

**WILL COUNTY METROPOLITAN EXPOSITION AND
AUDITORIUM AUTHORITY
JOLIET, ILLINOIS
(A MUNICIPAL CORPORATION)**

**COMPONENT UNIT
ANNUAL FINANCIAL REPORT
JUNE 30, 2019 AND 2018**

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To the Board of Directors
Will County Metropolitan Exposition
and Auditorium Authority
Joliet, Illinois

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Will County Metropolitan Exposition and Auditorium Authority (Authority), a component unit of the City of Joliet, as of and for the years ended June 30, 2019 and 2018, 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

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 opinions 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 9 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of insurance data and schedule of organization data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of insurance data and schedule of organization data have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Warner, Rogers, Doran & Ruzon, LLC

February 24, 2020

REQUIRED SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

Our discussion and analysis of the Will County Metropolitan Exposition and Auditorium Authority's financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2019 and 2018. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The Authority's net position increased by \$320 thousand, or 6 percent, as a result of this year's operations. The net position of our governmental activities increased by 7 percent while the net position of our business-type activities increased by approximately 6 percent.

During the year, the Authority's governmental activities had revenues of \$551 thousand which is an increase of \$148 thousand, or 37 percent. The Authority's governmental activities had expenditures of \$129 thousand for the current year as compared to expenditures of \$119 thousand for the prior year.

In the Authority's business-type activities, revenues increased from \$3.4 million to \$3.8 million or 11 percent while expenses remained consistent at \$3.9 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (on pages 10 through 13) and the Statement of Activities (on pages 14 through 17) provide information about the activities of the Authority as a whole and present a long-term view of the Authority's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

The Statement of Net Position and the Statement of Activities

Our analysis of the Authority as a whole begins on page 4. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position (the difference between assets and liabilities) as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's revenue base and the condition of the Authority's buildings, to assess the overall health of the Authority.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

In the Statement of Net Position and the Statement of Activities, we divide the Authority into two kinds of activities:

- 1) **Governmental Activities** – Most of the Authority's basic services are reported here, including general administrative, development and sustaining, capital campaign and endowment and fundraising. Grants and contributions finance most of these activities.
- 2) **Business - Type Activities** – The Authority charges fees to patrons to help it cover all or most of the costs of certain services it provides. The Authority's operations of the Rialto Square Theatre, the Rialto Office Complex, and Two Rialto Square are reported here.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

Our analysis of the Authority's major funds begins on page 8. The fund financial statements begin on page 18 and provide detailed information about the most significant funds – not the Authority as a whole. Some funds are required to be established by State law and by bond covenants. However, the Authority's Board establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money. The Authority's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental Funds – Most of the Authority's administration and management services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources than can be spent in the near future to finance the Authority's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation to the right of the fund financial statements.

Proprietary Funds – When the Authority charges patrons and tenants for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Authority's enterprise fund (a proprietary fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE AUTHORITY AS A WHOLE

The Authority's combined net position increased by about 6 percent – from \$5.1 million to \$5.4 million. Business-type activities increased by approximately 6 percent while governmental activities increased by approximately 7 percent. The increase in business-type activities can be attributed to an increase in funds transferred from governmental activities (Rialto Square Theatre Foundation), insurance proceeds from water damage to Two Rialto Square, and a gain from the sale of Two Rialto Square. The increase in governmental-type activities is mostly attributable to an increase in STAR membership and sponsorship donations. Our analysis beginning on the following page focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's governmental and business-type activities:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

Table 1 - Condensed Statements of Net Position, June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 1,618,612	\$ 1,492,830	\$ 1,132,295	\$ 297,278	\$ 2,750,907	\$ 1,790,108
Capital Assets (Net)	-	-	6,079,478	6,671,123	6,079,478	6,671,123
Total Assets	1,618,612	1,492,830	7,211,773	6,968,401	8,830,385	8,461,231
Long-Term Liabilities	-	-	2,063,628	2,289,866	2,063,628	2,289,866
Other Liabilities	90,877	64,780	1,237,711	988,388	1,328,588	1,053,168
Total Liabilities	90,877	64,780	3,301,339	3,278,254	3,392,216	3,343,034
Net Position						
Net Investment in Capital Assets	-	-	4,015,850	4,381,257	4,015,850	4,381,257
Restricted for Endowments	1,039,271	1,021,737	-	-	1,039,271	1,021,737
Unrestricted	488,464	406,313	(105,416)	(691,110)	383,048	(284,797)
Total Net Position	\$ 1,527,735	\$ 1,428,050	\$ 3,910,434	\$ 3,690,147	\$ 5,438,169	\$ 5,118,197

The net position of the Authority's governmental activities increased by \$100 thousand. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by \$82 thousand. This increase is mainly attributable to an increase in STAR membership and sponsorship donations.

The net position of the Authority's business-type activities increased by \$220 thousand or 6 percent. The unrestricted net position remains in a deficit position. The deficit decreased by \$586 thousand. The Authority generally can use the unrestricted portion of net position (if any) to finance the continuing operations of the Rialto Square Theatre and the Rialto Office Complex.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

Table 2 Condensed Statements of Changes in Net Position, Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 3,285,631	\$ 2,926,244	\$ 3,285,631	\$ 2,926,244
Operating Grants and Contributions	494,492	340,416	500,000	500,000	994,492	840,416
General Revenues:						
Interest and Investment Earnings	47,643	55,503	3,803	2,081	51,446	57,584
Total Revenues	<u>542,135</u>	<u>395,919</u>	<u>3,789,434</u>	<u>3,428,325</u>	<u>4,331,569</u>	<u>3,824,244</u>
Program Expenses						
General Administration	71,809	78,541	-	-	71,809	78,541
Development and Sustaining	5,000	625	-	-	5,000	625
Fundraising	51,911	39,850	-	-	51,911	39,850
Capital Campaign and Endowment	-	2	-	-	-	2
Business-Type Activities	-	-	3,891,473	3,947,487	3,891,473	3,947,487
Total Expenses	<u>128,720</u>	<u>119,018</u>	<u>3,891,473</u>	<u>3,947,487</u>	<u>4,020,193</u>	<u>4,066,505</u>
Excess (Deficiency) of Revenues Over Expenses Before Contributions to Permanent Funds and Transfers	413,415	276,901	(102,039)	(519,162)	311,376	(242,261)
Contributions to Permanent Funds	8,596	6,768	-	-	8,596	6,768
Transfers	(322,326)	(143,086)	322,326	143,086	-	-
Change in Net Position	<u>99,685</u>	<u>140,583</u>	<u>220,287</u>	<u>(376,076)</u>	<u>319,972</u>	<u>(235,493)</u>
Net Position Beginning	<u>1,428,050</u>	<u>1,287,467</u>	<u>3,690,147</u>	<u>4,066,223</u>	<u>5,118,197</u>	<u>5,353,690</u>
Net Position Ending	<u>\$ 1,527,735</u>	<u>\$ 1,428,050</u>	<u>\$ 3,910,434</u>	<u>\$ 3,690,147</u>	<u>\$ 5,438,169</u>	<u>\$ 5,118,197</u>

The Authority's total revenues increased by \$509 thousand or 13 percent. The total costs of all programs and services decreased by \$56 thousand or 1 percent. Our analysis that follows separately considers the operations of governmental and business-type activities.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

Governmental Activities

Revenues for the Authority's governmental activities increased by 37 percent while total expenditures increased by \$10 thousand or 8 percent.

Table 3 presents the cost of each of the Authority's four governmental activity categories – general administration, development and sustaining, capital campaign and endowment and fundraising, – as well as each category's *net* cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Authority by each of these functions.

The general administrative category includes professional fees, office expenses, trust fees, newspaper publications, and other miscellaneous expenses. Development and sustaining includes development expenses and sustaining fund expenses. Capital campaign and endowment includes all expenses related to the capital campaign and endowment acquisition. Fundraising includes all fundraising expenses.

Table 3 Governmental Activities, Years Ended June 30,

	<u>Total Cost of Services</u>		<u>Net Cost of (Surplus from) Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Administrative	\$ 71,809	\$ 78,541	(\$ 382,539)	(\$ 251,517)
Development and Sustaining	5,000	625	5,000	625
Capital Campaign and Endowment	-	2	(2,970)	(1,301)
Fundraising	<u>51,911</u>	<u>39,850</u>	<u>14,737</u>	<u>30,795</u>
Totals	<u>\$ 128,720</u>	<u>\$ 119,018</u>	<u>(\$ 365,772)</u>	<u>(\$ 221,398)</u>

Business-Type Activities

Revenues of the Authority's business-type activities (see Table 2) increased by \$361 thousand or 11 percent while expenses decreased by \$56 thousand or 1 percent. The revenue increase is mostly attributable to \$215,062 of insurance proceeds from water damage to Two Rialto Square and a \$168,847 gain from the sale of Two Rialto Square. The expense decrease is mostly attributable to a decrease in house expenses.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

THE AUTHORITY'S FUNDS

As the Authority completed the year, its governmental funds (as presented in the balance sheet on pages 18-21) reported a *combined* fund balance of \$1.5 million, which is \$100 thousand higher than last year. The Authority's governmental funds experienced an increase of \$274 thousand in their cash and investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019 and 2018, the Authority had \$6.1 million and \$6.7 million invested in a broad range of capital assets, including land, buildings, building improvements, and furniture and equipment. (See Table 4 below.)

