

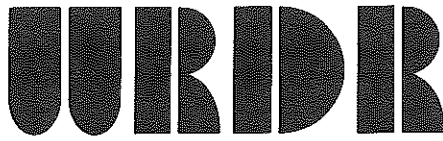
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**WILL COUNTY METROPOLITAN EXPOSITION AND  
AUDITORIUM AUTHORITY  
JOLIET, ILLINOIS  
(A MUNICIPAL CORPORATION)**

**COMPONENT UNIT  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
Will County Metropolitan Exposition  
and Auditorium Authority  
Joliet, Illinois 60432

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Will County Metropolitan Exposition and Auditorium Authority, a component unit of the City of Joliet, as of and for the year ended June 30, 2008, which collectively comprise Will County Metropolitan Exposition and Auditorium Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Will County Metropolitan Exposition and Auditorium Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of Will County Metropolitan Exposition and Auditorium Authority, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages three through ten is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Will County Metropolitan Exposition and Auditorium Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wernner, Rogers, Osburn + Ruppert, LLC*

January 30, 2009

# **WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY**

## **Management's Discussion And Analysis For The Year Ended June 30, 2008**

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 year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements, which begin on page 11.

### **FINANCIAL HIGHLIGHTS**

The Authority's net assets increased by \$404 thousand, or 9 percent as a result of this year's operations. Net assets of our governmental activities increased by \$89 thousand, or 5 percent while net assets of our business-type activities increased by \$315 thousand, or 12 percent.

During the year, the Authority's governmental activities had revenues of \$944 thousand as compared to revenues of \$568 thousand in the prior year. This represented increases in revenues of \$376 thousand or 66 percent. The Authority's governmental activities had expenditures of \$99 thousand for the current year as compared to \$79 thousand in the prior year. This represents a 24 percent increase over the prior year.

In the Authority's business-type activities, revenues increased from \$5.2 million to \$5.3 million or 2 percent while expenses decreased from \$5.8 million to \$5.7 million or 1 percent.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets (on page 11) and the Statement of Activities (on page 12) 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 13. 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 remaining statements provide financial information about the activities for which the Authority acts solely as a trustee or agent for the benefit of those outside of the government.

### **The Statement Of Net Assets And The Statement Of Activities**

Our analysis of the Authority as a whole begins on page 5. 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 Assets 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 assets* and changes in them. You can think of the Authority's net assets (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 assets 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 Year Ended June 30, 2008

In the Statement of Net Assets 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, School Of The Arts, 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 9. The fund financial statements begin on page 13 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 Board establishes many 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 Assets and the Statement of Activities) and governmental *funds* in a reconciliation to the right of 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 Assets 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.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Management's Discussion And Analysis For The Year Ended June 30, 2008

### The Authority As Trustee

#### Reporting The Authority's Fiduciary Responsibility

The Authority is the trustee, or fiduciary, for the Volunteers Fund. All of the Authority's fiduciary activities are reported in separate Statement of Fiduciary Net Assets on page 18. We exclude these activities from the Authority's other financial statements because the Authority cannot use these assets to finance its operations. The Authority is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### THE AUTHORITY AS A WHOLE

The Authority's combined net assets increased by about 9 percent – from \$4.44 million to \$4.84 million. Increases were seen in both the governmental activities and in the business-type activities. Business-type activities increased by about 5 percent while the governmental activities increased by about 12 percent. The increases in business type activity can be attributed to the operations of the Rialto Office Complex. The increase in the governmental activities can be attributed the capital campaign and grant funds. Our analysis below focuses on the net assets (Table1) and changes in net assets (Table 2) of the Authority's governmental and business-type activities:

Table 1 Net Assets (In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	2008	2007	2008	2007	2008	2007
Current And Other						
Assets	\$ 1,869	\$ 1,687	\$ 529	\$ 537	\$ 2,398	\$ 2,224
Noncurrent Assets	129	215	-	-	129	215
Capital Assets (Net)	-	-	3,815	3,305	3,815	3,305
Total Assets	1,998	1,902	4,344	3,842	6,342	5,744
Other Liabilities	64	56	1,435	1,249	1,499	1,305
Total Liabilities	64	56	1,435	1,249	1,499	1,305
Net Assets						
Invested In Capital						
Assets, Net Of						
Related Debt	-	-	3,773	3,305	3,773	3,305
Permanently Restricted	526	476	-	-	526	476
Temporarily Restricted	362	343	-	-	362	343
Unrestricted	1,046	1,027	(864)	(712)	182	315
Total Net Assets	\$ 1,934	\$ 1,846	\$ 2,909	\$ 2,593	\$ 4,843	\$ 4,439

## **WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY**

### **Management's Discussion And Analysis For The Year Ended June 30, 2008**

The net assets of the Authority's governmental activities increased by \$89 thousand. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$457 thousand. This decrease is attributable to transfers of \$757 thousand between the Rialto Square Theatre Corporation and the Will County Metropolitan Exposition and Auditorium Authority.

The net assets of the Authority's business-type activities increased by 12 percent (\$2.9 million compared to \$2.6 million). Unrestricted net assets decreased by \$152 thousand. The Authority generally can only use these net assets to finance the continuing operations of the Rialto Square Theatre, the Rialto Office Complex, Two Rialto Square, and the Renaissance Center.



# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Management's Discussion And Analysis For The Year Ended June 30, 2008

Table 2 Changes In Net Assets (In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Program Revenues:						
Charges For Services	\$ -	\$ -	\$ 4,173	\$ 4,462	\$ 4,173	\$ 4,462
Operating Grants And Contributions	473	220	1,119	746	1,592	966
Capital Grants And Contributions	468	254	-	-	468	254
General Revenues:						
Interest And Investment Earnings	3	94	8	11	11	105
Total Revenues	<u>944</u>	<u>568</u>	<u>5,300</u>	<u>5,219</u>	<u>6,244</u>	<u>5,787</u>
<b>Program Expenses</b>						
General Administration	15	14	-	-	15	14
Development And Sustaining	13	-	-	-	13	-
Corporate Circle	-	-	-	-	-	-
Fundraising	53	56	-	-	53	56
Capital Campaign And Endowment	18	9	-	-	18	9
Rialto Square Theatre	-	-	4,171	4,488	4,171	4,488
Rialto Office Complex	-	-	381	330	381	330
School Of The Arts	-	-	375	291	375	291
Two Rialto Square	-	-	814	697	814	697
Total Expenses	<u>99</u>	<u>79</u>	<u>5,741</u>	<u>5,806</u>	<u>5,840</u>	<u>5,885</u>
Excess Revenues Over (Under)						
Expenses Before Transfers	845	489	(441)	(587)	404	(98)
Transfers	<u>(757)</u>	<u>(61)</u>	<u>757</u>	<u>61</u>	<u>-</u>	<u>-</u>
Change In Net Assets	<u>88</u>	<u>428</u>	<u>316</u>	<u>(526)</u>	<u>404</u>	<u>(98)</u>
Net Assets Beginning	<u>1,846</u>	<u>1,418</u>	<u>2,593</u>	<u>3,119</u>	<u>4,439</u>	<u>4,537</u>
Net Assets Ending	<u>\$ 1,934</u>	<u>\$ 1,846</u>	<u>\$ 2,909</u>	<u>\$ 2,593</u>	<u>\$ 4,843</u>	<u>\$ 4,439</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Management's Discussion And Analysis For The Year Ended June 30, 2008

The Authority's total revenues increased by \$457 thousand or 8 percent. The total costs of all programs and services decreased by \$45 thousand or less than 1 percent. Our analysis that follows separately considers the operations of governmental and business-type activities.

