

MAR 28 2011

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

**COMPONENT UNIT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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To the 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 the Will County Metropolitan Exposition and Auditorium Authority (Authority), a component unit of the City of Joliet, as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 the Authority, as of June 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining nonmajor governmental fund financial statements and the schedule of revenue and expense – enterprise fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of insurance data on pages 51 through 52 and the schedule of organizational data on page 53 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Wernier, Rogers, Doran + Rogers, LLC

March 1, 2011

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

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, 2010. 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 \$29 thousand, or .6 percent as a result of this year's operations. Net assets of our governmental activities decreased by \$591 thousand, or 38 percent while net assets of our business-type activities increased by \$621 thousand, or 18 percent.

During the year, the Authority's governmental activities had revenues of \$641 thousand as compared to revenues of \$165 thousand in the prior year. This represented increases in revenues of \$476 thousand or 288 percent. The Authority's governmental activities had expenditures of \$40 thousand for the current year as compared to expenditures of \$99 thousand for the prior year.

In the Authority's business-type activities, revenues decreased from \$5.1 million to \$3.5 million or 31 percent while expenses decreased from \$5.0 million to \$4.1 million or 19 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets (on pages 11 and 12) and the Statement of Activities (on pages 13 and 14) 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 15. 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, 2010

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 15 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, 2010

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 24. 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 .6 percent – from \$4.99 million to \$5.0 million. Governmental activities decreased while business-type activities increased. Business-type activities increased by about 18 percent while the governmental activities decreased by about 38 percent. The increases in business type activity and decrease in governmental activity can be attributed to transfers in the amount of \$1.2 million from the Rialto Square Theatre Foundation to the Will County Metropolitan Exposition and Auditorium Authority. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Authority's governmental and business-type activities:

Table 1 - Condensed Statement Of Net Assets, June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	2010	2009	2010	2009	2010	2009
Current And Other						
Assets	\$ 1,013,811	\$ 1,606,508	\$ 535,557	(\$ 74,781)	\$ 1,549,368	\$ 1,531,727
Capital Assets (Net)	-	-	7,285,009	5,249,594	7,285,009	5,249,594
Total Assets	1,013,811	1,606,508	7,820,566	5,174,813	8,834,377	6,781,321
Long-Term Liabilities	-	-	2,740,149	853,049	2,740,149	853,049
Other Liabilities	61,453	62,953	1,012,330	874,267	1,073,783	937,220
Total Liabilities	61,453	62,953	3,752,479	1,727,316	3,813,932	1,790,269
Net Assets						
Invested In Capital						
Assets, Net Of						
Related Debt	-	-	4,544,860	4,370,861	4,544,860	4,370,861
Restricted For						
Permanent Funds	541,724	533,664	-	-	541,724	533,664
Restricted For Capital						
Improvements	66,180	163,208	-	-	66,180	163,208
Unrestricted	344,454	846,683	(476,773)	(923,364)	(132,319)	(76,681)
Total Net Assets	\$ 952,358	\$ 1,543,555	\$ 4,068,087	\$ 3,447,497	\$ 5,020,445	\$ 4,991,052

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

The net assets of the Authority's governmental activities decreased by \$591 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 \$502 thousand. This decrease is attributable to transfers of \$1.2 million between the Rialto Square Theatre Foundation and the Will County Metropolitan Exposition and Auditorium Authority.

The net assets of the Authority's business-type activities increased by 18 percent (\$4.1 million compared to \$3.4 million). Unrestricted net assets increased by \$447 thousand. The Authority generally can only use these net assets to finance the continuing operations of the Rialto Square Theatre, the Rialto Office Complex, and Two Rialto Square.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

Table 2 Condensed Statement Of Changes In Net Assets, Year Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues:						
Charges For Services	\$ -	\$ -	\$ 2,820,078	\$ 3,709,189	\$ 2,820,078	\$ 3,709,189
Operating Grants And Contributions	342,805	156,758	726,909	1,405,013	1,069,714	1,561,771
Capital Grants And Contributions	233,050	73,803	-	-	233,050	73,803
General Revenues:						
Other Income	11,873	16,868	(33,419)		(21,546)	16,868
Interest And Investment Earnings	44,933	(90,438)	269	1,602	45,202	(88,836)
Total Revenues	<u>632,661</u>	<u>156,991</u>	<u>3,513,837</u>	<u>5,115,804</u>	<u>4,146,498</u>	<u>5,272,795</u>
Program Expenses						
General Administration	14,902	14,870	-	-	14,902	14,870
Development And Sustaining	4,696	4,724	-	-	4,696	4,724
Fundraising	4,463	58,039	-	-	4,463	58,039
Capital Campaign And Endowment	16,133	21,831	-	-	16,133	21,831
Rialto Square Theatre	-	-	2,878,682	3,742,988	2,878,682	3,742,988
Rialto Office Complex	-	-	694,460	360,235	694,460	360,235
School Of The Arts	-	-	(1,861)	344,979	(1,861)	344,979
Two Rialto Square	-	-	513,690	585,417	513,690	585,417
Total Expenses	<u>40,194</u>	<u>99,464</u>	<u>4,084,971</u>	<u>5,033,619</u>	<u>4,125,165</u>	<u>5,133,083</u>
Excess Revenues Over (Under)						
Expenses Before Contributions To						
Permanent Funds And Transfers	592,467	57,527	(571,134)	82,185	21,333	139,712
Contributions to Permanent Funds	8,060	8,040	-	-	8,060	8,040
Transfers	(1,191,724)	(456,495)	1,191,724	456,495	-	-
Change In Net Assets	<u>(591,197)</u>	<u>(390,928)</u>	<u>620,590</u>	<u>538,680</u>	<u>29,393</u>	<u>147,752</u>
Net Assets Beginning	<u>1,543,555</u>	<u>1,934,483</u>	<u>3,447,497</u>	<u>2,908,817</u>	<u>4,991,052</u>	<u>4,843,300</u>
Net Assets Ending	<u>\$ 952,358</u>	<u>\$ 1,543,555</u>	<u>\$ 4,068,087</u>	<u>\$ 3,447,497</u>	<u>\$ 5,020,445</u>	<u>\$ 4,991,052</u>

The Authority's total revenues decreased by \$1.1 million or 21 percent. The total costs of all programs and services decreased by \$1 million or 20 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 \$476 thousand or 288 percent while total expenses decreased by \$59 thousand dollars or 60 percent.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

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 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 for 2009 includes School of the Arts fundraising expenses.