Table 4 Capital Assets at Year End (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ -	\$ -	\$ 580,737	\$ 580,737	\$ 580,737	\$ 580,737
Buildings	-	-	2,712,541	2,927,139	2,712,541	2,927,139
Building Improvements	-	-	2,572,535	2,880,355	2,572,535	2,880,355
Furniture and Equipment	-	-	213,665	282,892	213,665	282,892
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,079,478</u>	<u>\$ 6,671,123</u>	<u>\$ 6,079,478</u>	<u>\$ 6,671,123</u>

In fiscal year 2019, there were no major additions. In December 2018, the Authority sold the property located at 116 N. Chicago Street, commonly referred to as Two Rialto Square for \$350,000. The sale resulted in a \$168,847 gain. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Debt Administration

At June 30, 2019 and 2018, the Authority had \$2,063,628 and \$2,289,866 in debt outstanding. Outstanding debt at year end was as follows:

	<u>2019</u>	<u>2018</u>
Promissory Note, Dated December 28, 2011	\$ -	\$ 2,289,866
Promissory Note, Dated January 1, 2019	<u>2,063,628</u>	<u>-</u>
	<u>\$ 2,063,628</u>	<u>\$ 2,289,866</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018

The promissory note, dated December 28, 2011 and refinanced January 1, 2019, was established for the University of Saint Francis build-out as well as the Lambrecht hospitality suite renovations. More detailed information about the Authority's long-term debt is presented in Note 12 to the financial statements.

ECONOMIC FACTORS

The Authority's business-type activities have operated at a loss in previous years. Subsidies received in the form of grants from the City of Joliet offset a substantial portion of these losses. The City of Joliet appropriates support to the Authority on a year-to-year basis with no commitments extending beyond the current year. The Authority therefore continues to remain economically dependent on the City of Joliet.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Authority's administrative office, 15 East Van Buren Street, Joliet, Illinois 60432.

Component Unit

Rialto Square Theatre Foundation

Separate financial statements may be obtained at the Authority's administrative office, 15 East Van Buren Street, Joliet, Illinois 60432.

BASIC FINANCIAL STATEMENTS

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 494,672	\$ 1,409,844	\$ 1,904,516
Investments	142,048	-	142,048
Accounts Receivable	-	46,104	46,104
Pledges Receivable - Current	350	-	350
Accrued Interest Receivable	4	-	4
Prepaid Expenses	-	44,876	44,876
Grant Advance	9,456	-	9,456
Internal Balances	425,216	(425,216)	-
Inventory	11,341	36,687	48,028
	<u>1,083,087</u>	<u>1,112,295</u>	<u>2,195,382</u>
Total Current Assets			
	<u>1,083,087</u>	<u>1,112,295</u>	<u>2,195,382</u>
Noncurrent Assets			
Restricted Assets			
Cash	27,621	-	27,621
Investments	507,904	-	507,904
Accounts Receivable - Non Current	-	20,000	20,000
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	2,712,541	2,712,541
Building Improvements	-	2,572,535	2,572,535
Furniture and Equipment	-	213,665	213,665
	<u>535,525</u>	<u>6,099,478</u>	<u>6,635,003</u>
Total Noncurrent Assets			
	<u>535,525</u>	<u>6,099,478</u>	<u>6,635,003</u>
Total Assets	<u>\$ 1,618,612</u>	<u>\$ 7,211,773</u>	<u>\$ 8,830,385</u>

See Accompanying Notes to Basic Financial Statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ -	\$ 271,041	\$ 271,041
Accrued Payroll and Benefits	-	115,666	115,666
Long-Term Obligations, Due Within One Year			
Notes Payable	-	123,255	123,255
Due to Bondholders	-	62,713	62,713
Unearned Revenue	98	788,291	788,389
Due to Volunteers	90,779	-	90,779
	<u>90,877</u>	<u>1,360,966</u>	<u>1,451,843</u>
Total Current Liabilities	<u>90,877</u>	<u>1,360,966</u>	<u>1,451,843</u>
Noncurrent Liabilities			
Long-Term Obligations, Due in More Than One Year			
Notes Payable	-	1,940,373	1,940,373
	<u>90,877</u>	<u>3,301,339</u>	<u>3,392,216</u>
Total Liabilities	<u>90,877</u>	<u>3,301,339</u>	<u>3,392,216</u>
NET POSITION			
Net Investment in Capital Assets	-	4,015,850	4,015,850
Restricted for Endowments	1,039,271	-	1,039,271
Unrestricted	488,464	(105,416)	383,048
	<u>1,527,735</u>	<u>3,910,434</u>	<u>5,438,169</u>
Total Net Position	<u>1,527,735</u>	<u>3,910,434</u>	<u>5,438,169</u>
Total Liabilities and Net Position	<u>\$ 1,618,612</u>	<u>\$ 7,211,773</u>	<u>\$ 8,830,385</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 373,986	\$ 515,164	\$ 889,150
Investments	24,906	-	24,906
Accounts Receivable	-	299,471	299,471
Pledges Receivable - Current	950	-	950
Accrued Interest Receivable	4	-	4
Prepaid Expenses	-	30,521	30,521
Grant Advance	9,456	-	9,456
Internal Balances	572,863	(572,863)	-
Inventory	11,212	24,985	36,197
	<u>993,377</u>	<u>297,278</u>	<u>1,290,655</u>
Total Current Assets			
Noncurrent Assets			
Restricted Assets			
Cash	27,621	-	27,621
Investments	471,832	-	471,832
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	2,927,139	2,927,139
Building Improvements	-	2,880,355	2,880,355
Furniture and Equipment	-	282,892	282,892
	<u>499,453</u>	<u>6,671,123</u>	<u>7,170,576</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 1,492,830</u>	<u>\$ 6,968,401</u>	<u>\$ 8,461,231</u>

See Accompanying Notes to Basic Financial Statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ -	\$ 264,005	\$ 264,005
Accrued Payroll and Benefits	-	115,956	115,956
Long-Term Obligations, Due Within One Year			
Notes Payable	-	2,289,866	2,289,866
Due to Bondholders	-	62,713	62,713
Unearned Revenue	98	545,714	545,812
Due to Volunteers	64,682	-	64,682
	<u>64,780</u>	<u>3,278,254</u>	<u>3,343,034</u>
Total Current Liabilities	<u>64,780</u>	<u>3,278,254</u>	<u>3,343,034</u>
Total Liabilities	<u>64,780</u>	<u>3,278,254</u>	<u>3,343,034</u>
NET POSITION			
Net Investment in Capital Assets	-	4,381,257	4,381,257
Restricted for Endowments	1,021,737	-	1,021,737
Unrestricted	406,313	(691,110)	(284,797)
	<u>1,428,050</u>	<u>3,690,147</u>	<u>5,118,197</u>
Total Net Position	<u>1,428,050</u>	<u>3,690,147</u>	<u>5,118,197</u>
Total Liabilities and Net Position	<u>\$ 1,492,830</u>	<u>\$ 6,968,401</u>	<u>\$ 8,461,231</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Activities
For the Year Ended June 30, 2019

Functions / Programs	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental Activities:		
General Administration	\$ 71,809	\$ -
Development and Sustaining	5,000	-
Capital Campaign and Endowment	-	-
Fundraising	51,911	-
Total Governmental Activities	<u>128,720</u>	<u>-</u>
Business-Type Activities	<u>3,891,473</u>	<u>3,285,631</u>
Total	<u>\$ 4,020,193</u>	<u>\$ 3,285,631</u>

See Accompanying Notes to Basic Financial Statements.

Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 454,348	\$ -	\$ 382,539	\$ -	\$ 382,539
-	-	(5,000)	-	(5,000)
2,970	-	2,970	-	2,970
37,174	-	(14,737)	-	(14,737)
<u>494,492</u>	<u>-</u>	<u>365,772</u>	<u>-</u>	<u>365,772</u>
500,000	-	-	(105,842)	(105,842)
<u>\$ 994,492</u>	<u>\$ -</u>	<u>365,772</u>	<u>(105,842)</u>	<u>259,930</u>
General Revenues:				
Interest and Investment Earnings		47,643	3,803	51,446
Contributions to Permanent Funds		8,596	-	8,596
Transfers		(322,326)	322,326	-
Total General Revenues and Transfers		(266,087)	326,129	60,042
Change in Net Position		<u>99,685</u>	<u>220,287</u>	<u>319,972</u>
Net Position - Beginning		<u>1,428,050</u>	<u>3,690,147</u>	<u>5,118,197</u>
Net Position - Ending		<u>\$ 1,527,735</u>	<u>\$ 3,910,434</u>	<u>\$ 5,438,169</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Activities
For the Year Ended June 30, 2018

Functions / Programs	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental Activities:		
General Administration	\$ 78,541	\$ -
Development and Sustaining	625	-
Capital Campaign and Endowment	2	-
Fundraising	<u>39,850</u>	<u>-</u>
Total Governmental Activities	<u>119,018</u>	<u>-</u>
Business-Type Activities	<u>3,947,487</u>	<u>2,926,244</u>
Total	<u>\$ 4,066,505</u>	<u>\$ 2,926,244</u>

See Accompanying Notes to Basic Financial Statements.