### **Governmental Activities**

Revenues for the Authority's governmental activities increased by \$376 thousand or 66 percent while total expenses increased by \$20 thousand or 25 percent.

Table 3 presents the cost of each of the Authority's four 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 included professional fees, office expenses, trust fees, newspaper publications, and other miscellaneous expenses. Development and sustaining includes development expense and sustaining fund expense. Capital campaign and endowment includes all expenses related to the capital campaign and endowment acquisition. Fundraising includes School of the Arts fundraising expenses.

Table 3 Governmental Activities (In Thousands)

	Total Cost Of Services		Net Cost Of (Surplus From) Services	
	2008	2007	2008	2007
General Administrative	\$ 15	\$ 14	\$ (326)	\$ (69)
Development And Sustaining	13	1	13	1
Capital Campaign & Endowment	18	9	(491)	(296)
Fundraising	53	56	(37)	(30)
Totals	\$ 99	\$ 80	\$ (841)	\$ (394)

### **Business-Type Activities**

Revenues of the Authority's business-type activities (see Table 2) increased by \$81 thousand or 2 percent while expenses decreased by \$65 thousand or 1 percent. The Authority's business-type activities are comprised of four separate and distinct activities: these activities are Rialto Square Theatre, Rialto Office Complex, School of the Arts, and Two Rialto Square.

Operating revenue from the Rialto Square Theatre decreased by \$361 thousand or 9 percent, while operating costs decreased by \$318 thousand or 7 percent. The revenue decrease is mostly attributable to ticket income which decreased from \$2.7 million to \$2.3 million. The expense decrease is mostly attributable to artist fees which decreased from \$1.1 million to \$488 thousand.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Management's Discussion And Analysis For The Year Ended June 30, 2008

Operating revenue from the Rialto Office Complex increased by \$5 thousand or 5 percent while expenses increased by \$52 thousand or 16 percent. The cost increase is mostly attributable to increased utility costs from \$52 thousand to \$95 thousand.

Operating revenue from the School Of The Arts increased by \$84 thousand or 150 percent while expenses also increased by \$84 thousand or 29 percent. The revenue increase is mostly attributable to school matinee income included in the current year of \$66 thousand and an increase in tuition revenue of \$24 thousand or 54 percent.

Operating revenue from Two Rialto Square decreased by \$17 thousand or 4 percent while expenses increased by \$115 thousand or 17 percent. The cost increase is mostly attributable to increases in general maintenance and repairs of \$159 thousand (mostly for elevator repairs). Funding was provided by the City of Joliet to pay for those costs.

### THE AUTHORITY'S FUNDS

As the Authority completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$1.9 million, which is above last year's total of \$1.8 million. The Authority's governmental funds also experienced an increase of \$17 thousand in their cash and investments.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### **Capital Assets**

At June 30, 2008, the Authority had \$3.8 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, In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ -	\$ -	\$ 581	\$ 581	\$ 581	\$ 581
Buildings	-	-	1,507	831	1,507	831
Building Improvements	-	-	1,007	1,116	1,007	1,116
Furniture And Equipment	-	-	648	694	648	694
Construction In Progress	-	-	72	83	72	83
Totals	\$ -	\$ -	\$ 3,815	\$ 3,305	\$ 3,815	\$ 3,305

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# **WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY**

## **Management's Discussion And Analysis For The Year Ended June 30, 2008**

This year's major additions included the following (in thousands):

Window Replacement	\$	281
Carpeting		256
Painting and Decorating		345
Paint Auditorium		17
Wall Coverings		22
	<u>\$</u>	<u>921</u>

More detailed information about the Authority's capital assets is presented in Note 4 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, and 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 Corporation*

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

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Net Assets June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 551,005	\$ 568,417	\$ 1,119,422
Investments	733,436	-	733,436
Accounts Receivable	-	63,236	63,236
Pledges Receivable - Current	233,216	-	233,216
Accrued Interest Receivable	124	81	205
Due From Fiduciary Funds	-	11,509	11,509
Prepaid Expenses	-	189,964	189,964
Grant Advance	11,004	-	11,004
Internal Balances	340,172	( 340,172)	-
Inventory	-	36,184	36,184
	<u>1,868,957</u>	<u>529,219</u>	<u>2,398,176</u>
Total Current Assets			
<b>Noncurrent Assets:</b>			
Pledges Receivable - Non Current	129,480	-	129,480
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	1,506,893	1,506,893
Building Improvements	-	1,007,000	1,007,000
Furniture And Equipment	-	647,907	647,907
Construction In Progress	-	72,192	72,192
	<u>129,480</u>	<u>3,814,729</u>	<u>3,944,209</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 1,998,437</u>	<u>\$ 4,343,948</u>	<u>\$ 6,342,385</u>

See Accompanying Notes To The Basic Financial Statements.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable And Accrued Expenses	\$ 2,500	\$ 361,344	\$ 363,844
Accrued Payroll And Benefits	-	120,099	120,099
Line Of Credit - Current Portion		1,597	1,597
Accrued Interest Payable	56,355	-	56,355
Deferred Revenue	5,099	820,463	825,562
Due To Fiduciary Funds	-	4,406	4,406
Other	-	87,192	87,192
Total Current Liabilities	<u>63,954</u>	<u>1,395,101</u>	<u>1,459,055</u>
<b>Noncurrent Liabilities</b>			
Line Of Credit	<u>-</u>	<u>40,030</u>	<u>40,030</u>
Total Noncurrent Liabilities	<u>-</u>	<u>40,030</u>	<u>40,030</u>
Total Liabilities	<u>63,954</u>	<u>1,435,131</u>	<u>1,499,085</u>
<b>NET ASSETS</b>			
Investment In Capital Assets, Net Of Related Debt	-	3,773,102	3,773,102
Restricted For Permanent Funds	525,624	-	525,624
Temporarily Restricted	362,696	-	362,696
Unrestricted	<u>1,046,163</u>	<u>( 864,285)</u>	<u>181,878</u>
Total Net Assets	<u>1,934,483</u>	<u>2,908,817</u>	<u>4,843,300</u>
Total Liabilities And Net Assets	<u>\$ 1,998,437</u>	<u>\$ 4,343,948</u>	<u>\$ 6,342,385</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Activities  
For The Year Ended June 30, 2008

Functions / Programs	Expenses	Program Charges For Services
Governmental Activities:		
General Administration	\$ 14,904	\$ -
Development And Sustaining	12,589	-
Capital Campaign And Endowment	18,001	-
Fundraising	53,224	-
Total Governmental Activities	98,718	-
Business-Type Activities:		
Rialto Square Theatre	4,170,924	3,487,982
Rialto Office Complex	381,482	99,849
School Of The Arts	374,513	139,715
Two Rialto Square	813,703	445,129
Total Business-Type Activities	5,740,622	4,172,675
Total	\$ 5,839,340	\$ 4,172,675