Table 3 Governmental Activities, Year Ended June 30,

	Total Cost Of Services		Net Cost Of (Surplus From) Services	
	2010	2009	2010	2009
General Administrative	\$ 14,902	\$ 14,870	(\$ 323,978)	(\$ 58,476)
Development And Sustaining	4,696	4,724	4,696	4,724
Capital Campaign & Endowment	16,133	21,831	(220,842)	(59,389)
Fundraising	4,463	58,039	4,463	(25,996)
Totals	<u>\$ 40,194</u>	<u>\$ 99,464</u>	<u>(\$ 535,661)</u>	<u>(\$ 139,137)</u>

Business-Type Activities

Revenues of the Authority's business-type activities (see Table 2) decreased by \$1.6 million or 31 percent while expenses decreased by \$949 thousand or 19 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 \$941 thousand or 31 percent, while operating costs decreased by \$864 thousand or 23 percent. The revenue decrease is mostly attributable to ticket income which decreased from \$1.8 million to \$1.2 million. The expense decrease is mostly attributable to other production expense which decreased from \$866 thousand to \$453 thousand, and artist fees which decreased from \$395 thousand to \$313 thousand and event marketing which decreased from \$236 thousand to \$158 thousand.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

Operating revenue from the Rialto Office Complex increased by \$180 thousand or 349 percent while expenses increased by \$334 thousand or 93 percent. The increase in revenue is due to the University of Saint Francis lease income. The increase in expense is due to the loan interest paid during the current year related to the construction of the University of Saint Francis space.

School of the Arts was eliminated in the prior year. Operating revenue from the School Of The Arts decreased by \$123 thousand or 100 percent while expenses decreased by \$347 thousand or 100 percent.

Operating revenue from Two Rialto Square decreased by \$5 thousand or 1 percent while expenses decreased by \$72 thousand or 12 percent. The cost decrease is mostly attributable to decrease in general maintenance and repairs of \$31 thousand. A decrease of \$12 thousand in depreciation expense was reported for the current year.

THE AUTHORITY'S FUNDS

As the Authority completed the year, its governmental funds (as presented in the balance sheet on pages 15-16) reported a *combined* fund balance of \$952 thousand, which is below last year's total of \$1.5 million. The Authority's governmental funds experienced a decrease of \$2 thousand in their cash and investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Authority had \$7.3 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>	
	2010	2009	2010	2009	2010	2009
Land	\$ -	\$ -	\$ 580,737	\$ 580,737	\$ 580,737	\$ 580,737
Buildings	-	-	1,230,806	1,357,598	1,230,806	1,357,598
Building Improvements	-	-	3,943,883	949,011	3,943,883	949,011
Furniture And Equipment	-	-	559,213	602,507	559,213	602,507
Construction In Progress	-	-	970,370	1,759,741	970,370	1,759,741
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,285,009</u>	<u>\$ 5,249,594</u>	<u>\$ 7,285,009</u>	<u>\$ 5,249,594</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2010

This year's major additions included the following:

University of St Francis Project	\$ 3,217,051
Exterior Doors	89,437

More detailed information about the Authority's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year end, the Authority had \$2,740,149 in debt outstanding. Outstanding debt at year end was as follows:

Revolving Line Of Credit	\$ 22,149
Straight Line Of Credit	<u>2,718,000</u>
	<u>\$ 2,740,149</u>

The revolving line of credit resulted from funds secured for the build-out of a tenant at Two Rialto Square while the straight line of credit 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 11 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 Foundation

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

BASIC FINANCIAL STATEMENTS

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Net Assets June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 280,328	\$ 227,513	\$ 507,841
Investments	152,338	-	152,338
Accounts Receivable	-	107,209	107,209
Pledges Receivable - Current	37,512	-	37,512
Accrued Interest Receivable	12	-	12
Due From Fiduciary Funds	-	10,452	10,452
Prepaid Expenses	-	169,884	169,884
Grant Advance	9,732	-	9,732
Internal Balances	4,414	(4,414)	-
Inventory	-	24,913	24,913
	<u>484,336</u>	<u>535,557</u>	<u>1,019,893</u>
Total Current Assets			
	<u>484,336</u>	<u>535,557</u>	<u>1,019,893</u>
Noncurrent Assets:			
Restricted Assets			
Cash	61,586	-	61,586
Investments	439,221	-	439,221
Pledges Receivable - Non Current	28,668	-	28,668
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	1,230,806	1,230,806
Building Improvements	-	3,943,883	3,943,883
Furniture And Equipment	-	559,213	559,213
Construction In Progress	-	970,370	970,370
	<u>529,475</u>	<u>7,285,009</u>	<u>7,814,484</u>
Total Noncurrent Assets			
	<u>529,475</u>	<u>7,285,009</u>	<u>7,814,484</u>
Total Assets	<u>\$ 1,013,811</u>	<u>\$ 7,820,566</u>	<u>\$ 8,834,377</u>

See Accompanying Notes To Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable And Accrued Expenses	\$ -	\$ 192,926	\$ 192,926
Accrued Payroll And Benefits	-	61,044	61,044
Current Portion Of Long-Term Debt	-	49,686	49,686
Accrued Interest Payable	56,355	-	56,355
Deferred Revenue	5,098	681,025	686,123
Other	-	77,335	77,335
Total Current Liabilities	<u>61,453</u>	<u>1,062,016</u>	<u>1,123,469</u>
Noncurrent Liabilities			
Long-Term Debt	<u>-</u>	<u>2,690,463</u>	<u>2,690,463</u>
Total Noncurrent Liabilities	<u>-</u>	<u>2,690,463</u>	<u>2,690,463</u>
Total Liabilities	<u>61,453</u>	<u>3,752,479</u>	<u>3,813,932</u>
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt	-	4,544,860	4,544,860
Restricted For Permanent Funds	541,724	-	541,724
Restricted For Capital Improvements	66,180	-	66,180
Unrestricted	<u>344,454</u>	<u>(476,773)</u>	<u>(132,319)</u>
Total Net Assets	<u>952,358</u>	<u>4,068,087</u>	<u>5,020,445</u>
Total Liabilities And Net Assets	<u>\$ 1,013,811</u>	<u>\$ 7,820,566</u>	<u>\$ 8,834,377</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Activities For The Year Ended June 30, 2010