Revenues		Net (Expense) Revenue and Changes in Net Assets			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ 330,058	\$ -	\$ 251,517	\$ -	\$ 251,517	
-	-	(625)	-	(625)	
1,303	-	1,301	-	1,301	
9,055	-	(30,795)	-	(30,795)	
<u>340,416</u>	<u>-</u>	<u>221,398</u>	<u>-</u>	<u>221,398</u>	
<u>500,000</u>	<u>-</u>	<u>-</u>	<u>(521,243)</u>	<u>(521,243)</u>	
<u>\$ 840,416</u>	<u>\$ -</u>	<u>221,398</u>	<u>(521,243)</u>	<u>(299,845)</u>	
General Revenues:					
Interest and Investment Earnings		55,503	2,081	57,584	
Contributions to Permanent Funds		6,768	-	6,768	
Transfers		(143,086)	143,086	-	
Total General Revenues and Transfers		(80,815)	145,167	64,352	
Change in Net Position		<u>140,583</u>	<u>(376,076)</u>	<u>(235,493)</u>	
Net Position - Beginning		<u>1,287,467</u>	<u>4,066,223</u>	<u>5,353,690</u>	
Net Position - Ending		<u>\$ 1,428,050</u>	<u>\$ 3,690,147</u>	<u>\$ 5,118,197</u>	

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds Balance Sheet June 30, 2019

	<u>General Fund</u>	<u>Endowment Fund</u>
ASSETS		
Cash	\$ 417,718	\$ 104,575
Investments	-	649,952
Pledges Receivable	350	-
Accrued Interest Receivable	-	4
Grant Advance	9,456	-
Internal Receivables	438,981	438,719
Inventory	<u>11,341</u>	<u>-</u>
 Total Assets	 <u>\$ 877,846</u>	 <u>\$ 1,193,250</u>
 LIABILITIES		
Unearned Revenue	\$ -	\$ 98
Internal Payables	452,484	-
Due to Volunteers	<u>90,779</u>	<u>-</u>
 Total Liabilities	 <u>543,263</u>	 <u>98</u>
 FUND BALANCES		
Nonspendable:		
Endowments	-	1,039,271
Inventory	11,341	-
Assigned to:		
Endowment Purposes	-	153,881
Unassigned	<u>323,242</u>	<u>-</u>
 Total Fund Balance	 <u>334,583</u>	 <u>1,193,152</u>
 Total Liabilities and Fund Balance	 <u>\$ 877,846</u>	 <u>\$ 1,193,250</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2019

Total Governmental Funds		
\$ 522,293	Total Fund Balance - Governmental Funds	\$ 1,527,735
649,952		
350	<i>Amounts reported for governmental activities in the</i>	
4	<i>Statement of Net Position are currently the same as</i>	
9,456	<i>amounts reported in this statement.</i>	-
877,700		
11,341	Net Position of Governmental Activities	\$ 1,527,735
<u>\$ 2,071,096</u>		
\$ 98		
452,484		
90,779		
<u>543,361</u>		
1,039,271		
11,341		
153,881		
323,242		
<u>1,527,735</u>		
<u>\$ 2,071,096</u>		

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds
Balance Sheet
June 30, 2018

	<u>General Fund</u>	<u>Endowment Fund</u>
ASSETS		
Cash	\$ 300,759	\$ 100,848
Investments	-	496,738
Pledges Receivable	700	250
Accrued Interest Receivable	-	4
Grant Advance	9,456	-
Internal Receivables	1,020,954	663,139
Inventory	<u>11,212</u>	<u>-</u>
Total Assets	<u>\$ 1,343,081</u>	<u>\$ 1,260,979</u>
LIABILITIES		
Unearned Revenue	\$ -	\$ 98
Internal Payables	1,018,983	92,247
Due to Volunteers	<u>64,682</u>	<u>-</u>
Total Liabilities	<u>1,083,665</u>	<u>92,345</u>
FUND BALANCES		
Nonspendable:		
Endowments	-	1,021,737
Inventory	11,212	-
Assigned to:		
General Fund for Future Operations	201,417	-
Endowment Purposes	-	146,897
Unassigned	<u>46,787</u>	<u>-</u>
Total Fund Balance	<u>259,416</u>	<u>1,168,634</u>
Total Liabilities and Fund Balance	<u>\$ 1,343,081</u>	<u>\$ 1,260,979</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2018

Total Governmental Funds		
\$ 401,607	Total Fund Balance - Governmental Funds	\$ 1,428,050
496,738		
950	<i>Amounts reported for governmental activities in the</i>	
4	<i>Statement of Net Position are currently the same as</i>	
9,456	<i>amounts reported in this statement.</i>	-
1,684,093		
11,212	Net Position of Governmental Activities	\$ 1,428,050
<u>\$ 2,604,060</u>		
\$ 98		
1,111,230		
64,682		
<u>1,176,010</u>		
1,021,737		
11,212		
201,417		
146,897		
46,787		
<u>1,428,050</u>		
<u>\$ 2,604,060</u>		

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Endowment Fund</u>
Revenue		
Grants	\$ 4,250	\$ -
Fundraising	31,206	5,968
Donations	238,017	-
Sponsorship Donations	212,081	-
Preservation Dues	-	8,596
Miscellaneous	-	2,969
Dividends	-	14,632
Other Investment Income	-	19,166
Interest	835	6,540
Unrealized Gain (Loss) on Investments	-	6,470
	<u>486,389</u>	<u>64,341</u>
Total Revenue		
Expenditures		
Fundraising	51,911	-
Office Supplies	2,638	-
Development Expenditures	5,000	-
Miscellaneous	64,835	-
Trust Fees	-	4,335
	<u>124,384</u>	<u>4,335</u>
Total Expenditures		
Excess of Revenue Over Expenditures	<u>362,005</u>	<u>60,006</u>
Other Financing (Uses)		
Transfers Out	(286,838)	(35,488)
Net Change in Fund Balances	75,167	24,518
Fund Balances, Beginning of Year	<u>259,416</u>	<u>1,168,634</u>
Fund Balances, End of Year	<u>\$ 334,583</u>	<u>\$ 1,193,152</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Total Governmental Funds		
\$ 4,250	Net Change in Fund Balance - Governmental Funds	\$ 99,685
37,174		
238,017	<i>Amounts reported for governmental activities in the</i>	
212,081	<i>Statement of Activities are currently the same as</i>	
8,596	<i>amounts reported in this statement.</i>	-
2,969		
14,632	Change in Net Position of Governmental Funds	\$ 99,685
19,166		
7,375		
6,470		
550,730		
51,911		
2,638		
5,000		
64,835		
4,335		
128,719		
422,011		
(322,326)		
99,685		
1,428,050		
\$ 1,527,735		

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Endowment Fund</u>
Revenue		
Grants	\$ 5,250	\$ -
Fundraising	9,055	-
Donations	152,608	-
Sponsorship Donations	172,200	-
Preservation Dues	-	6,768
Miscellaneous	-	1,303
Dividends	-	7,359
Other Investment Income	150	23,833
Interest	19,587	6,169
Unrealized Gain (Loss) on Investments	-	(1,595)
	<u>358,850</u>	<u>43,837</u>
Total Revenue		
Expenditures		
Fundraising	38,332	1,518
Office Supplies	6,119	-
Development Expenditures	625	-
Miscellaneous	69,204	3
Trust Fees	-	3,217
	<u>114,280</u>	<u>4,738</u>
Total Expenditures		
Excess of Revenue Over Expenditures	<u>244,570</u>	<u>39,099</u>
Other Financing (Uses)		
Transfers Out	(137,003)	(6,083)
Net Change in Fund Balances	107,567	33,016
Fund Balances, Beginning of Year	<u>151,849</u>	<u>1,135,618</u>
Fund Balances, End of Year	<u>\$ 259,416</u>	<u>\$ 1,168,634</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Total Governmental Funds		
\$ 5,250		
9,055	Net Change in Fund Balance - Governmental Funds	\$ 140,583
152,608		
172,200	<i>Amounts reported for governmental activities in the</i>	
6,768	<i>Statement of Activities are currently the same as</i>	
1,303	<i>amounts reported in this statement.</i>	-
7,359		
23,983	Change in Net Position of Governmental Funds	\$ 140,583
25,756		
(1,595)		
<u>402,687</u>		
39,850		
6,119		
625		
69,207		
<u>3,217</u>		
<u>119,018</u>		
<u>283,669</u>		
(143,086)		
140,583		
<u>1,287,467</u>		
<u>\$ 1,428,050</u>		

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position Proprietary Fund June 30, 2019

	<u>Business-Type Activities Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,409,844
Trade Receivables	46,104
Prepaid Expenses	44,876
Internal Receivables	13,765
Inventory	<u>36,687</u>
Total Current Assets	<u>1,551,276</u>
Noncurrent Assets	
Trade Receivables - Non Current	20,000
Capital Assets	
Land	580,737
Buildings	9,647,593
Building Improvements	6,297,291
Furniture and Equipment	<u>950,154</u>
	17,475,775
Less Accumulated Depreciation	<u>11,396,297</u>
Total Capital Assets	<u>6,079,478</u>
Total Noncurrent Assets	<u>6,099,478</u>
Total Assets	<u>\$ 7,650,754</u>

See Accompanying Notes to Basic Financial Statements.