See Accompanying Notes To The 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
\$ 341,389	\$ -	\$ 326,485	\$ -	\$ 326,485
-	-	( 12,589)	-	( 12,589)
41,475	467,629	491,103	-	491,103
89,834	-	36,610	-	36,610
<u>472,698</u>	<u>467,629</u>	<u>841,609</u>	<u>-</u>	<u>841,609</u>
38,720	-	-	( 644,222)	( 644,222)
1,080,297	-	-	798,664	798,664
-	-	-	( 234,798)	( 234,798)
-	-	-	( 368,574)	( 368,574)
<u>1,119,017</u>	<u>-</u>	<u>-</u>	<u>( 448,930)</u>	<u>( 448,930)</u>
\$ 1,591,715	\$ 467,629	841,609	( 448,930)	392,679
General Revenues:				
Interest And Investment Earnings		( 15,251)	7,549	( 7,702)
Other Income		18,987	-	18,987
Transfers		( 756,756)	756,756	-
Total General Revenues And Transfers		( 753,020)	764,305	11,285
Change In Net Assets		<u>88,589</u>	<u>315,375</u>	<u>403,964</u>
Net Assets - Beginning As Previously Reported		1,845,894	3,592,378	5,438,272
Prior-Period Adjustment		-	( 998,936)	( 998,936)
Net Asset - Beginning As Restated		<u>1,845,894</u>	<u>2,593,442</u>	<u>4,439,336</u>
Net Assets - Ending		<u>\$ 1,934,483</u>	<u>\$ 2,908,817</u>	<u>\$ 4,843,300</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Governmental Funds Balance Sheet June 30, 2008

	General Fund	Endowment Fund (Nonexpendable Portion)	Other Governmental Funds
<b>ASSETS</b>			
Cash	\$ 462,978	\$ 18,170	\$ 69,857
Investments	203,033	439,221	91,182
Pledges Receivable	362,696	-	-
Accrued Interest Receivable	-	-	124
Grant Advance	11,004	-	-
Internal Receivables	682,667	68,233	-
	<u>1,722,378</u>	<u>525,624</u>	<u>161,163</u>
Total Assets	<u>\$ 1,722,378</u>	<u>\$ 525,624</u>	<u>\$ 161,163</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	\$ -	\$ -	\$ 56,355
Accounts Payable	2,500	-	-
Deferred Revenue	5,000	-	99
Internal Payables	410,698	-	30
	<u>418,198</u>	<u>-</u>	<u>56,484</u>
Total Liabilities	<u>418,198</u>	<u>-</u>	<u>56,484</u>
<b>FUND BALANCES</b>			
Restricted For Endowments	-	525,624	-
Temporarily Restricted	362,696	-	-
Unreserved, Reported In:			
General Fund	941,484	-	-
Special Revenue Fund	-	-	100,451
Debt Service Fund	-	-	4,228
	<u>1,304,180</u>	<u>525,624</u>	<u>104,679</u>
Total Fund Balance	<u>1,304,180</u>	<u>525,624</u>	<u>104,679</u>
Total Liabilities And Fund Balance	<u>\$ 1,722,378</u>	<u>\$ 525,624</u>	<u>\$ 161,163</u>

See Accompanying Notes To The Basic Financial Statements.

Reconciliation Of Governmental Funds Balance Sheet  
To Statement Of Net Assets  
June 30, 2008

<b>Total Governmental Funds</b>			
\$	551,005	Total Fund Balance - Governmental Funds	1,934,483
	733,436		
	362,696		
	124	<i>Amounts reported for governmental activities in the</i>	
	11,004	<i>Statement Of Net Assets are currently the same as</i>	
	750,900	<i>amounts reported in this statement</i>	-
<hr/>			
\$	2,409,165	Net Assets Of Governmental Activities	\$ 1,934,483
<hr/>			
\$	56,355		
	2,500		
	5,099		
	410,728		
<hr/>			
	474,682		
<hr/>			
	525,624		
	362,696		
	941,484		
	100,451		
	4,228		
<hr/>			
	1,934,483		
<hr/>			
\$	2,409,165		
<hr/>			

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Revenue, Expenditures, And Changes In Fund Balance Governmental Funds For The Year Ended June 30, 2008

	<b>General Fund</b>	<b>Endowment Fund (Nonexpendable Portion)</b>
<b>Revenue</b>		
Fundraiser	\$ 81,618	\$ -
Grants	12,000	-
Government Grants	247,500	-
Sustaining Fund	81,889	-
Endowment Donations	-	41,475
Improvement Donations	455,269	-
Capital Campaign Fundraiser Donations	12,360	-
Preservation Dues	-	8,216
Dividends	866	-
Other Income	5,823	-
Interest	7,703	-
Unrealized Gain (Loss) On Investments	( 8,556)	-
<b>Total Revenue</b>	<u>896,472</u>	<u>49,691</u>
<b>Expenditures</b>		
Fundraising	53,224	-
Capital Campaign Expense	18,001	-
Professional Fees	3,600	-
Office Supplies	1,792	-
Development Expense	315	-
Sustaining Fund Expense	12,274	-
Miscellaneous	529	-
Trust Fees	2,768	-
<b>Total Expenditures</b>	<u>92,503</u>	<u>-</u>
<b>Excess Of Revenue Over (Under) Expenditures</b>	<u>803,969</u>	<u>49,691</u>
<b>Other Financing (Uses)</b>		
Transfers	( 723,215)	-
<b>Total Other Financing (Uses)</b>	<u>( 723,215)</u>	<u>-</u>
<b>Excess Of Revenue Over (Under) Expenditures And Other Financing Uses</b>	80,754	49,691
<b>Fund Balance, Beginning Of Year</b>	<u>1,223,426</u>	<u>475,933</u>
<b>Fund Balance, End Of Year</b>	<u>\$ 1,304,180</u>	<u>\$ 525,624</u>

See Accompanying Notes To The Basic Financial Statements.

Reconciliation Of The Statement Of Revenues,  
Expenditures And Changes In Fund Balance Of  
Governmental Funds To The Statement Of Activities  
For The Year Ended June 30, 2008

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 81,618
-	12,000
-	247,500
-	81,889
-	41,475
-	455,269
-	12,360
-	8,216
-	866
13,164	18,987
6,340	14,043
( 21,604)	( 30,160)
( 2,100)	944,063
-	53,224
-	18,001
-	3,600
-	1,792
-	315
-	12,274
-	529
6,215	8,983
6,215	98,718
( 8,315)	845,345
( 33,541)	( 756,756)
( 33,541)	( 756,756)
( 41,856)	88,589
146,535	1,845,894
\$ 104,679	\$ 1,934,483

Net Change In Fund Balance - Governmental Funds	\$	88,589
<i>Amounts reported for governmental activities in the Statement Of Activities are currently the same as amounts reported in this statement.</i>		
		-
Change In Net Assets Of Governmental Funds	\$	<u>88,589</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Net Assets Proprietary Fund June 30, 2008

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash And Cash Equivalents	\$ 568,417
Receivables - Trade	63,236
- Accrued Interest	81
Due From Fiduciary Funds	11,509
Prepaid Expenses	189,964
Internal Receivables	369,298
Inventory	<u>36,184</u>
Total Current Assets	<u>1,238,689</u>
<b>Noncurrent Assets</b>	
Capital Assets	
Land	580,737
Buildings	13,797,793
Building Improvements	2,122,039
Furniture And Equipment	972,361
Construction In Progress	<u>72,192</u>
	17,545,122
Accumulated Depreciation	<u>13,730,393</u>
Total Capital Assets	<u>3,814,729</u>
Total Noncurrent Assets	<u>3,814,729</u>
Total Assets	<u>\$ 5,053,418</u>

See Accompanying Notes To The Basic Financial Statements.