Functions / Programs	<u>Expenses</u>	<u>Program Charges For Services</u>
Governmental Activities:		
General Administration	\$ 14,902	\$ -
Development And Sustaining	4,696	-
Capital Campaign And Endowment	16,133	-
Fundraising	4,463	-
Total Governmental Activities	<u>40,194</u>	<u>-</u>
Business-Type Activities:		
Rialto Square Theatre	2,878,682	2,140,681
Rialto Office Complex	694,460	231,226
School Of The Arts	(1,861)	-
Two Rialto Square	<u>513,690</u>	<u>448,171</u>
Total Business-Type Activities	<u>4,084,971</u>	<u>2,820,078</u>
Total	<u>\$ 4,125,165</u>	<u>\$ 2,820,078</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
\$ 338,880	\$ -	\$ 323,978	\$ -	\$ 323,978
-	-	(4,696)	-	(4,696)
3,925	233,050	220,842	-	220,842
-	-	(4,463)	-	(4,463)
<u>342,805</u>	<u>233,050</u>	<u>535,661</u>	<u>-</u>	<u>535,661</u>
63,131	-	-	(674,870)	(674,870)
663,778	-	-	200,544	200,544
-	-	-	1,861	1,861
-	-	-	(65,519)	(65,519)
<u>726,909</u>	<u>-</u>	<u>-</u>	<u>(537,984)</u>	<u>(537,984)</u>
<u>\$ 1,069,714</u>	<u>\$ 233,050</u>	<u>535,661</u>	<u>(537,984)</u>	<u>(2,323)</u>
General Revenues:				
Interest And Investment Earnings		44,933	269	45,202
Loss On Disposal Of Fixed Assets		-	(33,419)	(33,419)
Other Income		11,873	-	11,873
Contributions To Permanent Funds		8,060	-	8,060
Transfers		(1,191,724)	1,191,724	-
Total General Revenues And Transfers		(1,126,858)	1,158,574	31,716
Change In Net Assets		(591,197)	620,590	29,393
Net Assets - Beginning		<u>1,543,555</u>	<u>3,447,497</u>	<u>4,991,052</u>
Net Assets - Ending		<u>\$ 952,358</u>	<u>\$ 4,068,087</u>	<u>\$ 5,020,445</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds Balance Sheet June 30, 2010

	General Fund	Endowment Fund (Nonexpendable Portion)	Other Governmental Funds
ASSETS			
Cash	\$ 209,190	\$ 61,586	\$ 71,138
Investments	81,056	439,221	71,282
Pledges Receivable	66,180	-	-
Accrued Interest Receivable	-	-	12
Grant Advance	9,732	-	-
Internal Receivables	138,816	41,172	-
	<u>504,974</u>	<u>541,979</u>	<u>\$ 142,432</u>
Total Assets			
	<u>504,974</u>	<u>541,979</u>	<u>\$ 142,432</u>
LIABILITIES			
Accrued Interest Payable	\$ -	\$ -	\$ 56,355
Deferred Revenue	5,000	-	98
Internal Payables	107,037	255	68,282
	<u>112,037</u>	<u>255</u>	<u>124,735</u>
Total Liabilities			
	<u>112,037</u>	<u>255</u>	<u>124,735</u>
FUND BALANCES			
Reserved For Endowments	-	541,724	-
Reserved For Capital Improvements	66,180	-	-
Unreserved, Reported In:			
General Fund	326,757	-	-
Special Revenue Fund	-	-	12,652
Debt Service Fund	-	-	5,045
	<u>392,937</u>	<u>541,724</u>	<u>17,697</u>
Total Fund Balance			
	<u>392,937</u>	<u>541,724</u>	<u>17,697</u>
Total Liabilities And Fund Balance	<u>\$ 504,974</u>	<u>\$ 541,979</u>	<u>\$ 142,432</u>

See Accompanying Notes To Basic Financial Statements.

Reconciliation Of Governmental Funds Balance Sheet
To Statement Of Net Assets
June 30, 2010

Total Governmental Funds			
\$	341,914	Total Fund Balance - Governmental Funds	\$ 952,358
	591,559		
	66,180		
	12	<i>Amounts reported for governmental activities in the</i>	
	9,732	<i>Statement of Net Assets are currently the same as</i>	
	179,988	<i>amounts reported in this statement</i>	-
<u>\$</u>	<u>1,189,385</u>	Net Assets Of Governmental Activities	<u>\$ 952,358</u>
\$	56,355		
	5,098		
	175,574		
	<u>237,027</u>		
	541,724		
	66,180		
	326,757		
	12,652		
	5,045		
	<u>952,358</u>		
<u>\$</u>	<u>1,189,385</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, 2010

	General Fund	Endowment Fund (Nonexpendable Portion)
Revenue		
Grants	\$ 5,000	\$ -
Government Grants	272,772	-
Sustaining Fund	61,108	-
Donations	3,925	-
Endowment Donations	-	1,270
Improvement Donations	222,830	-
Capital Campaign Fundraiser Donations	10,220	-
Preservation Dues	-	6,790
Dividends	241	-
Other Income	1,473	-
Interest	2,288	-
Unrealized Gain On Investments	5,535	-
	<hr/>	<hr/>
Total Revenue	585,392	8,060
Expenditures		
Fundraising	4,463	-
Capital Campaign Expense	5,378	-
Professional Fees	5,500	-
Office Supplies	1,190	-
Development Expense	273	-
Sustaining Fund Expense	4,053	-
Bad Debt Expense	10,755	-
Miscellaneous	771	-
Trust Fees	1,263	-
	<hr/>	<hr/>
Total Expenditures	33,646	-
	<hr/>	<hr/>
Excess Of Revenue Over Expenditures	551,746	8,060
Other Financing (Uses)		
Transfers Out	(1,123,472)	-
	<hr/>	<hr/>
Total Other Financing (Uses)	(1,123,472)	-
	<hr/>	<hr/>
Net Change In Fund Balances	(571,726)	8,060
Fund Balance, Beginning Of Year	964,663	533,664
	<hr/>	<hr/>
Fund Balance, End Of Year	\$ 392,937	\$ 541,724
	<hr/>	<hr/>

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, 2010

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,000
-	272,772
-	61,108
-	3,925
-	1,270
-	222,830
-	10,220
-	6,790
1,664	1,905
10,400	11,873
335	2,623
<u>34,870</u>	<u>40,405</u>
 47,269	 640,721
-	4,463
-	5,378
-	5,500
-	1,190
-	273
-	4,053
-	10,755
35	806
<u>6,513</u>	<u>7,776</u>
 6,548	 40,194
 40,721	 600,527
 (68,252)	 (1,191,724)
 (68,252)	 (1,191,724)
 (27,531)	 (591,197)
 45,228	 1,543,555
 <u>\$ 17,697</u>	 <u>\$ 952,358</u>