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 271,041
Accrued Payroll and Benefits	115,666
Long-Term Obligations, Due Within One Year	
Notes Payable	123,255
Due to Bondholders	62,713
Unearned Revenue	788,291
Internal Payables	<u>438,981</u>
Total Current Liabilities	<u>1,799,947</u>
Noncurrent Liabilities	
Long-Term Obligations, Due in More Than One Year	
Notes Payable	<u>1,940,373</u>
Total Liabilities	<u>3,740,320</u>
NET POSITION	
Net Investment in Capital Assets	4,015,850
Unrestricted	<u>(105,416)</u>
Total Net Position	<u>3,910,434</u>
Total Liabilities and Net Position	<u>\$ 7,650,754</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position Proprietary Fund June 30, 2018

	<u>Business-Type Activities Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 515,164
Trade Receivables	299,471
Prepaid Expenses	30,521
Internal Receivables	484,538
Inventory	<u>24,985</u>
Total Current Assets	<u>1,354,679</u>
Noncurrent Assets	
Capital Assets	
Land	580,737
Buildings	16,169,772
Building Improvements	6,720,107
Furniture and Equipment	<u>1,057,633</u>
	24,528,249
Less Accumulated Depreciation	<u>17,857,126</u>
Total Capital Assets	<u>6,671,123</u>
Total Assets	<u>\$ 8,025,802</u>

See Accompanying Notes to Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 264,005
Accrued Payroll and Benefits	115,956
Long-Term Obligations, Due Within One Year	
Notes Payable	2,289,866
Due to Bondholders	62,713
Unearned Revenue	545,714
Internal Payables	<u>1,057,401</u>
Total Current Liabilities	<u>4,335,655</u>
NET POSITION	
Net Investment in Capital Assets	4,381,257
Unrestricted	(<u>691,110</u>)
Total Net Position	<u>3,690,147</u>
Total Liabilities and Net Position	<u>\$ 8,025,802</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expense, and Changes in Net Position Proprietary Fund For the Year Ended June 30, 2019

	Business-Type Activities
	Enterprise Fund
Operating Revenue	
Rentals and Reimbursements - Office and Commercial	\$ 428,711
Theatre Related Revenue	2,425,659
Other	262,414
Total Operating Revenue	<u>3,116,784</u>
Operating Expense	
Salaries	1,170,721
Benefits	132,671
Professional Services	66,543
Advertising and Promotion	264,554
Administrative	51,468
Insurance	116,105
Custodial and Maintenance	188,058
Utilities	249,308
House Expense	506,755
Production Expense	573,467
Depreciation	422,306
Total Operating Expense	<u>3,741,956</u>
Operating (Loss)	(625,172)
Nonoperating Revenue (Expense)	
Bad Debt Expense	(30,715)
Interest Income	3,803
Interest Expense	(118,802)
Support from City of Joliet	500,000
Gain on Disposal of Capital Assets	168,847
Total Nonoperating Revenue (Expense)	<u>523,133</u>
Net Income (Loss) Before Transfers	(102,039)
Transfers	
Transfers In	<u>322,326</u>
Change in Net Position	220,287
Total Net Position, Beginning of Year	<u>3,690,147</u>
Total Net Position, End of Year	<u>\$ 3,910,434</u>

See Accompanying Notes to Basic Financial Statements.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expense, and Changes in Net Position Proprietary Fund For the Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
Operating Revenue	
Rentals and Reimbursements - Office and Commercial	\$ 691,855
Theatre Related Revenue	2,180,973
Other	53,416
Total Operating Revenue	<u>2,926,244</u>
Operating Expense	
Salaries	1,192,446
Benefits	106,539
Professional Services	96,175
Advertising and Promotion	232,344
Administrative	40,149
Insurance	145,208
Custodial and Maintenance	212,244
Utilities	200,920
House Expense	538,178
Production Expense	610,746
Depreciation	443,379
Total Operating Expense	<u>3,818,328</u>
Operating (Loss)	(892,084)
Nonoperating Revenue (Expense)	
Bad Debt Expense	(15,352)
Interest Income	2,081
Interest Expense	(113,807)
Support from City of Joliet	500,000
Total Nonoperating Revenue (Expense)	<u>372,922</u>
Net Income (Loss) Before Transfers	(519,162)
Transfers	
Transfers In	<u>143,086</u>
Change in Net Position	(376,076)
Total Net Position, Beginning of Year	<u>4,066,223</u>
Total Net Position, End of Year	<u>\$ 3,690,147</u>

See Accompanying Notes to Basic Financial Statements.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2019

	<u>Business-Type Activities Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Donors	\$ 3,562,012
Cash Paid to Suppliers for Goods and Services	(2,035,279)
Cash Payments for Employees Services	(1,303,682)
Net Cash Provided by Operating Activities	<u>223,051</u>
Cash Flows from Investing Activities	
Interest Received on Investments	<u>3,803</u>
Cash Flows from Noncapital Financing Activities	
Support from the City of Joliet	500,000
Payments from Other Funds	<u>174,679</u>
Net Cash Provided by Noncapital Financing Activities	<u>674,679</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	338,187
Proceeds from Long-Term Debt	2,118,656
Payments of Long-Term Debt	(2,344,894)
Payments of Interest	(118,802)
Net Cash (Used in) Capital and Related Financing Activities	<u>(6,853)</u>
Net Increase in Cash	894,680
Cash and Cash Equivalents, Beginning of Year	<u>515,164</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,409,844</u>

See Accompanying Notes to Basic Financial Statements.

	Business-Type Activities Enterprise Fund
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	(\$ 625,172)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	422,306
Changes in Assets and Liabilities	
Trade Receivables	202,652
Prepaid Expenses	(14,355)
Inventory	(11,702)
Accounts Payable and Accrued Expenses	7,035
Accrued Payroll and Benefits	(290)
Deferred Revenue	242,577
Total Adjustments	848,223
Net Cash Provided by Operating Activities	\$ 223,051

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Donors	\$ 2,745,402
Cash Paid to Suppliers for Goods and Services	(2,001,351)
Cash Payments for Employees Services	(1,193,827)
Net Cash (Used in) Operating Activities	(449,776)
Cash Flows from Investing Activities	
Interest Received on Investments	2,081
Cash Flows from Noncapital Financing Activities	
Support from the City of Joliet	500,000
Payments from Other Funds	80,371
Net Cash Provided by Noncapital Financing Activities	580,371
Cash Flows from Capital and Related Financing Activities	
Payments of Long-Term Debt	(67,671)
Payments of Interest	(113,807)
Net Cash (Used in) Capital and Related Financing Activities	(181,478)
Net (Decrease) in Cash	(48,802)
Cash and Cash Equivalents, Beginning of Year	<u>563,966</u>
Cash and Cash Equivalents, End of Year	<u>\$ 515,164</u>

See Accompanying Notes to Basic Financial Statements.

**Reconciliation of Operating (Loss) to Net Cash
(Used in) Operating Activities**

**Business-Type
Activities**

**Enterprise
Fund**

Operating (Loss)	(\$ 892,084)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used in) Operating Activities	
Depreciation	443,379
Prior Year Construction in Process Expensed	16,365
Changes in Assets and Liabilities	
Trade Receivables	(109,015)
Prepaid Expenses	62,717
Inventory	(105)
Accounts Payable and Accrued Expenses	(4,364)
Accrued Payroll and Benefits	105,158
Deferred Revenue	(71,827)
Total Adjustments	442,308
Net Cash (Used in) Operating Activities	(\$ 449,776)

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Introduction

The Will County Metropolitan Exposition and Auditorium Authority (the Authority) was created under Illinois Public Act 80-909. The original purpose of the Authority was to rehabilitate and restore a historic building, the Rialto Square Theatre. Duties of the Authority consisted of promoting, operating and maintaining expositions and conventions in the metropolitan area for industrial, cultural, educational, theatrical, sports, trade and scientific exhibits and to construct, equip and maintain auditoriums and exposition buildings for such purposes. In 1982, the Act was amended to allow the Authority to lease property as an owner and change the Authority name from Joliet to Will County Metropolitan Exposition and Auditorium Authority.

The accounting policies and the presentation of the basic financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Financial Reporting Entity

A component unit is included in a primary government's reporting entity if it is both fiscally dependent on the primary government and there is potential for the component unit to provide specific benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on the above criterion, the Will County Metropolitan Exposition and Auditorium Authority, for the years ended June 30, 2019 and 2018, has met the definition of a component unit of the City of Joliet. The considerations for the Will County Metropolitan Exposition and Auditorium Authority to be a component unit of the City of Joliet are: selection of a majority of the governing board; ability to significantly influence the program, projects, activities and level of service; and financial accountability.

Blended Component Unit

The Rialto Square Theatre Foundation is a legally separate, tax exempt organization. The Foundation operates exclusively for charitable or educational purposes to support the Authority. The Authority provides the staffing to and funds various overhead costs of the Foundation. The Foundation is included as a blended component unit because the Authority has operational responsibility for them and the purpose of the Foundation is to provide a benefit to the Authority. Separate statements may be obtained from the Authority administrative office, 15 East Van Buren Street, Joliet, Illinois 60432. The Authority did not omit from the financial statements any board or agency that met any inclusion criteria.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue and nonexchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority's funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within these two categories. Currently, all funds of the Authority are considered major funds. A fund is considered major if it is the primary operating fund of the Authority (General Fund) or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

Governmental funds are those through which most governmental functions of the Authority are financed. The Authority's expendable financial resources (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Authority's governmental funds:

General Fund (Major Fund) - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Endowment Fund (Major Fund) - The Board of Directors of the Rialto Square Theatre Foundation established the Rialto Square Theatre Endowment Fund on January 1, 1989. The fund is to be supported through public gifts and contributions. The nonexpendable portion of this fund cannot be used or invaded for any purpose other than those specified by the donor. The expendable portion of this fund is used to account for the unrestricted earnings on the endowment fund that have not been expended or transferred to another fund.