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable And Accrued Expenses	\$ 361,344
Accrued Payroll And Benefits	120,099
Line Of Credit - Current Portion	1,597
Deferred Revenue	820,463
Due To Fiduciary Funds	4,406
Internal Payables	709,470
Other	<u>87,192</u>
Total Current Liabilities	<u>2,104,571</u>
<b>Noncurrent Liabilities</b>	
Line Of Credit	<u>40,030</u>
Total Noncurrent Liabilities	<u>40,030</u>
Total Liabilities	<u>2,144,601</u>
<b>NET ASSETS</b>	
Invested In Capital Assets, Net Of Related Debt	3,773,102
Unrestricted	( <u>864,285</u> )
Total Net Assets	<u>2,908,817</u>
Total Liabilities And Net Assets	<u>\$ 5,053,418</u>

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# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Revenue, Expense, And Changes In Net Assets Proprietary Fund For The Year Ended June 30, 2008

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
<b>Operating Revenue</b>	
Rentals And Reimbursements - Office And Commercial	\$ 525,720
Theatre Related Revenue	3,573,722
Other	73,233
Total Operating Revenue	<u>4,172,675</u>
<b>Operating Expense</b>	
Salaries	1,351,730
Benefits	278,886
Professional Services	21,762
Advertising And Promotion	480,713
Administrative	118,291
Insurance	187,405
Real Estate Expense	794
Custodial And Maintenance	431,500
Utilities	372,787
Artist Fees	516,274
House Expense	301,819
Production Expense	1,275,446
Depreciation	400,784
Total Operating Expense	<u>5,738,191</u>
Operating (Loss)	( 1,565,516)
<b>Non Operating Revenue (Expense)</b>	
Interest Income	7,549
Interest Expense	( 2,431)
Support From City Of Joliet	1,080,297
In-Kind Contributions	<u>38,720</u>
Total Non Operating Revenue	<u>1,124,135</u>
Net (Loss) Before Transfers	( 441,381)
<b>Transfer In</b>	<u>756,756</u>
Net Income	<u>315,375</u>
<b>Total Net Assets, Beginning Of Year As Previously Reported</b>	<u>3,592,378</u>
<b>Prior-Period Adjustment</b>	( 998,936)
<b>Total Net Assets, Beginning Of Year As Restated</b>	<u>2,593,442</u>
<b>Total Net Assets, End Of Year</b>	<u>\$ 2,908,817</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Cash Flows Proprietary Fund For The Year Ended June 30, 2008

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
<b>Cash Flows From Operating Activities</b>	
Cash Received From Customers	\$ 4,398,780
Cash Paid To Suppliers For Goods And Services	( 3,669,378)
Cash Payments For Employees Services	( 1,629,357)
Net Payments From Other Funds	( 2,034)
Net Cash (Used In) Operating Activities	( 901,989)
<b>Cash Flows From Noncapital Financing Activities</b>	
Support From The City Of Joliet	1,080,297
Transfers From Other Funds	756,756
Net Cash Provided By Noncapital Financing Activities	1,837,053
<b>Cash Flows From Capital And Related Financing Activities</b>	
Purchases Of Capital Assets	( 910,822)
Proceeds From Line Of Credit	50,000
Payments On Line Of Credit	( 8,373)
Payments Of Interest	( 2,431)
Net Cash (Used In) Capital And Related Financing Activities	( 871,626)
<b>Cash Flows From Investing Activities</b>	
Interest Received On Investments	7,957
Net Cash Provided By Investing Activities	7,957
Net Increase In Cash	71,395
Cash, Beginning Of Year	497,022
Cash, End Of Year	\$ 568,417

See Accompanying Notes To The Basic Financial Statements.

	<b>Business-Type Activities</b> <hr/> <b>Enterprise Fund</b> <hr/>
Reconciliation Of Operating (Loss) To Net Cash (Used In) Operating Activities	
Operating (Loss)	(\$ 1,565,516)
Adjustments To Reconcile Operating (Loss) To Net	
Cash (Used In) Operating Activities	
Depreciation	400,784
In-Kind Contributions	38,720
Changes In Assets And Liabilities	
Receivables	17,933
Due From Fiduciary Funds	( 2,101)
Prepaid Expenses	( 19,847)
Internal Receivables	( 87,459)
Inventory	( 12,682)
Accounts Payable And Accrued Expenses	41,885
Accrued Payroll And Benefits	1,262
Deferred Revenue	111,944
Due To Fiduciary Funds	66
Internal Payables	183,684
Other Payables	( 10,662)
Total Adjustments	<hr/> 663,527
Net Cash (Used In) Operating Activities	(\$ <u>901,989</u> )

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Statement Of Net Assets Fiduciary Funds June 30, 2008

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 100,160
Inventory	5,807
Due From WCMEAA	<u>4,406</u>
Total Assets	<u>\$ 110,373</u>
<b>LIABILITIES</b>	
Due To WCMEAA	\$ 1,509
Due To Volunteers	<u>98,864</u>
Total Liabilities	<u>\$ 100,373</u>

# **WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY**

Notes To Basic Financial Statements  
June 30, 2008

## **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 financial statements of the Authority are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP). USGAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Authority the option of electing to apply FASB pronouncements issued after November 30, 1989. The Authority has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

### ***Financial Reporting Entity***

Accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board, defines a financial reporting entity and other entities that qualify as potential component units. The criterion for an entity to be a component unit of another entity (primary government) is for that primary government entity to have responsibility to oversee, this responsibility includes but is not limited to the following considerations: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; accountability for fiscal matters; the scope of an organization's public service; and/or special financing relationships.

Based on the above criterion, the Will County Metropolitan Exposition And Auditorium Authority, for the year ended June 30, 2008, has met the definition as 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 governing authority; ability to significantly influence operations; and accountability for financial matters.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 1. Summary Of Significant Accounting Policies

### *Blended Component Units*

These component units are legally separate entities from the Authority, but are so intertwined with the Authority that they are, in substance, the same as the Authority. The component unit's funds are blended into those of the Authority's by appropriate activity type to compose the reporting entity presentation.

### *Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Authority has no discretely presented component units.

### **Blended Component Unit**

The blended component unit included in this report was selected using positive criteria. The Rialto Square Theatre Corporation (Corporation) is included as a blended component unit due to the Authority's ability to significantly influence operations, fiscal accountability, and substantially the same governing board. The Authority did not omit from the financial statements any board or agency that met any inclusion criteria.