Net Change In Fund Balance - Governmental Funds (\$ 591,197)

*Amounts reported for governmental activities in the
Statement of Activities are currently the same as
amounts reported in this statement.*

-

Change In Net Assets Of Governmental Funds (\$ 591,197)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Net Assets Proprietary Fund June 30, 2010

	Business-Type Activities
	Enterprise Fund
ASSETS	
Current Assets	
Cash And Cash Equivalents	\$ 227,513
Trade Receivables	107,209
Due From Fiduciary Funds	10,452
Prepaid Expenses	169,884
Internal Receivables	175,289
Inventory	<u>24,913</u>
Total Current Assets	<u>715,260</u>
Noncurrent Assets	
Capital Assets	
Land	580,737
Buildings	13,791,221
Building Improvements	5,338,712
Furniture And Equipment	970,559
Construction In Progress	<u>970,370</u>
	21,651,599
Less Accumulated Depreciation	<u>14,366,590</u>
Total Capital Assets	<u>7,285,009</u>
Total Noncurrent Assets	<u>7,285,009</u>
Total Assets	<u>\$ 8,000,269</u>

See Accompanying Notes To Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
LIABILITIES	
Current Liabilities	
Accounts Payable And Accrued Expenses	\$ 192,926
Accrued Payroll And Benefits	61,044
Current Portion Of Long-Term Debt	49,686
Deferred Revenue	681,025
Internal Payables	179,703
Other	77,335
Total Current Liabilities	<u>1,241,719</u>
Noncurrent Liabilities	
Long-Term Debt	<u>2,690,463</u>
Total Noncurrent Liabilities	<u>2,690,463</u>
Total Liabilities	<u>3,932,182</u>
NET ASSETS	
Invested In Capital Assets, Net Of Related Debt	4,544,860
Unrestricted	(476,773)
Total Net Assets	<u>4,068,087</u>
Total Liabilities And Net Assets	<u>\$ 8,000,269</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Revenue, Expense, And Changes In Net Assets Proprietary Fund For The Year Ended June 30, 2010

	Business-Type Activities Enterprise Fund
Operating Revenue	
Rentals And Reimbursements - Office And Commercial	\$ 659,113
Theatre Related Revenue	2,110,253
Other	50,712
Total Operating Revenue	<u>2,820,078</u>
Operating Expense	
Salaries	1,089,645
Benefits	247,358
Professional Services	23,693
Advertising And Promotion	287,908
Administrative	57,360
Insurance	185,719
Real Estate Expense	829
Custodial And Maintenance	193,534
Utilities	295,640
Artist Fees	313,174
House Expense	262,791
Production Expense	564,010
Depreciation	448,282
Total Operating Expense	<u>3,969,943</u>
Operating (Loss)	(1,149,865)
Nonoperating Revenue (Expense)	
Interest Income	269
Interest Expense	(115,028)
Support From City Of Joliet	663,778
In-Kind Contributions	63,131
Loss On Disposal of Capital Assets	(33,419)
Total Nonoperating Revenue (Expense)	<u>578,731</u>
Net (Loss) Before Transfers	(571,134)
Transfer In	<u>1,191,724</u>
Change In Net Assets	620,590
Total Net Assets, Beginning Of Year	<u>3,447,497</u>
Total Net Assets, End Of Year	<u>\$ 4,068,087</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, 2010

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Cash Received From Customers And Donors	\$ 2,985,971
Cash Paid To Suppliers For Goods And Services	(2,174,079)
Cash Payments For Employees Services	(1,389,255)
Net Payments To Fiduciary Funds	<u>1,524)</u>
Net Cash (Used In) Operating Activities	<u>(578,887)</u>
Cash Flows From Investing Activities	
Purchases Of Capital Assets	(2,489,974)
Interest Received On Investments	<u>270</u>
Net Cash (Used In) Investing Activities	<u>(2,489,704)</u>
Cash Flows From Noncapital Financing Activities	
Support From The City Of Joliet	663,778
Payments From Other Funds	<u>698,717</u>
Net Cash Provided By Noncapital Financing Activities	<u>1,362,495</u>
Cash Flows From Capital And Related Financing Activities	
Proceeds From Long-Term Debt	1,887,372
Payments Of Long-Term Debt	(25,956)
Payments Of Interest	<u>(115,028)</u>
Net Cash Provided By Capital And Related Financing Activities	<u>1,746,388</u>
Net Increase In Cash	40,292
Cash, Beginning Of Year	<u>187,221</u>
Cash, End Of Year	<u>\$ 227,513</u>

See Accompanying Notes To Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
Reconciliation Of Operating (Loss) To Net Cash (Used In) Operating Activities	
Operating (Loss)	(\$ 1,149,865)
Adjustments To Reconcile Operating (Loss) To Net Cash (Used In) Operating Activities	
Depreciation	448,282
In-Kind Contributions	35,988
Changes In Assets And Liabilities	
Trade Receivables	(46,051)
Due From Fiduciary Funds	2,983
Prepaid Expenses	(37,627)
Inventory	3,654
Accounts Payable And Accrued Expenses	27,968
Accrued Payroll And Benefits	(52,251)
Deferred Revenue	211,943
Due To Fiduciary Funds	(4,507)
Other Payables	(19,404)
Total Adjustments	570,978
Net Cash (Used In) Operating Activities	(\$ 578,887)
Noncash Investing Activities	
Capital Assets Acquired Through In-Kind Contribution	\$ 27,143

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Fiduciary Assets And Liabilities Fiduciary Fund June 30, 2010

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 126,834
Inventory	<u>6,119</u>
Total Assets	<u>\$ 132,953</u>
LIABILITIES	
Due To WCMEAA	\$ 10,452
Due To Volunteers	<u>122,501</u>
Total Liabilities	<u>\$ 132,953</u>

See Accompanying Notes To Basic Financial Statements.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2010

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, 2010, 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, 2010

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 Foundation (Foundation) 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. Separate statements may be obtained from the Authority administrative office, 15 E Van Buren Street, Joliet, Illinois, 60432. 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. Nonmajor funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund the Authority (General Fund) or meets the following criteria:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2010

1. Summary Of Significant Accounting Policies

- 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.