Proprietary Funds

Proprietary funds are used to account for the Authority's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income. The Authority's proprietary fund is an enterprise fund. Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services.

Enterprise Fund (Major Fund) - The Enterprise Fund provides for the operation of the Rialto Square Theatre and for the leasing of commercial property in the downtown Joliet area.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b.

In the fund financial statements, the "current financial resources" measurement or the "economic resources" measurement is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Basis of Accounting

Government-Wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Funds

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within sixty days or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Charges for services and miscellaneous revenues (except for investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Revenues from Federal and State grants and similar programs are recognized when the Authority has done everything necessary to establish its right to the revenue. Usually, this is at the time an expenditure has been incurred for an authorized purpose.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resources focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Use of Resources Policy

The Authority considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted balances are available. Committed, assigned, and unassigned fund balances are considered to have been spent in that order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Expenditures incurred for a specifically identified purpose will reduce the specifically identified classification of fund balance.

Capital Assets

Capital assets are stated on the basis of historical cost. Major capital asset additions are financed primarily from debt proceeds. Assets acquired through gifts or donations are recorded at their estimated fair value at the time of acquisition. The Authority has established a capitalization threshold of \$2,500 for buildings and improvements and furniture and equipment.

Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund's Statement of Net Position. Depreciation has been provided over the estimated useful lives of 5 to 50 years using the straight-line method.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Budgets

State statute does not require the Authority to adopt a budget; therefore, budgetary information is not presented in the financial statements.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments of the Authority are stated at fair value (See note 2). Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Inventory

Inventory is carried at cost. Cost being determined on the first in first out basis.

Unearned Revenue

Unearned revenue at June 30, 2019 and 2018 consists of theatre deposits, rotunda deposits, gift certificates, tickets on account, naming rights, and ticket sales for future events.

Advertising Costs

It is the Authority's policy to include in prepaid expenses amounts spent for advertising which relate to future performances. These amounts are then expensed when the related revenue is recognized. All other advertising costs are expensed when incurred.

Fund Balance

Under GASB 54, fund balances are required to be reported using five separate classifications as listed below. The Authority may not necessarily utilize each classification in a given fiscal year.

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, such as inventory in the General Fund or, for legal or contractual reasons, must be kept intact, such as the Endowment Fund.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the Authority's highest level of decision-making authority, the Board of Directors.

Assigned Fund Balance – Amounts that are constrained by the Authority's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board of Directors. With the exception of the General Fund, assigned fund balance is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 period. Actual results could differ from those estimates.

2. Cash and Investments

Deposits

At June 30, 2019 and 2018, the carrying amount of the Authority's deposits was \$1,916,317 and \$900,951 respectively and the bank balance was \$1,902,456 and \$851,127 respectively. Additionally, the Authority maintained cash on hand of \$15,820 for both years.

Custodial Credit Risk – This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. During fiscal years 2019 and 2018, some of the Authority's bank balances exceeded insurance and collateral coverage.

Concentration of Credit Risk – The Authority places no limit on the amount it may invest in any one issuer. At June 30, 2019 and 2018, the Authority held investments in twenty-two and twenty-four mutual funds respectively (eight of which represent 5 percent or more of the total investments as depicted in the schedule on the following page).

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Authority's investment policy requires that short-term investments may only be invested in:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

2. Cash and Investments

- 1) Certificates of deposit issued by the state and national banks, savings and loan associations, and credit unions domiciled in Joliet, IL, that are: a) guaranteed or insured by the Federal Deposit Insurance Corporation, other deposit insurance agencies, or their successors; or b) secured by the pledge of securities in the same manner as is required by the depository bank.
- 2) Obligations of the United States or its agencies and instrumentalities.
- 3) Direct obligations of the State of Illinois or its agencies.
- 4) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Illinois or the United States.
- 5) Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described above.
- 6) Money market funds regulated by the Securities and Exchange Commission.

Investments

Investments are carried at fair value. Unrealized gains (losses) were \$6,470 and \$(1,595) at June 30, 2019 and 2018 respectively. All investments are expected to be held until maturity.

	2019		2018	
	Fair Value	% of Total Investments	Fair Value	% of Total Investments
Government Money Market Funds	\$ 15,540	2.39%	\$ 10,736	2.16%
Equities	22,144	3.41%	21,174	4.26%
Mutual Funds	277,675	42.72%	202,309	40.73%
Fixed Income Mutual Funds	<u>334,593</u>	<u>51.48%</u>	<u>262,519</u>	<u>52.85%</u>
Total Investments	<u>\$ 649,952</u>	<u>100.00%</u>	<u>\$ 496,738</u>	<u>100.00%</u>

A reconciliation of the Authority's cash and investment balances as reported in the Statements of Net Position and the deposits and investments presented in this note is as follows:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

2. Cash and Investments

	2019		
	Deposits	Investments	Total
<u>Reported as Cash:</u>			
Savings and Demand			
Deposit Accounts	\$ 1,081,227	\$ -	\$ 1,081,227
Certificates of Deposit	-	-	-
Money Market Funds	835,090	-	835,090
Cash on Hand	15,820	-	15,820
Total Reported as Cash	<u>1,932,137</u>	<u>-</u>	<u>1,932,137</u>
<u>Reported as Investments:</u>			
Government Money Market Funds	-	15,540	15,540
Equities	-	22,144	22,144
Mutual Funds	-	277,675	277,675
Fixed Income Mutual Funds	-	334,593	334,593
Total Reported as Investments	<u>-</u>	<u>649,952</u>	<u>649,952</u>
 Total Cash and Investments	 <u>\$ 1,932,137</u>	 <u>\$ 649,952</u>	 <u>\$ 2,582,089</u>
<u>Reconciliation of Cash and Investments:</u>			
Statement of Net Position Cash - Page 10		\$ 1,904,516	
Statement of Net Position Cash - Restricted - Page 10		27,621	
Statement of Net Position Investments - Page 10		142,048	
Statement of Net Position Investments - Restricted - Page 10		507,904	
		<u>\$ 2,582,089</u>	

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

2. Cash and Investments

	2018		
	Deposits	Investments	Total
<u>Reported as Cash:</u>			
Savings and Demand			
Deposit Accounts	\$ 797,671	\$ -	\$ 797,671
Certificates of Deposit	21,694	-	21,694
Money Market Funds	81,586	-	81,586
Cash on Hand	15,820	-	15,820
Total Reported as Cash	<u>916,771</u>	<u>-</u>	<u>916,771</u>
<u>Reported as Investments:</u>			
Government Money Market Funds	-	10,736	10,736
Equities	-	21,174	21,174
Mutual Funds	-	202,309	202,309
Fixed Income Mutual Funds	-	262,519	262,519
Total Reported as Investments	<u>-</u>	<u>496,738</u>	<u>496,738</u>
 Total Cash and Investments	 <u>\$ 916,771</u>	 <u>\$ 496,738</u>	 <u>\$ 1,413,509</u>
<u>Reconciliation of Cash and Investments:</u>			
Statement of Net Position Cash - Page 10		\$ 889,150	
Statement of Net Position Cash - Restricted - Page 10		27,621	
Statement of Net Position Investments - Page 10		24,906	
Statement of Net Position Investments - Restricted - Page 10		471,832	
		<u>\$ 1,413,509</u>	

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

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in active markets;
- inputs other than quoted prices that are observable for the asset or liability;

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

2. Cash and Investments

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Authority to estimate the fair values of investments apply to investments held directly by the Authority.

Equities and Mutual Funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

Private Bank Mutual Funds: The fair values of private bank mutual funds are determined by fund managers based on the quoted prices of the underlying assets (level 2 inputs). Funds consist of investments with quoted prices on nationally recognized securities exchanges. The funds provide for daily redemptions by the Authority at reported unit value, with no advance notification required.

Each year, the investing plan will include a spending rate. Annual distributions may not exceed 5% equities of the fund balance after adjusting for inflation.

The following are the major categories of assets measured at fair value on a recurring basis in the financial statements as of June 30, 2019 and 2018:

	Level 1	Level 2	Level 3	Total
Equities	\$ 22,144	\$ -	\$ -	\$ 22,144
Government Money Market Funds	15,540	-	-	15,540
Mutual Funds	-	277,675	-	277,675
Fixed Income Mutual Funds	-	334,593	-	334,593
	<u>\$ 37,684</u>	<u>\$ 612,268</u>	<u>\$ -</u>	<u>\$ 649,952</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

2. Cash and Investments

	Level 1	Level 2	Level 3	Total
Equities	\$ 21,174	\$ -	\$ -	\$ 21,174
Government Money Market Funds	10,736	-	-	10,736
Mutual Funds	-	202,309	-	202,309
Fixed Income Mutual Funds	-	262,519	-	262,519
	<u>\$ 31,910</u>	<u>\$ 464,828</u>	<u>\$ -</u>	<u>\$ 496,738</u>

3. Restricted Assets

Restricted assets represent assets of the nonexpendable portion of the Endowment Fund.

