES AND COST OF SALES**  
**YEARS ENDED AUGUST 31, 2019 AND 2018**  
(SEE INDEPENDENT AUDITORS' REPORT)

		2019							
		Concessions	Catering	Novelties	Event Parking	Advertising Commissions	Facility Improvement Fees	Ticket Incentives	Total
Ancillary Services:	Sales	\$ 2,429,790	\$ 1,814,599	\$ 982,246	\$ 514,248	\$ 48,289	\$ 766,341	\$ 1,023,125	\$ 7,578,638
	Cost of Sales	1,089,465	844,980	837,348	149,826	-	-	-	2,921,619
	Total	<u>\$ 1,340,325</u>	<u>\$ 969,619</u>	<u>\$ 144,898</u>	<u>\$ 364,422</u>	<u>\$ 48,289</u>	<u>\$ 766,341</u>	<u>\$ 1,023,125</u>	<u>\$ 4,657,019</u>
		2018							
		Concessions	Catering	Novelties	Event Parking	Advertising Commissions	Facility Improvement Fees	Ticket Incentives	Total
Ancillary Services:	Sales	\$ 2,104,374	\$ 1,808,935	\$ 412,921	\$ 411,533	\$ 30,713	\$ 523,951	\$ 475,182	\$ 5,767,609
	Cost of Sales	1,071,454	779,231	343,026	85,314	-	-	-	2,279,025
	Total	<u>\$ 1,032,920</u>	<u>\$ 1,029,704</u>	<u>\$ 69,895</u>	<u>\$ 326,219</u>	<u>\$ 30,713</u>	<u>\$ 523,951</u>	<u>\$ 475,182</u>	<u>\$ 3,488,584</u>

**PEORIA CIVIC CENTER AUTHORITY OF PEORIA, ILLINOIS**  
**SCHEDULES OF OPERATING EXPENSES OTHER THAN DEPRECIATION**  
**YEARS ENDED AUGUST 31, 2019 AND 2018**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2019</u>	<u>2018</u>
Personal Services, Net of Recoveries	\$ 3,615,178	\$ 3,308,443
Supplies and Maintenance	726,351	432,486
Outside Contracts	606,633	534,677
Utilities	1,171,160	1,151,638
Administrative	936,033	842,595
Indirect Costs	18,979	15,086
Provision for Bad Debts	<u>-</u>	<u>1,170</u>
 Total Operating Expenses Other than Depreciation	 <u>\$ 7,074,334</u>	 <u>\$ 6,286,095</u>