Endowment Fund Non-expendable Portion (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. 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. The Authority's proprietary fund is an enterprise fund, which 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, 2010

1. Summary Of Significant Accounting Policies

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.

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. Accordingly, it presents only a statement of fiduciary assets and liabilities and does not present a statement of changes in fiduciary assets and liabilities. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's programs. The following are included as agency funds:

Volunteers Fund

The Board of Directors of the Rialto Square Theatre Foundation (RSTF) 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 resources generated are 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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

1. Summary Of Significant Accounting Policies

- 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 accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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.

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 Assets 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 service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

1. Summary Of Significant Accounting Policies

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 reasonable 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.

Use Of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

1. Summary Of Significant Accounting Policies

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.

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, 2010 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, 2010

2. Cash And Investments

Deposits

At June 30, 2010, the carrying amount of the Authority's deposits was \$628,569 and the bank balance was \$651,504. Additionally, the Authority maintained cash on hand of \$6,300.

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, 2010, 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, 2010, the Authority held investments in four 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, 2010

2. Cash And Investments

Investments

Investments are carried at fair value. Unrealized gains were \$40,405. All investments are expected to be held until maturity.

	<u>Fair Value</u>	<u>% Of Total Investments</u>
U.S. Treasury Money Market Fund	\$ 21,873	3.35%
Government Money Market Fund	61,392	9.40%
First Midwest Fixed Income Common Fund	232,725	35.64%
First Midwest Equity Common Fund	<u>336,961</u>	<u>51.61%</u>
Total Investments	<u>\$ 652,951</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	\$ 567,656	\$ -	\$ 567,656
Certificates Of Deposit	45,134	-	45,134
Money Market Funds	15,779	61,392	77,171
Cash On Hand	-	-	6,300
Total Reported As Cash	<u>628,569</u>	<u>61,392</u>	<u>696,261</u>
<u>Reported As Investments:</u>			
U.S. Treasury Money Market	-	21,873	21,873
Mutual Funds	-	569,686	569,686
Total Reported As Investments	<u>-</u>	<u>591,559</u>	<u>591,559</u>
Total Cash And Investments	<u>\$ 628,569</u>	<u>\$ 652,951</u>	<u>\$ 1,287,820</u>

Reconciliation Of Cash And Investments:

Statement Of Net Assets Cash Page 11	\$ 507,841
Statement Of Net Assets Cash-Restricted Page 11	61,586
Statement Of Net Assets Investments Page 11	152,338
Statement Of Net Assets Investments-Restricted Page 11	439,221
Fiduciary Funds Cash Page 24	<u>126,834</u>
	<u>\$ 1,287,820</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

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 \$33,190 has been recorded in the accompanying financial statements as part of accrued expenses.

4. Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balances July 1, 2009	Additions	Deletions	Balances June 30, 2010
Business-Type Activities				
<i>Not Being Depreciated</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction In Process	1,759,741	2,525,968	3,315,339	970,370
Subtotal	2,340,478	2,525,968	3,315,339	1,551,107
<i>Other Capital Assets</i>				
Buildings	13,797,793	-	6,572	13,791,221
Building Improvements	2,183,215	3,306,488	150,991	5,338,712
Furniture And Equipment	972,361	-	1,802	970,559
Total At Historical Cost	19,293,847	5,832,456	3,474,704	21,651,599
Less Accumulated Depreciation For:				
Buildings	12,440,195	126,792	6,572	12,560,415
Building Improvements	1,234,204	278,196	117,571	1,394,829
Furniture And Equipment	369,854	43,294	1,802	411,346
Total Accumulated Depreciation	14,044,253	448,282	125,945	14,366,590
Net Capital Assets	\$ 5,249,594	\$ 5,384,174	\$ 3,348,759	\$ 7,285,009

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 \$2.00 per hour through January 1, 2009 and then \$2.20 per hour through June 30, 2010 up to 40 hours a week, for the participants, and payments to CPF totaled \$16,704.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

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, 2010:

Buildings	\$ 6,934,180
Leaseholds Improvements	<u>4,221,612</u>
	11,155,792
Less Accumulated Depreciation	<u>6,967,200</u>
	<u>\$ 4,188,592</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2010 for each of the next four years and in the aggregate are:

2011	\$ 553,962
2012	394,254
2013	269,396
2014	<u>227,091</u>
	<u>\$ 1,444,703</u>

Rent expense for the year ended June 30, 2010 was \$48,875.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

9. 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.

10. Interfund Balances And Transfers

At June 30, 2010, interfund balances were as follows:

Fund	Interfund	
	Receivable	Payable
Major Funds		
General Fund		
Enterprise Fund	\$ 138,561	\$ 107,037
Endowment Fund (Nonexpendable Portion)	255	-
Enterprise Fund		
General Fund	107,037	138,561
Endowment Fund (Expendable Portion)	68,252	-
Endowment Fund (Nonexpendable Portion)	-	41,142
Endowment Fund (Nonexpendable Portion)		
General Fund	-	255
Enterprise Fund	41,142	-
Endowment Fund (Expendable Portion)	30	-
Nonmajor Fund		
Endowment Fund (Expendable Portion)		
Enterprise Fund	-	68,252
Endowment Fund (Nonexpendable Portion)	-	30
Grand Total	<u>\$ 355,277</u>	<u>\$ 355,277</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2010

10. Interfund Balances And Transfers

Interfund Transfers during the year ended June 30, 2010 were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Enterprise Fund	\$ -	1,191,724
Enterprise Fund		
General Fund	1,191,724	-
	<u>\$ 1,191,724</u>	<u>\$ 1,191,724</u>

11. Long-Term Debt

Long-term debt at June 30, 2010 consists of the following:

A revolving line of credit was signed on April 12, 2007 with First Community Bank of Joliet 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, 2010 was \$22,149.

A promissory note was signed on February 23, 2009 with First Community Bank of Joliet for the University of Saint Francis build-out as well as the Lambrecht Hospitality Suite renovations in the amount of \$2,734,000. The loan is due on December 1, 2016 with a fixed interest rate of 5.266%. The loan requires nine monthly interest payments, beginning April 1, 2009, eighty three monthly principal and interest payments of \$15,125 each, beginning January 1, 2010, and one irregular last payment estimated at \$2,432,305 due on December 1, 2016. The balance due on this loan at June 30, 2010 was \$2,718,000.