4. Due to Bondholders

Due to Bondholders represents outstanding bonds related to Series 1983 support bonds issued. The balance includes bonds and coupons which have not been cancelled to date.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

5. Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Business-Type Activities				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
<i>Capital Assets Being Depreciated:</i>				
Buildings	16,169,772	-	6,522,179	9,647,593
Building Improvements	6,720,107	-	422,816	6,297,291
Furniture and Equipment	1,057,633	-	107,479	950,154
Total at Historical Cost	<u>24,528,249</u>	<u>-</u>	<u>7,052,474</u>	<u>17,475,775</u>
Less Accumulated Depreciation for:				
Buildings	13,242,633	90,208	6,397,789	6,935,052
Building Improvements	3,839,752	283,222	398,218	3,724,756
Furniture and Equipment	774,741	48,876	87,128	736,489
Total Accumulated Depreciation	<u>17,857,126</u>	<u>422,306</u>	<u>6,883,135</u>	<u>11,396,297</u>
Net Capital Assets	<u>\$ 6,671,123</u>	<u>(\$ 422,306)</u>	<u>\$ 169,339</u>	<u>\$ 6,079,478</u>
	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
Business-Type Activities				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction in Progress	16,365	-	16,365	-
Subtotal	597,102	-	16,365	580,737
<i>Capital Assets Being Depreciated:</i>				
Buildings	16,169,772	-	-	16,169,772
Building Improvements	6,720,107	-	-	6,720,107
Furniture and Equipment	1,057,633	-	-	1,057,633
Total at Historical Cost	<u>24,544,614</u>	<u>-</u>	<u>16,365</u>	<u>24,528,249</u>
Less Accumulated Depreciation for:				
Buildings	13,139,039	103,594	-	13,242,633
Building Improvements	3,551,689	288,063	-	3,839,752
Furniture and Equipment	723,019	51,722	-	774,741
Total Accumulated Depreciation	<u>17,413,747</u>	<u>443,379</u>	<u>-</u>	<u>17,857,126</u>
Net Capital Assets	<u>\$ 7,130,867</u>	<u>(\$ 443,379)</u>	<u>\$ 16,365</u>	<u>\$ 6,671,123</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

6. Retirement Fund

The Authority contributes to the Central Pension Fund (CPF), a defined benefit pension program, for employees who are members of the International Union of Operating Engineers.

The Authority contributed \$2.65 per hour, up to 40 hours a week, for each participant. Payments for the years 2019 and 2018 to CPF totaled \$25,980 and \$13,411 respectively.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB No. 68*, became applicable for the Authority's year end June 30, 2015. The Statements require the Authority to record a net pension liability and deferred inflows/outflows of resources related to pensions in its financial statements. Additionally, the new statements require changes to the notes to the financial statements and required supplementary information. Based on the number of employees, management of the Authority does not consider the effects of implementing GASB Nos. 68 and 71 to be material to the June 30, 2019 and 2018 financial statements; therefore, no adjustments or additional disclosures have been made.

7. Going Concern

Although the Authority has sustained substantial operating losses in previous and very recent years, the Authority's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Authority's management has taken steps to continually review both the commercial and theatre operations to find efficiencies and savings in operational costs. This includes but is not limited to cost containment processes, creation of corporate sponsorships, generation of new programs which may create cash revenues to support the operations and rental rate and product rate increases. Additional commercial leasing is being pursued to further enhance the commercial operations of the Authority. Management expects these efforts along with seeking ways to add new revenue streams will provide the opportunity for the Authority to continue as a going concern.

The Authority is exploring opportunities for restructuring its business plan and future staffing needs. The Authority is also researching alternative dedicated funding resources via any and all available philanthropic and governmental opportunities. In August of 2016, the Authority hired a third-party management company to manage the operations of the Rialto Square Theatre.

8. Grants and Awards

The Authority receives a substantial amount of its support from the City of Joliet. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Authority's programs and activities.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

9. Leases

The Authority is the lessor under operating leases expiring in various years.

The following is a summary of property on lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 2,626,392	\$ 3,215,571
Leaseholds Improvements	<u>3,681,308</u>	<u>3,873,276</u>
	6,307,700	7,088,847
Less Accumulated Depreciation	<u>2,350,399</u>	<u>2,645,121</u>
	<u>\$ 3,957,301</u>	<u>\$ 4,443,726</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2019 for each of the next five years and in the aggregate are:

2020	\$ 301,470
2021	296,058
2022	291,886
2023	291,886
2024	<u>258,608</u>
	<u>\$ 1,439,908</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$1,300 and \$35,553 respectively.

10. Risk Management

The Authority is exposed to various risks of loss related to torts: theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these risks, the Authority has purchased insurance through several insurance companies.

The Authority accounts for its risk financing activities in the Enterprise Fund. There were no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded the insurance coverage in the last three years.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2019 and 2018

11. Interfund Balances and Transfers

At June 30, 2019 and 2018, interfund balances were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund		
Enterprise Fund	\$ 438,981	\$ 13,765
Endowment Fund	-	438,719
Enterprise Fund		
General Fund	13,765	438,981
Endowment Fund		
General Fund	438,719	-
Grand Total	<u>\$ 891,465</u>	<u>\$ 891,465</u>

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund		
Enterprise Fund	\$ 1,020,954	\$ 392,321
Endowment Fund	-	626,662
Agency Fund	-	500
Enterprise Fund		
General Fund	392,321	1,020,954
Endowment Fund	92,247	36,477
Agency Fund		
General Fund	500	-
Endowment Fund		
General Fund	626,662	-
Enterprise Fund	36,477	92,247
Grand Total	<u>\$ 2,169,161</u>	<u>\$ 2,169,161</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

11. Interfund Balances and Transfers

Interfund transfers during the years ended June 30, 2019 and 2018 were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Enterprise Fund	\$ -	\$ 286,838
Endowment Fund	-	35,488
Enterprise Fund		
General Fund	286,838	-
Endowment Fund	35,488	-
	<u>\$ 322,326</u>	<u>\$ 322,326</u>
<u>Fund</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Enterprise Fund	\$ -	\$ 137,003
Endowment Fund	-	6,083
Enterprise Fund		
General Fund	137,003	-
Endowment Fund	6,083	-
	<u>\$ 143,086</u>	<u>\$ 143,086</u>

12. Long-Term Debt

Long-term debt consists of the following:

\$2,658,251 Promissory Note, dated December 28, 2011, due on January 1, 2017 with a fixed interest rate of 5.0%. The note requires fifty-nine monthly payments, beginning February 1, 2012, principal and interest of \$15,090 each, and one irregular last payment estimated at \$2,412,963 due on January 1, 2017. The note was refinanced in January 2017 with an initial principal balance of \$2,391,458, which extended the maturity date to January 1, 2019. The balance due on this loan at June 30, 2018 was \$2,289,866.

On January 1, 2019, the Authority refinanced the note with a \$2,118,656 Promissory Note, due on August 10, 2029 with a fixed interest rate of 5.5%. The note requires one hundred and twenty-eight monthly payments of varying amounts, beginning January 10, 2019, with a principal and interest payment of \$9,858. The balance due on the loan at June 30, 2019 was \$2,063,628.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

12. Long-Term Debt

Cash paid for interest was \$ 118,802 and \$113,807 during the years ended June 30, 2019 and 2018. Interest expense has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

A summary of long-term liability activity for the years ended June 30, 2019 and 2018 is as follows:

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2019</u>
Business-Type Activities				
Promissory Note, Dated December 28, 2011	\$ 2,289,866	\$ -	\$ 2,289,866	\$ -
Promissory Note, Dated January 1, 2019	<u>-</u>	<u>2,118,656</u>	<u>55,028</u>	<u>2,063,628</u>
Total	<u>\$ 2,289,866</u>	<u>\$ 2,118,656</u>	<u>\$ 2,344,894</u>	<u>\$ 2,063,628</u>

	<u>Balances July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2018</u>
Business-Type Activities				
Promissory Note, Dated December 28, 2011	\$ 2,356,197	\$ -	\$ 66,331	\$ 2,289,866

As of June 30, 2019, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 123,255	\$ 112,328
2021	137,864	104,787
2022	153,106	96,714
2023	169,659	86,758
2024	187,091	78,062
2025-2029	1,247,265	178,026
2030	<u>45,388</u>	<u>310</u>
	<u>\$ 2,063,628</u>	<u>\$ 656,985</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2019 and 2018

13. Accounts Receivable

The Authority records accounts receivable for naming rights in the year in which contracts with donors are signed. Amounts expected to be collected within one year are included in current year revenue, while amounts expected to be collected in subsequent years are deferred. As of June 30, 2019, expected collections for naming rights for each of the next five years and in the aggregate are:

<u>Year Ending June 30,</u>	
2020	\$ 15,000
2021	10,000
2022	5,000
2023	5,000
	<hr/>
	\$ 35,000

Since the Authority expects to collect all accounts receivable for naming rights within 5 years and any discount is likely immaterial, the Authority did not record a discount for long-term receivables.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Organization Data (Unaudited) June 30, 2019

Board of Directors

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Chairman	Robert Filotto	December 1, 2021
Vice Chairman	Jeff R. Pierson	December 1, 2021
Secretary	Kathleen K. Trizna	December 1, 2019
Treasurer	Donnie F. Chestnutt	December 1, 2019
Director	Joe P. Carlasare	December 1, 2021
Director	Jane Condon	December 1, 2021
Director	Thomas Osterberger	December 1, 2019
City Council Liaison	Pat Mudron	N/A

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Insurance Data (Unaudited) June 30, 2019

Below is a schedule of the Authority's insurance in effect at June 30, 2019.