### ***Basis Of Presentation***

#### *Government-Wide Financial Statements*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. 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 three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. 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

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 1. Summary Of Significant Accounting Policies

- 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.

**Endowment Fund Non-expendable Portion (Major Fund)** - The Board of Directors of the RSTC established the Rialto Square Theatre Endowment Fund on January 1, 1989. The fund is to be supported through public gifts and contributions. Principal cannot be used or invaded for any purpose other than those specified by the donor. This fund is classified as a permanent fund.

**Endowment Fund Expendable Portion (Nonmajor Fund)** - This fund is used to account for the unrestricted portion of the Rialto Square Theatre Endowment Fund. The balance in this fund represents earnings on the endowment fund that have not been expended or transferred to another fund. This fund is classified as a special revenue fund.

**Debt Service Fund (Nonmajor Fund)** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

### *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.

**Enterprise Fund** - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 1. Summary Of Significant Accounting Policies

### *Fiduciary Funds (Not Included In Government-Wide Statements)*

Fiduciary funds are used to account for assets held by the Authority in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds.

**Agency Funds** - Agency Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The following are included as agency funds:

### *Volunteers Fund*

The Board of Directors of the Rialto Square Theatre Corporation (RSTC) established the Rialto Square Theatre Volunteers Organization and Fund. The purpose of the organization is to provide volunteer manpower and to promote and support the programs of the Rialto Square Theatre. The income generated is transferred to the Will County Metropolitan Exposition And Auditorium Authority to be used as directed by the Volunteer Board of Directors.

### ***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 Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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 funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (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 assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.



# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 1. Summary Of Significant Accounting Policies

### *Basis Of Accounting*

#### Government-Wide Financial Statements

In the government-wide Statement of Net Assets 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 assets are reported as restricted when constraints placed on net asset 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.

#### Fund Financial Statements

Fund financial statements report detailed information about the Authority. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting on funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

#### 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 collectable 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, 2008

### 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.

#### *Capital Assets*

Capital assets are stated on the basis of historical cost. Major capital asset additions are financed primarily from bond 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 \$2,500 for 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 proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives of 5 to 50 years using the straight-line method.

#### *Budgets*

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

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Notes To Basic Financial Statements June 30, 2008

### 1. Summary Of Significant Accounting Policies

#### *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 costs, 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.

#### *Deferred Revenue*

Deferred revenue at June 30, 2008 consists of theatre deposits, rotunda deposits, gift certificates, tickets on account, 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.

#### *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.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Notes To Basic Financial Statements June 30, 2008

### 2. Cash And Investments

#### *Deposits*

At June 30, 2008, the carrying amount of the Authority's deposit was \$1,078,282 and the bank balance was \$974,962.

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. As of June 30, 2008, all of the Authority's bank balances were insured or fully collateralized.

Concentration of Credit Risk. – The Authority places no limit on the amount it may invest in any one issuer. At June 30, 2008, the Authority held investments in six mutual funds (three 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:

- 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.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 2. Cash And Investments

### *Investments*

Investments are carried at fair value. Unrealized losses were \$30,160. All investments are expected to be held until maturity.

	<u>Fair Value</u>	<u>% Of Total Investments</u>
U.S. Treasury Money Market Fund	\$ 63,273	7.29%
Harris Government Money Market Fund	119,247	13.73%
E Trade Deposit Account	15,753	1.81%
First Midwest Fixed Income Common Fund	268,398	30.91%
First Midwest Equity Common Fund	<u>401,765</u>	<u>46.26%</u>
 Total Investments	 <u>\$ 868,436</u>	 <u>100.00%</u>

A reconciliation of the Authority's cash and investment balances as reported in the statements of net assets and the deposits and investments presented in this note is as follows:

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
<u>Reported As Cash:</u>			
Savings And Demand			
Deposit Accounts	\$ 1,022,753	\$ -	\$ 1,022,753
Certificates Of Deposit	43,718	-	43,718
Money Market Funds	11,811	135,000	146,811
Cash On Hand	-	-	6,300
Total Reported As Cash	<u>1,078,282</u>	<u>135,000</u>	<u>1,219,582</u>
 <u>Reported As Investments:</u>			
U.S. Treasury Money Market	-	63,273	63,273
Mutual Funds	-	670,163	670,163
Total Reported As Investments	<u>-</u>	<u>733,436</u>	<u>733,436</u>
 Total Cash And Investments	 <u>\$ 1,078,282</u>	 <u>\$ 868,436</u>	 <u>\$ 1,953,018</u>
 <u>Reconciliation Of Cash:</u>			
Statement Of Net Assets Page 11	\$ 1,119,422		
Fiduciary Funds Page 18	<u>100,160</u>		
	<u>\$ 1,219,582</u>		

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Notes To Basic Financial Statements June 30, 2008

### 3. Compensated Absences

Employees of the Authority are entitled to paid vacation, sick and personal days off. Sick and personal time does not accrue from year to year and is only paid if used. The liability for earned but unpaid vacation of \$37,626 has been recorded in the accompanying financial statements.

### 4. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balances July 1, 2007	Additions	Deletions	Balances June 30, 2008
<b>Business-Type Activities</b>				
<i>Not Being Depreciated</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction In Process	<u>82,863</u>	<u>72,192</u>	<u>82,863</u>	<u>72,192</u>
Subtotal	663,600	72,192	82,863	652,929
<i>Other Capital Assets</i>				
Buildings	12,876,299	921,494	-	13,797,793
Building Improvements	2,122,039	-	-	2,122,039
Furniture And Equipment	<u>972,361</u>	<u>-</u>	<u>-</u>	<u>972,361</u>
Total At Historical Cost	<u>16,634,299</u>	<u>993,686</u>	<u>82,863</u>	<u>17,545,122</u>
Less Accumulated Depreciation For:				
Buildings	12,045,046	245,854	-	12,290,900
Building Improvements	1,005,974	109,065	-	1,115,039
Furniture And Equipment	<u>278,589</u>	<u>45,865</u>	<u>-</u>	<u>324,454</u>
Total Accumulated Depreciation	<u>13,329,609</u>	<u>400,784</u>	<u>-</u>	<u>13,730,393</u>
Net Property And Equipment	<u>\$ 3,304,690</u>	<u>\$ 592,902</u>	<u>\$ 82,863</u>	<u>\$ 3,814,729</u>

### 5. 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 \$1.80 per hour through January 1, 2008 and then \$2.00 per hour through June 30, 2008 up to 40 hours a week, for the participants, and payments to CPF totaled \$15,613.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Notes To Basic Financial Statements June 30, 2008

### 6. Going Concern

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. However, the Authority has sustained substantial operating losses in recent years.

The management of the Authority is currently taking action to improve the profitability of the Authority. Management's plans include: cost containment policies, corporate sponsorship programs, development of annual budget, rate revisions and the creation of S.T.A.R. (Special Treatment at Rialto). Management believes that these endeavors along with others will provide the opportunity for the Authority to continue as a going concern.