Cash paid for interest was \$115,028 during the year ended June 30, 2010. 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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2010

11. Long-Term Debt

As of June 30, 2010, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 49,686	\$ 142,981
2012	53,162	140,388
2013	43,643	137,853
2014	45,998	135,495
2015	48,480	133,013
2016-2017	<u>2,499,180</u>	<u>205,198</u>
Total Requirements	<u>\$ 2,740,149</u>	<u>\$ 894,928</u>

A Summary of Long-term liability activity for the year ended June 30, 2010 is as follows:

	<u>Balances</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2010</u>
Business-Type Activities				
Revolving Line Of Credit	\$ 32,105	\$ -	\$ 9,956	\$ 22,149
Straight Line Of Credit	<u>846,628</u>	<u>1,887,372</u>	<u>16,000</u>	<u>2,718,000</u>
Total	<u>878,733</u>	<u>1,887,372</u>	<u>25,956</u>	<u>2,740,149</u>

12. Subsequent Event

An additional promissory note was signed on July 12, 2010 with First Community Bank of Joliet, also for the projects mentioned above, in the amount of \$120,000. The loan is due on September 30, 2012 with a fixed interest rate of 5.169%. This loan will be repaid in twenty-one regular payments of \$2,451 and one irregular last payment estimated at \$77,922. This loan replaces a line of credit in the amount of \$300,000 signed in the current year. No funds were drawn on the \$300,000 line of credit. As of the date of this audit, no funds have been drawn on the current line of credit.

13. Restricted Assets

Restricted assets represent assets of the nonexpendable endowment fund.

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SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Combining Balance Sheet
All Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Fund		
	Endowment Fund <i>Expendable Portion</i>	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 9,746	\$ 61,392	\$ 71,138
Investments	71,282	-	71,282
Accrued Interest Receivable	<u>4</u>	<u>8</u>	<u>12</u>
Total Assets	<u>\$ 81,032</u>	<u>\$ 61,400</u>	<u>\$ 142,432</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred Revenue	\$ 98	\$ -	\$ 98
Accrued Interest Payable	-	56,355	56,355
Internal Payables	<u>68,282</u>	<u>-</u>	<u>68,282</u>
Total Liabilities	<u>68,380</u>	<u>56,355</u>	<u>124,735</u>
Fund Balance			
Unreserved	<u>12,652</u>	<u>5,045</u>	<u>17,697</u>
Total Fund Balance	<u>12,652</u>	<u>5,045</u>	<u>17,697</u>
Total Liabilities And Fund Balance	<u>\$ 81,032</u>	<u>\$ 61,400</u>	<u>\$ 142,432</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Combining Statement Of Revenue, Expenditures, And
Changes In Fund Balances
All Nonmajor Governmental Funds
For The Year Ended June 30, 2010

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Endowment Fund Expendable Portion	Debt Service Fund	
Revenue			
Dividends	\$ 1,664	\$ -	\$ 1,664
Interest	237	98	335
Other Income	10,400	-	10,400
Unrealized Gain On Investments	34,870	-	34,870
	<u>47,171</u>	<u>98</u>	<u>47,269</u>
Total Revenue			
	<u>47,171</u>	<u>98</u>	<u>47,269</u>
Expenditures			
Miscellaneous	35	-	35
Trust Fees	6,513	-	6,513
	<u>6,548</u>	<u>-</u>	<u>6,548</u>
Total Expenditures			
	<u>6,548</u>	<u>-</u>	<u>6,548</u>
Excess Of Revenue Over Expenditures	<u>40,623</u>	<u>98</u>	<u>40,721</u>
	<u>40,623</u>	<u>98</u>	<u>40,721</u>
Transfers Out	(68,252)	-	(68,252)
	<u>(68,252)</u>	<u>-</u>	<u>(68,252)</u>
Net Change In Fund Balances	<u>(27,629)</u>	<u>98</u>	<u>(27,531)</u>
	<u>(27,629)</u>	<u>98</u>	<u>(27,531)</u>
Fund Balance, Beginning Of Year	<u>40,281</u>	<u>4,947</u>	<u>45,228</u>
	<u>40,281</u>	<u>4,947</u>	<u>45,228</u>
Fund Balance, End Of Year	<u>\$ 12,652</u>	<u>\$ 5,045</u>	<u>\$ 17,697</u>
	<u>\$ 12,652</u>	<u>\$ 5,045</u>	<u>\$ 17,697</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2010

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Operating Revenue		
Office And Commercial Rent	\$ -	\$ 207,535
Utility Reimbursement	-	910
Theatre Rent	89,393	-
Rotunda Rent	111,152	-
Theatre Rental Reimbursement	72,163	-
Rotunda Rental Reimbursement	2,272	-
Preservation Fees	108,654	-
Ticket Income	1,193,669	-
Bar Income	241,859	-
Commissions Income	25,161	-
Tour Income	11,422	-
Box Office Handling Fees	27,010	-
Participant Income	207,049	-
Show Program Advertising	11,700	-
Dinner Packages	8,749	-
Other Income	30,428	22,781
	<hr/>	<hr/>
Total Operating Revenue	2,140,681	231,226
	<hr/>	<hr/>
Operating Expense		
Salaries		
Administrative	300,711	25,022
Engineer	70,842	76,128
Maintenance	28,837	3,814
Office	184,193	10,052
Theatre House	135,327	-
Theatre Stage	181,680	-
	<hr/>	<hr/>
Total Salaries	901,590	115,016
	<hr/>	<hr/>

School Of The Arts	Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ -	\$ 207,535	\$ 449,502	\$ 657,037
-	910	1,166	2,076
-	89,393	-	89,393
-	111,152	-	111,152
-	72,163	-	72,163
-	2,272	-	2,272
-	108,654	-	108,654
-	1,193,669	-	1,193,669
-	241,859	-	241,859
-	25,161	-	25,161
-	11,422	-	11,422
-	27,010	-	27,010
-	207,049	-	207,049
-	11,700	-	11,700
-	8,749	-	8,749
-	53,209	(2,497)	50,712
-	2,371,907	448,171	2,820,078
(1,223)	324,510	24,224	348,734
-	146,970	39,818	186,788
(83)	32,568	1,362	33,930
(555)	193,690	9,496	203,186
-	135,327	-	135,327
-	181,680	-	181,680
(1,861)	1,014,745	74,900	1,089,645