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Property	Zurich American Insurance Company	4/2/2020
\$44,107,351	Property Coverage - Rialto Building, Terminal Building, Joliet Building Annex Building	
\$472,900	Personal Property	
\$3,000,000	Business Income	
\$500,000	Earth Movement	
\$500,000	Increased Cost of Construction	
Additional Coverages	Zurich American Insurance Company	4/2/2020

Additional coverages with varying amounts, include computer fraud, employee theft, and original information property.

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Insurance Data (Unaudited) June 30, 2019

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Operating Engineers Health Benefits	IUOE Local 399	Monthly
\$1,000,000	Personal and Advertising Injury Liability	
\$1,000,000	Non-owned and Hired Auto Liability	
\$500,000	Fire and Water Damage	
\$5,000	Each Personal Medical Limit	
\$10,000	Each Occurrence Medical Payment Limit	
<u>Building</u>	<u>Number of Tenants</u>	
Rialto Office Complex	6	



February 24, 2020

To the Board of Directors
Will County Metropolitan Exposition
and Auditorium Authority
Joliet, Illinois

Communication with Those Charged with Governance at the Conclusion of the Audit

We have audited the governmental activities, the business-type activities and each major fund of Will County Metropolitan Exposition and Auditorium Authority (the Authority) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated February 24, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 25, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and other matters noted during our audit in a separate letter to you dated February 24, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the useful lives of depreciable assets is based on historical experience. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have attached a list of adjustments at the end of this letter which were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 24, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Authority's auditors.

Substantial Doubt on the Entity's Ability to Continue as a Going Concern

The Authority has sustained substantial operating losses in previous and very recent years. We believe these losses create substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other schedules, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the board of directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Werner, Rogers, Donan & Ruzon, LLC

Client: 23915 - WCMEAA
Engagement: 23915 - WCMEAA
Period Ending: 6/30/2019
Trial Balance: 140.00 - Government Fund Trial Balance
Worksheet: 145.00 - Combined Journal Entries Report - WCMEAA
Fund Level: Fund Subtype
Index: PROJENT

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 2				
To record PY AJEs not posted - WCMEAA				
1610	Due From RSTF		5,000.00	
1610	Due From RSTF		3,750.00	
2460	Other Unearned Revenue		12,500.00	
3200	Members Equity		16,615.00	
3200	Members Equity		530.00	
3200	Members Equity		680.00	
1720	Equipment			680.00
1760	Construction In Process - RA			16,615.00
2510	Martin Business Bank 1357798			530.00
3200	Members Equity			5,000.00
3200	Members Equity			3,750.00
3200	Members Equity			12,500.00
Total			39,075.00	39,075.00
Adjusting Journal Entries JE # 6				
To agree unearned revenue balance to client's reconciliation				
4837	Other Reimbursed Event Expenses	2200.12	11,690.00	
2460	Other Unearned Revenue			11,690.00
Total			11,690.00	11,690.00
Adjusting Journal Entries JE # 7				
To record remaining receivable amount for naming rights agreements.				
1220	Rialto Theatre A/R	1250.01c	15,000.00	
1350	Other Receivables		20,000.00	
2430	Unearned COI Revenue			35,000.00
Total			35,000.00	35,000.00
Adjusting Journal Entries JE # 9				
To reconcile intercompany transfer accounts				
4200	Event Sponsorships	1200.01	132,750.00	
8200	RSTF Grants / Endowment Support			132,750.00
Total			132,750.00	132,750.00
Adjusting Journal Entries JE # 15				
To agree due to / due from balances to client schedule				
2610	Due to Foundation	1200.01	544,475.00	
2620	Ent Due to Artist Fee Fund		68,438.00	
1610	Due From RSTF			444,613.00
1620	A/F Fund Due from Enterprise			68,438.00
1630	A/F Fund Due from RSTF Endowment			21,286.00
8200	RSTF Grants / Endowment Support			78,576.00
Total			612,913.00	612,913.00
Adjusting Journal Entries JE # 20				
To record beginning equity				
4130	Rialto Theatre Rent	3006.02	14,129.00	
3200	Members Equity			14,129.00
Total			14,129.00	14,129.00
Adjusting Journal Entries JE # 21				
PBC entry to record 2019 variable management fee.				
7750	Variable Management Fee	2000.06	14,855.00	
2110	Accrued Accounts Payable			14,855.00
Total			14,855.00	14,855.00
Adjusting Journal Entries JE # 22				
PBC AJE for utility bill accrual				
7030	Electricity	2000.02	10,784.00	
2000	Accounts Payable			10,784.00
Total			10,784.00	10,784.00
Adjusting Journal Entries JE # 104				
To eliminate A/P balances that weren't truly liabilities at 6/30/19				
2110	Accrued Accounts Payable	2000.08	60,000.00	
2110	Accrued Accounts Payable		50,000.00	
2110	Accrued Accounts Payable		33,000.00	
7512	Repairs & Maintenance-Building			60,000.00
7512	Repairs & Maintenance-Building			50,000.00

Total

7520

Security & Fire Alarm System

Total Adjusting Journal Entries

Total All Journal Entries

	33,000.00
143,000.00	143,000.00
1,014,196.00	1,014,196.00
1,014,196.00	1,014,196.00

Client: 23915 - WCMEAA
Engagement: 23915 - WCMEAA
Period Ending: 6/30/2019
Trial Balance: 140.00 - Government Fund Trial Balance
Workpaper: 145.01 - Combined Journal Entries Report - General Fund
Fund Level: Fund
Index: 60

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
RSTF - To record PY AJEs not recorded			PY TB	
1215R	Gen Fund due from WCMEAA - A/R		19,232.00	
1612R	Gen Fund - Pledges Receivable		1,650.00	
3112R	Gen Fund - Unrestricted		6,768.00	
3112R	Gen Fund - Unrestricted		200.00	
3112R	Gen Fund - Unrestricted		2,000.00	
3112R	Gen Fund - Unrestricted		3,000.00	
3112R	Gen Fund - Unrestricted		26,947.00	
3112R	Gen Fund - Unrestricted		253.00	
7069R	Fundraising Expense		5,000.00	
1210R	Gen Fund - A/R			1,500.00
1612R	Gen Fund - Pledges Receivable			2,200.00
1612R	Gen Fund - Pledges Receivable			3,000.00
2111R	Gen Fund - Due to WCMEAA			5,000.00
2111R	Gen Fund - Due to WCMEAA			26,947.00
2112R	Gen Fund - Due to Endowment			6,768.00
3112R	Gen Fund - Unrestricted			150.00
3112R	Gen Fund - Unrestricted			19,232.00
3112R	Gen Fund - Unrestricted			253.00
Total			<u>65,050.00</u>	<u>65,050.00</u>
Adjusting Journal Entries JE # 3				
RSTF - To record 10% of star dues receivable			1100.06	
7120R	Endowment Grant to Gen Fund		8,596.00	
2112R	Gen Fund - Due to Endowment			8,596.00
Total			<u>8,596.00</u>	<u>8,596.00</u>
Adjusting Journal Entries JE # 4				
RSTF - To record restricted assets in JALB			1000.06b	
4116R	Gen Fund - Sponsorship Donation		5,968.00	
Total			<u>5,968.00</u>	<u>0.00</u>
Adjusting Journal Entries JE # 6				
RSTF - To correct Vol Fund Equity balance			PY TB	
3200R	Members Equity			47,346.00
Total			<u>0.00</u>	<u>47,346.00</u>
Adjusting Journal Entries JE # 9				
To reconcile intercompany transfer accounts			1200.01	
7121R	Donation/Sponsorship to WCMEAA		55,000.00	
7120R	Endowment Grant to Gen Fund			61,000.00
Total			<u>55,000.00</u>	<u>61,000.00</u>
Adjusting Journal Entries JE # 10				
AJE to reconcile due to/due from balances			1200.01	
2111R	Gen Fund - Due to WCMEAA		4,874.00	
7069R	Fundraising Expense		18,945.00	
1215R	Gen Fund due from WCMEAA - A/R			18,945.00
4116R	Gen Fund - Sponsorship Donation			4,874.00
Total			<u>23,819.00</u>	<u>23,819.00</u>
Adjusting Journal Entries JE # 13				
RSTF - To reclassify HFTH expenses to fundraising expense			130.03	
7069R	Fundraising Expense		27,966.00	
7910R	Wages			14,354.00
7930R	Outside Expenses			13,612.00
Total			<u>27,966.00</u>	<u>27,966.00</u>
Adjusting Journal Entries JE # 15				
To agree due to / due from balances to client schedule			1200.01	
2111R	Gen Fund - Due to WCMEAA		350,619.00	
2112R	Gen Fund - Due to Endowment		140,268.00	
2113R	Gen Fund - Due to Vol Fund		500.00	
6-1-90302R	GEN FUNG TRANSF FRM CAP CAMP		20,912.00	
7121R	Donation/Sponsorship to WCMEAA		70,000.00	
1215R	Gen Fund due from WCMEAA - A/R			111,000.00
1215R	Gen Fund due from WCMEAA - A/R			248,960.00
1651R	Des Oper - Due from WCMEAA			201,417.00
7121R	Donation/Sponsorship to WCMEAA			20,912.00
Total			<u>582,289.00</u>	<u>582,289.00</u>