### 7. 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 effect on the Authority's programs and activities.

### 8. Leases

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

Following is a summary of property on lease at June 30, 2008:

Buildings	\$ 6,831,957
Leaseholds Improvements	<u>1,001,522</u>
	7,833,479
Less Accumulated Depreciation	<u>5,669,148</u>
	<u>\$ 2,164,331</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2008 for each of the next five years and in the aggregate are:

2009	\$ 534,878
2010	306,062
2011	273,775
2012	168,172
2013	<u>17,695</u>
	<u>\$ 1,300,582</u>

Rent expense for the year ending June 30, 2008 was \$78,399.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Notes To Basic Financial Statements

June 30, 2008

### 9. Segment Information For Enterprise Fund

#### Condensed Statement Of Net Assets

Current Assets	\$	1,238,689
Capital Assets (Net)		<u>3,814,729</u>
Total Assets	\$	<u>5,053,418</u>
Current Liabilities	\$	2,104,571
Noncurrent Liabilities		<u>40,030</u>
Total Liabilities		<u>2,144,601</u>
Net Assets:		
Invested In Capital Assets, Net Of Related Debt		3,773,102
Unrestricted		<u>(864,285)</u>
Total Net Assets		<u>2,908,817</u>
Total Liabilities And Net Assets	\$	<u>5,053,418</u>



# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 9. Segment Information For Enterprise Fund

### ***Condensed Statement Of Revenues, Expenses And Changes In Net Assets***

Operating Revenue	\$ 4,172,675
Operating Expenses	5,337,407
Depreciation	<u>400,784</u>
	5,738,191
Operating (Loss)	(1,565,516)
Nonoperating Revenue	1,124,135
Transfers In	<u>756,756</u>
Change In Net Assets	315,375
Net Assets, Beginning As Previously Reported	3,592,378
Prior Period Adjustment	<u>(998,936)</u>
Net Assets, Beginning As Restated	<u>2,593,442</u>
Net Assets, End Of Year	\$ <u>2,908,817</u>

### ***Condensed Statement Of Cash Flows***

Net Cash Provided By (Used In)	
Operating Activities	\$ (901,989)
Noncapital Financing Activities	1,837,053
Capital And Related Financing Activities	(871,626)
Investing Activities	<u>7,957</u>
Net (Decrease) In Cash	71,395
Cash, Beginning Of Year	<u>497,022</u>
Cash, End Of Year	\$ <u>568,417</u>

### ***Goods And Services Provided***

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

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 10. Interfund Balances And Transfers

At June 30, 2008, interfund balances were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
<b>Major Funds</b>		
<b>General Fund</b>		
Enterprise Fund	\$ 682,667	\$ 369,298
Endowment Fund (Nonexpendable Portion)	-	41,400
<b>Enterprise Fund</b>		
General Fund	369,298	682,667
Endowment Fund (Nonexpendable Portion)	-	26,803
<b>Endowment Fund (Nonexpendable Portion)</b>		
General Fund	41,400	-
Enterprise Fund	26,803	-
Endowment Fund (Expendable Portion)	-	30
<b>Nonmajor Fund</b>		
<b>Endowment Fund (Expendable Portion)</b>		
Endowment Fund (Nonexpendable Portion)	30	-
Grand Total	<u>\$ 1,120,198</u>	<u>\$ 1,120,198</u>

Interfund Transfers during the year ended June 30, 2008 were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Enterprise Fund	\$ -	\$ 756,756
<b>Enterprise Fund</b>		
General Fund	756,756	-
	<u>\$ 756,756</u>	<u>\$ 756,756</u>

## 11. Long-Term Debt

Long-term debt at June 30, 2008 consists of the following:

A revolving line of credit was signed on April 12, 2007 with First Community Bank for the build-out of a tenant in Two Rialto Square in the amount of \$50,000. The loan is due on June 12, 2012 with a fixed interest rate of 4.458%. The balance at June 30, 2008 was \$41,627.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements  
June 30, 2008

## 11. Long-Term Debt

Cash paid for interest was \$2,431 during the year ended June 30, 2008.

Debt repayment for the following five years and in total is as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2009	\$ 9,492
June 30, 2010	9,943
June 30, 2011	10,396
June 30, 2012	11,796
	<u>\$ 41,627</u>

## 12. Prior Period Adjustment

Several years ago the WCMEAA had recorded an intergovernmental receivable from the City of Joliet in the amount of \$998,936. This represented a beneficial interest from the City of the Joliet for the top floor of deck A and deck B of the parking facilities adjacent to the Rialto Theatre. Through mutual consent, the WCMEAA and City of Joliet have agreed that part of the consideration received from the City of Joliet in prior years and recorded as grant revenue by WCMEAA should be reclassified as repayment of the intergovernmental receivable. As a result, a prior period adjustment to the Authority's proprietary fund's net assets in the amount of \$998,936 has been made. This adjustment has no effect on the current year's operating results.

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Combining Balance Sheet  
All Nonmajor Governmental Funds  
June 30, 2008

	<u>Special Revenue Fund</u>		
	<u>Endowment Fund Expendable Portion</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 9,393	\$ 60,464	\$ 69,857
Investments	91,182	-	91,182
Accrued Interest Receivable	<u>5</u>	<u>119</u>	<u>124</u>
Total Assets	<u>\$ 100,580</u>	<u>\$ 60,583</u>	<u>\$ 161,163</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deferred Revenue	\$ 99	\$ -	\$ 99
Accrued Interest Payable	-	56,355	56,355
Internal Payables	<u>30</u>	<u>-</u>	<u>30</u>
Total Liabilities	<u>129</u>	<u>56,355</u>	<u>56,484</u>
<b>Fund Balance</b>			
Unreserved	<u>100,451</u>	<u>4,228</u>	<u>104,679</u>
Total Fund Balance	<u>100,451</u>	<u>4,228</u>	<u>104,679</u>
Total Liabilities And Fund Balance	<u>\$ 100,580</u>	<u>\$ 60,583</u>	<u>\$ 161,163</u>

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Combining Statement Of Revenue, Expenditures, And  
Changes In Fund Balance  
All Nonmajor Governmental Funds  
For The Year Ended June 30, 2008

	<b>Special Revenue Fund</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Endowment Fund Expendable Portion</b>	<b>Debt Service Fund</b>	
<b>Revenue</b>			
Investment Earnings	\$ 3,223	\$ 3,117	\$ 6,340
Other Income	13,164	-	13,164
Unrealized (Loss) On Investments	( 21,604)	-	( 21,604)
Total Revenue	( 5,217)	3,117	( 2,100)
<b>Expenditures</b>			
Trust Fees	6,215	-	6,215
Total Expenditures	6,215	-	6,215
Net Income (Loss) Before Transfers	( 11,432)	3,117	( 8,315)
Transfers	-	( 33,541)	( 33,541)
Fund Balance, Beginning Of Year	111,883	34,652	146,535
Fund Balance, End Of Year	\$ 100,451	\$ 4,228	\$ 104,679