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2010

	Rialto Square Theatre	Rialto Office Complex
Benefits		
State U/C Tax	\$ 6,935	\$ 445
Pension (Union)	6,590	6,711
Employer FICA	71,654	9,004
Health Insurance	<u>102,103</u>	<u>21,573</u>
Total Benefits	<u>187,282</u>	<u>37,733</u>
Professional Services		
Accounting And Legal	14,940	725
Other	<u>2,555</u>	<u>319</u>
Total Professional Services	<u>17,495</u>	<u>1,044</u>
Advertising And Promotion		
Public Relations	24,478	-
Marketing/Rental Property	1,268	23
Institutional Advertising	56,837	32
Show Program Expense	7,819	-
Event Marketing	158,351	-
In Kind Advertising	35,988	-
Tour Expense	<u>2,977</u>	<u>-</u>
Total Advertising And Promotion	<u>287,718</u>	<u>55</u>
Administrative Expense		
Office Supply (Non Print)	11,726	1,780
Small Equipment	12,057	469
Equipment Rental	2,178	477
Postage And Freight	3,141	360
Travel	6,449	186
License And Permits	1,800	-
Computer Supplies	5,167	595
Other	3,014	32
Membership Fees	<u>2,391</u>	<u>28</u>
Total Administrative Expense	<u>47,923</u>	<u>3,927</u>

School Of The Arts	Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ -	\$ 7,380	\$ 262	\$ 7,642
-	13,301	3,402	16,703
-	80,658	5,921	86,579
-	123,676	12,758	136,434
-	225,015	22,343	247,358
-	15,665	4,835	20,500
-	2,874	319	3,193
-	18,539	5,154	23,693
-	24,478	-	24,478
-	1,291	103	1,394
-	56,869	32	56,901
-	7,819	-	7,819
-	158,351	-	158,351
-	35,988	-	35,988
-	2,977	-	2,977
-	287,773	135	287,908
-	13,506	1,690	15,196
-	12,526	469	12,995
-	2,655	31	2,686
-	3,501	393	3,894
-	6,635	186	6,821
-	1,800	-	1,800
-	5,762	595	6,357
-	3,046	2,132	5,178
-	2,419	14	2,433
-	51,850	5,510	57,360

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2010

	Rialto Square Theatre	Rialto Office Complex
Insurance		
Insurance	\$ 87,329	\$ 59,361
Total Insurance	<u>87,329</u>	<u>59,361</u>
Real Estate Expense		
Real Estate Taxes	-	-
Total Real Estate Expense	<u>-</u>	<u>-</u>
Custodial And Maintenance		
Custodial Supplies	6,560	1,875
General Maintenance/Repairs	34,033	29,728
Cleaning Service	17,021	12,448
Total Custodial And Maintenance	<u>57,614</u>	<u>44,051</u>
Utilities		
Electricity	2,836	62,171
Water	1,621	3,170
Gas	23,452	43,556
Telephone	21,321	4,177
Total Utilities	<u>49,230</u>	<u>113,074</u>
Artists Fees		
Regular Artist Fees	311,196	-
Opening Acts Artist Fees	1,000	-
Contracted Musicians	978	-
Total Artists Fees	<u>313,174</u>	<u>-</u>

School Of The Arts	Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ -	\$ 146,690	\$ 39,029	\$ 185,719
-	146,690	39,029	185,719
-	-	829	829
-	-	829	829
-	8,435	1,860	10,295
-	63,761	53,272	117,033
-	29,469	36,737	66,206
-	101,665	91,869	193,534
-	65,007	126,725	191,732
-	4,791	2,434	7,225
-	67,008	-	67,008
-	25,498	4,177	29,675
-	162,304	133,336	295,640
-	311,196	-	311,196
-	1,000	-	1,000
-	978	-	978
-	313,174	-	313,174

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2010

	Rialto Square Theatre	Rialto Office Complex
House Expense		
Liquor And Beer	\$ 54,613	\$ -
Beverage	6,827	-
Bar Supplies	5,299	-
Bar / Souvenir Salaries	7,293	-
Sales Tax	21,094	-
Ticketing Expense	35,323	-
Credit Card Charges	42,722	-
Security	17,902	-
Reimbursement / Rental Expense	20,050	-
Souvenir Expense	32,560	-
Dinner Package Expense	4,850	-
Volunteer Program Expense	8,363	-
Miscellaneous	5,895	-
	<hr/>	<hr/>
Total House Expense	262,791	-
	<hr/>	<hr/>
Production Expense		
Royalties	4,556	-
Transportation Artist	1,638	-
Accommodations Artist	7,980	-
Food Artist	17,314	-
Instrument Tuning	140	-
Film Rental	1,071	-
Supplies	6,096	-
Musical Instrument Rental	4,150	-
Production Equipment Rental	40,930	-
Rotunda Equipment Purchase	10,825	-
Production Equipment Purchase	1,375	-
Theatre Rental Reimbursement Expense	14,682	-
Production Expense Other	453,253	-
	<hr/>	<hr/>
Total Production Expense	564,010	-
	<hr/>	<hr/>

School Of The Arts	Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ -	\$ 54,613	\$ -	\$ 54,613
-	6,827	-	6,827
-	5,299	-	5,299
-	7,293	-	7,293
-	21,094	-	21,094
-	35,323	-	35,323
-	42,722	-	42,722
-	17,902	-	17,902
-	20,050	-	20,050
-	32,560	-	32,560
-	4,850	-	4,850
-	8,363	-	8,363
-	5,895	-	5,895
-	262,791	-	262,791
-	4,556	-	4,556
-	1,638	-	1,638
-	7,980	-	7,980
-	17,314	-	17,314
-	140	-	140
-	1,071	-	1,071
-	6,096	-	6,096
-	4,150	-	4,150
-	40,930	-	40,930
-	10,825	-	10,825
-	1,375	-	1,375
-	14,682	-	14,682
-	453,253	-	453,253
-	564,010	-	564,010

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2010

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Total Operating Expense Before Depreciation	\$ 2,776,156	\$ 374,261
Operating Income (Loss) Before Depreciation	(635,475)	(143,035)
Depreciation	102,526	206,397
Operating Income (Loss)	(738,001)	(349,432)
Non-Operating Revenue (Expense)		
Interest Income	227	42
Interest Expense	-	(113,802)
Support From City Of Joliet	-	663,778
In-Kind Contributions	63,131	-
Loss On Disposal Of Fixed Assets	(4,635)	(28,784)
Total Non-Operating Revenue (Expense)	58,723	521,234
Net Income (Loss) Before Transfers	(679,278)	171,802
Transfers In	1,191,724	-
Change In Net Assets	\$ 512,446	\$ 171,802

<u>School Of The Arts</u>	<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
(\$ 1,861)	\$ 3,148,556	\$ 373,105	\$ 3,521,661
1,861	(776,649)	75,066	(701,583)
-	308,923	139,359	448,282
1,861	(1,085,572)	(64,293)	(1,149,865)
-	269	-	269
-	(113,802)	(1,226)	(115,028)
-	663,778	-	663,778
-	63,131	-	63,131
-	(33,419)	-	(33,419)
-	579,957	(1,226)	578,731
1,861	(505,615)	(65,519)	(571,134)
-	1,191,724	-	1,191,724
<u>\$ 1,861</u>	<u>\$ 686,109</u>	<u>(\$ 65,519)</u>	<u>\$ 620,590</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Insurance Data (Unaudited) June 30, 2010

Below is a schedule of the Authority's insurance in effect at June 30, 2010.