Adjusting Journal Entries JE # 16

RSTF - to record beginning equity

3000.02

3200R Members Equity
Total

59,594.00	
<u>59,594.00</u>	<u>0.00</u>

Adjusting Journal Entries JE # 17

Entry to record pledges receivable

1200.02 RSTF

4112R Gen Fund - Donations
1612R Gen Fund - Pledges Receivable
Total

150.00	
	150.00
<u>150.00</u>	<u>150.00</u>

Adjusting Journal Entries JE # 18

To record volunteer fund expenditures booked to general fund expense accounts

3000.01-RSTF

7045R Catering
7046R Outside Expenses
7059R Advertising/Marketing
7060R Public Relations
7069R Fundraising Expense
7122R Fundraiser Donations
Total

	25.00
	3,621.00
	60.00
	180.00
	149.00
	<u>6,000.00</u>
<u>0.00</u>	<u>10,035.00</u>

Adjusting Journal Entries JE # 19

To record \$56,281 transfer from the general fund to the endowment fund

1200.01

2112R Gen Fund - Due to Endowment
Total

56,281.00	
<u>56,281.00</u>	<u>0.00</u>

Total Adjusting Journal Entries

<u>884,713.00</u>	<u>826,251.00</u>
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Total All Journal Entries

<u>884,713.00</u>	<u>826,251.00</u>
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Client: 23915 - WCMEAA
Engagement: 23915 - WCMEAA
Period Ending: 6/30/2019
Trial Balance: 140.00 - Government Fund Trial Balance
Worksheet: 145.02 - Combined Journal Entries Report - Agency Fund
Fund Level: Fund
Index: 70

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
RSTF - To record PY AJEs not recorded				
1430R	Vol Fund - Inventory		1,180.00	
3131R	Vol Fund - Restricted			1,180.00
Total			1,180.00	1,180.00
Adjusting Journal Entries JE # 5				
RSTF - To correct Vol Fund Equity balance				
3200.1R	Vol Fund - Members Equity		47,346.00	
Total			47,346.00	0.00
Adjusting Journal Entries JE # 8				
RSTF - To record souvenir inventory				
1430R	Vol Fund - Inventory		129.00	
7065R	Souvenir Expense			129.00
Total			129.00	129.00
Adjusting Journal Entries JE # 15				
To agree due to / due from balances to client schedule				
2131R	Vol Fund - Due to WCMEAA		23,063.00	
1631R	Vol Fund - Due from WCMEAA			1,651.00
1632R	Vol Fund - Due from Gen Fund			500.00
6-3-40102R	VOL GRANTS TO GENERAL FUND			20,912.00
Total			23,063.00	23,063.00
Adjusting Journal Entries JE # 18				
To record volunteer fund expenditures booked to general fund expense accounts				
7046.1R	Vol Fund - Outside Expenses		3,646.00	
7059.1R	Vol Fund - Advertising/Marketing		60.00	
7060.1R	Vol Fund - Public Relations		180.00	
7065.1R	Vol Fund - Fundraising Expense		6,149.00	
Total			10,035.00	0.00
Total Adjusting Journal Entries			81,763.00	24,372.00
Total All Journal Entries			81,763.00	24,372.00

Client: 23915 - WCMEAA
Engagement: 23915 - WCMEAA
Period Ending: 6/30/2019
Trial Balance: 140.00 - Government Fund Trial Balance
Worksheet: 145.03 - Combined Journal Entries Report - Endowment
Fund Level: Fund
Index: 80

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
RSTF - To record PY AJEs not recorded				
1023R	Endow FMB - Major 41-0337-01-8		87,306.00	
1622R	Endow Fund - Due From WCMEAA		6,000.00	
1623R	Endow Fund - Due from General F		6,768.00	
3122R	Endow Fund - Unrestricted		1,603.00	
3122R	Endow Fund - Unrestricted		5,797.00	
3122R	Endow Fund - Unrestricted		286.00	
3122R	Endow Fund - Unrestricted		1,518.00	
3122R	Endow Fund - Unrestricted		400.00	
3122R	Endow Fund - Unrestricted		1,000.00	
3122R	Endow Fund - Unrestricted		150.00	
1024R	Endow FMB - Major Restricted			87,306.00
1625R	Endow Fund - Pledges Receivable			400.00
1625R	Endow Fund - Pledges Receivable			1,000.00
1625R	Endow Fund - Pledges Receivable			150.00
1662R	JALB - HCF Restricted Portion			1,518.00
3122R	Endow Fund - Unrestricted			3,617.00
3122R	Endow Fund - Unrestricted			2,551.00
3122R	Endow Fund - Unrestricted			1,518.00
3122R	Endow Fund - Unrestricted			6,768.00
3200.2R	Endow Fund - Members Equity			6,000.00
Total			<u>110,828.00</u>	<u>110,828.00</u>
Adjusting Journal Entries JE # 3				
RSTF - To record 10% of star dues receivable				
1623R	Endow Fund - Due from General F	1100.06	8,596.00	
6-2-70012R	(r) ENDOW %AGE OF PRZRVTN DUES			8,596.00
Total			<u>8,596.00</u>	<u>8,596.00</u>
Adjusting Journal Entries JE # 4				
RSTF -To record restricted assets in JALB				
1662R	JALB - HCF Restricted Portion	1000.06b	5,968.00	
7085R	Trust Fees		271.00	
4161R	JALB Dividends			3,904.00
4162R	JALB Unrealized Appreciation/Depreciation			2,265.00
4163R	JALB Accrued Income			70.00
6-2-70202R	ENDOW FUNDRAISER INCOME			5,968.00
Total			<u>6,239.00</u>	<u>12,207.00</u>
Adjusting Journal Entries JE # 9				
To reconcile intercompany transfer accounts				
1623R	Endow Fund - Due from General F	1200.01	6,000.00	
6-2-40202R	ENDOW GRANT INT TO WCMEAA		6,000.00	
4121R	Endowment Interest Income			6,000.00
Total			<u>12,000.00</u>	<u>6,000.00</u>
Adjusting Journal Entries JE # 11				
RSTF - PBC AJE to record Endowment Investment activity				
1023R	Endow FMB - Major 41-0337-01-8		29,965.00	
4123R	Endowment Other Income from Inv		159.00	
4123R	Endowment Other Income from Inv		3,444.00	
7085R	Trust Fees		4,084.00	
4122R	Endowment Dividends			10,728.00
4123R	Endowment Other Income from Inv			22,699.00
4124R	Endowment Unrealized Gain/Loss			4,205.00
Total			<u>37,632.00</u>	<u>37,632.00</u>
Adjusting Journal Entries JE # 12				
RSTF - to record long-term restricted portion				
1024R	Endow FMB - Major Restricted	1100.06	56,142.00	
1023R	Endow FMB - Major 41-0337-01-8			56,142.00
Total			<u>56,142.00</u>	<u>56,142.00</u>
Adjusting Journal Entries JE # 14				
RSTF - to record activity in BMO endowment account				
1021.1R	Endow Chkg BMO # 0502003791		366.00	
4121R	Endowment Interest Income			366.00
Total			<u>366.00</u>	<u>366.00</u>
Adjusting Journal Entries JE # 15				

To agree due to / due from balances to client schedule

2020R	Endow Fund - Accounts Payable	30.00	
2121R	Endow Fund - Due to WCMEAA	70,931.00	
2123R	Endow Fund - Due to WCMEAA A/F	21,286.00	
6-2-40202R	ENDOW GRANT INT TO WCMEAA	29,488.00	
1621R	Endow Fund - A/R from Expendabl		30.00
1622R	Endow Fund - Due From WCMEAA		92,447.00
1623R	Endow Fund - Due from General F		29,258.00
Total		121,735.00	121,735.00

Adjusting Journal Entries JE # 16

3000.02

RSTF - to record beginning equity

3200.2R	Endow Fund - Members Equity		59,594.00
Total		0.00	59,594.00

Adjusting Journal Entries JE # 17

1200.02 RSTF

Entry to record pledges receivable

1625R	Endow Fund - Pledges Receivable	150.00	
4125R	Endowment Donations		150.00
Total		150.00	150.00

Adjusting Journal Entries JE # 19

1200.01

To record \$56,281 transfer from the general fund to the endowment fund

1623R	Endow Fund - Due from General F		56,281.00
Total		0.00	56,281.00

Total Adjusting Journal Entries

353,708.00

Total All Journal Entries

353,708.00



**Will County Metropolitan Exposition and
Auditorium Authority**

February 24, 2020

Wermer, Rogers, Doran & Ruzon, LLC
755 Essington Rd.
Joliet, IL 60435

Management Representation Letter

This representation letter is provided in connection with your audit of the financial statements, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund of the Will County Metropolitan Exposition and Auditorium Authority (the Authority) as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Authority in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 24, 2020.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 25, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Owners and Operators of the Rialto Square Complex

15 E. Van Buren Street, Joliet, Illinois 60432
Phone (815) 726-7171. Fax (815) 726-0352
www.rialtosquare.com

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- As part of your audit, you provided us with adjusting journal entries and you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- We have evaluated the entity's ability to continue as a going concern and appropriate disclosures are made in the financial statements as necessary under GASB requirements.
- Note 7 to the financial statements discloses all the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and management's plans, and our ability to achieve those plans.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Other Information in Relation to the Financial Statements as a Whole

With respect to the other information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the other information in accordance with accounting principles generally accepted in the United States of America.
- We believe the other information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the other information.
- When the other information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the other information no later than the date of issuance by the entity of the other information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the other information in any document containing the other information and that indicates the auditor reported on such other information.
- We acknowledge our responsibility to present the other information with the audited financial statements or, if the other information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the other information no later than the date of issuance by the entity of the other information and the auditor's report thereon.

Signature: _____

Karen L. Laro

Title: _____

Business Manager