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2008

	<b>Rialto Square Theatre</b>	<b>Rialto Office Complex</b>
<b>Operating Revenue</b>		
Office And Commercial Rent	\$ -	\$ 74,101
Utility Reimbursement	-	2,257
Theatre Rent	125,212	-
Rotunda Rent	124,828	-
Theatre Rental Reimbursement	93,802	-
Rotunda Rental Reimbursement	10,852	-
Preservation Fees	186,811	-
Ticket Income	2,270,957	-
School Matinee Ticket Income	-	-
Bar Income	323,709	-
Commissions Income	67,881	-
Tour Income	6,412	-
Box Office Handling Fees	67,422	-
Participant Income	130,319	-
Show Program Advertising	14,900	-
Dinner Packages	17,670	-
Tuition	-	-
Grants And Scholarships	-	-
Other Income	47,207	23,491
	<hr/>	<hr/>
Total Operating Revenue	3,487,982	99,849
	<hr/>	<hr/>
<b>Operating Expense</b>		
Salaries		
Administrative	269,798	32,678
Engineer	101,991	65,731
Maintenance	40,791	195
Instructors	-	-
Temporary Help	508	80
Office	222,447	4,606
Theatre House	151,419	-
Theatre Stage	228,143	-
Theatre Stage-School Matinee	-	-
	<hr/>	<hr/>
Total Salaries	1,015,097	103,290
	<hr/>	<hr/>

<b>School Of The Arts</b>	<b>Total Rialto Complex</b>	<b>Two Rialto Square</b>	<b>Total Enterprise Fund</b>
\$ 5,613	\$ 79,714	\$ 443,243	\$ 522,957
-	2,257	506	2,763
-	125,212	-	125,212
-	124,828	-	124,828
-	93,802	-	93,802
-	10,852	-	10,852
-	186,811	-	186,811
-	2,270,957	-	2,270,957
65,675	65,675	-	65,675
-	323,709	-	323,709
-	67,881	-	67,881
-	6,412	-	6,412
-	67,422	-	67,422
-	130,319	-	130,319
-	14,900	-	14,900
-	17,670	-	17,670
67,177	67,177	-	67,177
95	95	-	95
1,155	71,853	1,380	73,233
<u>139,715</u>	<u>3,727,546</u>	<u>445,129</u>	<u>4,172,675</u>
62,409	364,885	41,770	406,655
2,197	169,919	38,371	208,290
1,603	42,589	1,040	43,629
53,843	53,843	-	53,843
-	588	-	588
15,787	242,840	9,245	252,085
304	151,723	-	151,723
2,195	230,338	-	230,338
4,579	4,579	-	4,579
<u>142,917</u>	<u>1,261,304</u>	<u>90,426</u>	<u>1,351,730</u>

(Continued)

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2008

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Benefits		
State U/C Tax	\$ 11,988	\$ 689
Pension (Union)	7,407	4,624
Employer FICA	78,170	8,003
Health Insurance	<u>98,890</u>	<u>18,734</u>
Total Benefits	<u>196,455</u>	<u>32,050</u>
Professional Services		
Booking Consultant	2,500	-
Accounting And Legal	10,615	445
Other	<u>2,400</u>	<u>300</u>
Total Professional Services	<u>15,515</u>	<u>745</u>
Advertising And Promotion		
Public Relations	3,777	8
Marketing/Rental Property	1,566	440
Institutional Advertising	66,050	817
Show Program Expense	17,134	-
Event Marketing	333,025	-
Event Marketing-School Matinee		
In Kind Advertising	5,977	-
Marketing Expense Other	101	
Tour Expense	<u>3,063</u>	<u>-</u>
Total Advertising And Promotion	<u>430,693</u>	<u>1,265</u>
Administrative Expense		
Office Supply (Non Print)	12,548	1,439
Small Equipment	3,189	489
Equipment Rental	1,373	437
Postage And Freight	3,310	318
Travel	10,388	97
License And Permits	1,800	-
Computer Supplies	66,413	1,334
Other	1,008	-
Membership Fees	<u>3,887</u>	<u>14</u>
Total Administrative Expense	<u>103,916</u>	<u>4,128</u>



<u>School Of The Arts</u>	<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 1,195	\$ 13,872	\$ 559	\$ 14,431
659	12,690	2,922	15,612
8,020	94,193	6,955	101,148
<u>13,446</u>	<u>131,070</u>	<u>16,625</u>	<u>147,695</u>
 23,320	 251,825	 27,061	 278,886
 -	 2,500	 -	 2,500
385	11,445	2,558	14,003
<u>-</u>	<u>2,700</u>	<u>2,559</u>	<u>5,259</u>
 385	 16,645	 5,117	 21,762
 24,653	 28,438	 8	 28,446
322	2,328	17,923	20,251
2,951	69,818	80	69,898
-	17,134	-	17,134
-	333,025	-	333,025
2,818	2,818	-	2,818
-	5,977	-	5,977
-	101	-	101
<u>-</u>	<u>3,063</u>	<u>-</u>	<u>3,063</u>
 30,744	 462,702	 18,011	 480,713
 1,946	 15,933	 1,573	 17,506
489	4,167	489	4,656
135	1,945	44	1,989
1,125	4,753	321	5,074
783	11,268	97	11,365
-	1,800	-	1,800
1,883	69,630	1,334	70,964
-	1,008	-	1,008
<u>14</u>	<u>3,915</u>	<u>14</u>	<u>3,929</u>
 6,375	 114,419	 3,872	 118,291

(Continued)

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2008

	<b>Rialto Square Theatre</b>	<b>Rialto Office Complex</b>
Insurance		
Insurance	\$ 82,311	\$ 37,661
Total Insurance	<u>82,311</u>	<u>37,661</u>
Real Estate Expense		
Real Estate Taxes	<u>-</u>	<u>-</u>
Total Real Estate Expense	<u>-</u>	<u>-</u>
Custodial And Maintenance		
Custodial Supplies	12,225	1,790
General Maintenance/Repairs	35,273	33,942
Cleaning Service	34,813	17,586
Cleaning Service-School Matinee	<u>-</u>	<u>-</u>
Total Custodial And Maintenance	<u>82,311</u>	<u>53,318</u>
Utilities		
Electricity	42,520	67,767
Water	2,516	1,973
Gas	28,235	20,974
Telephone	<u>23,892</u>	<u>4,103</u>
Total Utilities	<u>97,163</u>	<u>94,817</u>
Artists Fees		
Regular Artist Fees	477,188	-
Artist Fee-School Matinees	-	-
Opening Acts Artist Fees	2,000	-
Contracted Musicians	<u>9,036</u>	<u>-</u>
Total Artists Fees	<u>488,224</u>	<u>-</u>

<u>School Of The Arts</u>	<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 26,225	\$ 146,197	\$ 41,208	\$ 187,405
26,225	146,197	41,208	187,405
-	-	794	794
-	-	794	794
603	14,618	4,288	18,906
33,774	102,989	195,228	298,217
19,346	71,745	41,800	113,545
832	832	-	832
54,555	190,184	241,316	431,500
13,932	124,219	120,856	245,075
2,804	7,293	2,563	9,856
31,462	80,671	-	80,671
3,892	31,887	5,298	37,185
52,090	244,070	128,717	372,787
-	477,188	-	477,188
28,050	28,050	-	28,050
-	2,000	-	2,000
-	9,036	-	9,036
28,050	516,274	-	516,274

(Continued)