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Property	Cincinnati Insurance Company	4/2/2011
\$66,694,631	Property Coverage - Rialto Building, Terminal Building, Joliet Building Annex Building	
\$425,800	Business Personal Property	
\$150,000	Personal Property Of Others	
\$3,000,000	Business Income	
\$100,000	Fidelity Bond	
\$10,000	Theft, Premises, Messenger And Safe	
Liability	Cincinnati Insurance Company	4/2/2011
\$2,000,000	Liability Coverage	
Comprehensive Umbrella Liability	Cincinnati Insurance Company	4/2/2011
\$10,000,000		
Workmen's Compensation And Employer's Liability	Liberty Mutual Insurance Company	10/16/2010
\$100,000	Bodily Injury By Accident Each Accident	
\$100,000	Bodily Injury By Disease Each Employee	
\$500,000	Bodily Injury By Disease Policy Limit	
Liquor Liability	Illinois Casualty Company	4/2/2011
\$1,000,000	Bodily Injury, Means of Support And Property Damage Combined	
Operating Engineers Health Benefits	IUOE Local 399	Monthly

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Insurance Data (Unaudited) June 30, 2010

Below is a schedule of the Authority's insurance in effect at June 30, 2010.

\$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>
Two Rialto Square	14
Rialto Office Complex	7

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Organization Data
June 30, 2010

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

MAR 28 2011

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

In planning and performing our audit of the 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 (Authority) as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Authority's internal control to be a material weakness:

Preparation of Financial Statements

The Board of Directors and management share the ultimate responsibility for the Authority's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The Authority engages Wermer, Rogers, Doran & Ruzon, LLC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Wermer, Rogers, Doran & Ruzon, LLC cannot be considered part of the Authority's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the Authority should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles including Governmental Accounting Standards Board Statements, and knowledge of the Authority's activities and operations. Currently, the Authority's personnel do not have sufficient financial reporting and accounting knowledge to perform a review of the Authority's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or errors would be identified and corrected.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wernman, Rogers, Doran + Remy, LLC

March 1, 2011



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

March 1, 2011

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

MAR 23 2011

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Will County Metropolitan Exposition and Auditorium Authority ("WCMEAA" or "Authority") for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 25, 2010. Professional standards also require that we communicate to you the following information related to our audit.

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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 expense 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of going concern and grants and awards in Notes 6 and 7 to the financial statements. During the current year, The City of Joliet has experienced significant budget shortfalls. Because the City of Joliet provides a considerable amount of financial support to WCMEAA annually, any substantial reduction in the current level of funding, may affect WCMEAA's ability to continue as a going concern.

The disclosure of long term debt in Note 11 to the financial statements details outstanding amounts, terms, and lenders.

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 March 1, 2011.

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 Authority'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 Authority'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, Doran + Rogers, LLC

Adjusting Journal Entries
Fund 3 - Enterprise
WCMEAA/RSTC
June 30, 2010

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
8	RST CASH OVER/SHORT	145.50	5-1-52752	6202		4,800.00	
8	PARTICIPANT FEES		4-1-32021	6200			4,800.00
8	RST DEPRECIATION		5-1-55002	7200		8,653.38	
8	ACCUM EQUIPMENT DEPREC		1-1-13400	3300			8,653.38
8	RST INSTITUTIONAL ADVERTISING		5-1-51072	7200		378.00	
8	ACCOUNTS PAYABLE		2-1-20000	4100			378.00
Client Aje's							
9	RA LOSS ON DISPOSAL OF FIXED ASSETS	145.40	4-1-30706	7300		28,784.02	
9	RETAINED EARNINGS		3-1-29800	5700			33,418.72
9	RST LOSS ON DISPOSAL OF FIXED ASSET		4-1-30707	7200		4,634.70	
To reclassify Loss on Disposal as such							
10	RST INSTITUTIONAL ADVERTISING	1500.30	5-1-51072	7200		14,566.55	
10	SPONSORED EVENTS IN PROCESS		1-1-11800	2600			14,566.55
10	RST INSTITUTIONAL ADVERTISING		5-1-51072	7200		1,126.95	
10	PPD RENTAL EVENTS IN PROCESS		1-1-11900	2600			1,126.95
To adjust general ledger to reflect actual detail of prepaid accounts							
Totals						62,943.60	62,943.60



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To The Board of Directors
Will County Metropolitan Exposition And Auditorium Authority
Joliet, Illinois

MAR 23 2011

Management Letter

In planning and performing our audit of the basic financial statements of the Will County Metropolitan Exposition And Auditorium Authority (Authority) for the year ended June 30, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency which are summarized below. This letter does not affect our report dated March 1, 2011, on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our Comments are summarized as follows:

Monthly Cash Reconciliations

Finding: Currently, monthly cash reconciliations prepared by the Authority's Finance Manager are not being reviewed.

Recommendation: We recommend review of monthly cash reconciliations by a designated board member, including documentation of review.

Adjusting Journal Entries

Finding: Due to the limited accounting staff, the Finance Manager performs various overlapping duties. In addition, he is authorized to prepare and post all adjusting journal entries to the general ledger.

Recommendation: We recommend that a designated board member review monthly adjusting journal entries posted to the general ledger by the Finance Manager. This process should be documented as well.

Credit Card Statements

Finding: A credit card is currently available for purchases made by a limited number of staff members.

Recommendation: We recommend the Authority include the monthly credit card statements with other financial information provided to board members. The statement should be provided for review regardless of the current month's credit card activity.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than those specified parties.

Werner, Rogers, Doran + Rogers, LLC

March 1, 2011