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2008

	<b>Rialto Square Theatre</b>	<b>Rialto Office Complex</b>
House Expense		
Liquor And Beer	\$ 62,793	\$ -
Beverage	8,852	-
Bar Supplies	11,414	-
Bar / Souvenir Salaries	9,198	-
Sales Tax	30,597	-
Ticketing Expense	4,933	-
Credit Card Charges	73,489	-
Security	21,540	-
Security-School Matinee	-	-
Reimbursement / Rental Expense	28,104	-
Souvenir Expense	26,136	-
Dinner Package Expense	12,809	-
Rotunda Equipment Rent Events	794	-
Volunteer Program Expense	9,899	-
	<hr/>	<hr/>
Total House Expense	300,558	-
	<hr/>	<hr/>
Production Expense		
Royalties	6,575	-
Transportation Artist	7,131	-
Accommodations Artist	5,568	-
Accommodations Artist-School Matinee	-	-
Food Artist	25,259	-
Food Artist-School Matinee	-	-
Instrument Tuning	395	-
Supplies	7,559	-
Musical Instrument Rental	7,734	-
Production Equipment Rental	67,045	-
Production Equipment Rental-School Matinee	-	-
Rotunda Equipment Purchase	16,320	-
Production Equipment Purchase	513	-
Theatre Rental Reimbursement Expense	39,770	-
Production Expense Other	1,082,986	-
	<hr/>	<hr/>
Total Production Expense	1,266,855	-
	<hr/>	<hr/>

<b>School Of The Arts</b>	<b>Total Rialto Complex</b>	<b>Two Rialto Square</b>	<b>Total Enterprise Fund</b>
\$ -	\$ 62,793	\$ -	\$ 62,793
-	8,852	-	8,852
-	11,414	-	11,414
-	9,198	-	9,198
-	30,597	-	30,597
-	4,933	-	4,933
-	73,489	-	73,489
431	21,971	-	21,971
830	830	-	830
-	28,104	-	28,104
-	26,136	-	26,136
-	12,809	-	12,809
-	794	-	794
-	9,899	-	9,899
1,261	301,819	-	301,819
25	6,600	-	6,600
-	7,131	-	7,131
-	5,568	-	5,568
67	67	-	67
2,814	28,073	-	28,073
107	107	-	107
75	470	-	470
902	8,461	-	8,461
838	8,572	-	8,572
-	67,045	-	67,045
772	772	-	772
-	16,320	-	16,320
-	513	-	513
-	39,770	-	39,770
2,991	1,085,977	-	1,085,977
8,591	1,266,855	-	1,275,446

(Continued)

# WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

## Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2008

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Total Operating Expense Before Depreciation	\$ 4,079,098	\$ 327,274
Operating Income (Loss) Before Depreciation	( 591,116)	( 227,425)
Depreciation	91,271	54,208
Operating Income (Loss)	( 682,387)	( 281,633)
<b>Non-Operating Revenue (Expense)</b>		
Interest Income	3,879	1,982
Interest Expense	( 555)	-
Support From City Of Joliet	-	1,080,297
In-Kind Contributions	38,720	-
Total Non-Operating Revenue (Expense)	42,044	1,082,279
Net Income (Loss) Before Transfers	( 640,343)	800,646
<b>Transfers</b>	756,756	-
Net Income (Loss)	<u>\$ 116,413</u>	<u>\$ 800,646</u>

<u>School Of The Arts</u>	<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 374,513	\$ 4,780,885	\$ 556,522	\$ 5,337,407
( 234,798)	( 1,053,339)	( 111,393)	( 1,164,732)
-	145,479	255,305	400,784
( 234,798)	( 1,198,818)	( 366,698)	( 1,565,516)
-	5,861	1,688	7,549
-	( 555)	( 1,876)	( 2,431)
-	1,080,297	-	1,080,297
-	38,720	-	38,720
-	1,124,323	( 188)	1,124,135
( 234,798)	( 74,495)	( 366,886)	( 441,381)
-	756,756	-	756,756
(\$ 234,798)	\$ 682,261	(\$ 366,886)	\$ 315,375

# **WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY**

Schedule Of Organization Data  
June 30, 2008

## **Board Of Directors**

Chairman	David R. Hacker
Vice Chairman	James V. Smith
Secretary	David Thornton
Treasurer – Appointed – Ex Officio	Randall L. Green
Member	Mary Babich
Member	LeeAnn Goodson
Member	Robert Rogina





WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

January 30, 2009

MAY 01 2009

To the Board of Directors  
Will County Metropolitan Exposition  
and Auditorium Authority  
15 East Van Buren Street  
Joliet, Illinois 60432

### **Communication with Those Charged with Governance**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Will County Metropolitan Exposition and Auditorium Authority (WCMEAA) for the year ended June 30, 2008, and have issued our report thereon dated January 30, 2009. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 8, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 8, 2009.

#### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by WCMEAA are described in Note 1 to the financial statements. The application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimate affecting the financial statements was:



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

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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. Many of the adjustments relate to reclassifications for financial reporting purposes.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 30, 2009.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the WCMEAA's Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Werner, Rogers, Osun + Ransom, LLC*



Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	RST Sales Tax Expense		5-1-52082	7200		2,036.00	
1	Accounts Payable		2-1-20000	4100			2,036.00
To accrue additional state sales taxes to June for the following events that were not finalized by the programming dept.							
2	A/R Rialto Square Theatre		1-1-11020	2310		4,984.84	
2	GIK Show Income		4-1-32011	6201			4,984.84
2	Prod Expense Other Event		5-1-53901	7215		173.68	
2	A/P Other		2-1-20120	4100			173.68
To accrue additional event revenue for co-sponsored Broadway event							
3	PPD Rental Events In Process		1-1-11900	2600		12,606.71	
3	Sponsored Events In Process		1-1-11800	2600			12,606.71
To balance rental events in process to schedule							
4	RST Institutional Advertising		5-1-51072	7200		14,265.57	
4	Sponsored Events In Process		1-1-11800	2600			14,265.57
To balane sponsored events in process to schedule at year end							
5	A/R RSTC 12/31/93		1-1-11000	2300		500.00	
5	RST Grants for RSTC Operations		6-1-70622	6601			500.00
To record addtl related party activity							
6	DS Transfer To Endowment		7-4-60300	5700		17,820.00	
6	Transfer		7-1-34005	6601			17,820.00
To balance funds by recording interfund transfers							
7	RST Computer Supplies		5-1-43202	7200		14,541.46	
7	RST Bar Supplies		5-1-52022	7200		680.00	
7	RST Rot Equipment Purchase		5-1-52652	7200		12,426.49	
7	Gift In Kind		6-1-70002	6201			27,647.95
7	A/P Other		2-1-20120	4100		15,721.45	
7	Transfer		7-1-34005	6601			15,721.45
To record in kind donation to WCMEAA from RSTC volunteers and transfer from debt service fund							
8	Accounts Payable		2-1-20000	4100		20,609.00	
8	A/P Rialto Square Theatre Corp		2-1-20100	4300			20,609.00
To adjust related party amounts to agree with RSTC							
9	City Match Rialto Grant		1-1-11270	2312			998,936.00
9	Prior Period Adjustment City of Jol		3-1-29801	5900		998,936.00	
To reduce receivable from City of Joliet per mutual consent							
Totals						1,115,301.20	1,115,301.20

