

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

APR 09 2012

**COMPONENT UNIT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2011, 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, 2011, 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.

As discussed in Note 1 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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 schedule of revenue and expense – enterprise fund is the responsibility of management and was derived from and relates 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 48 through 49 and the schedule of organizational data on page 50 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.

Wernman, Rogers, Doran + Ruggieri, LLC

March 8, 2012

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2011

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, 2011. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The Authority's net assets decreased by \$214 thousand, or 4 percent, as a result of this year's operations. Net assets of our governmental activities increased by \$39 thousand, or 4 percent while net assets of our business-type activities decreased by \$253 thousand, or 6 percent.

During the year, the Authority's governmental activities had revenues of \$312 thousand as compared to revenues of \$641 thousand in the prior year. This represented a decrease in revenues of \$329 thousand or 51 percent. The Authority's governmental activities had expenditures of \$34 thousand for the current year as compared to expenditures of \$40 thousand for the prior year.

In the Authority's business-type activities, revenues increased from \$3.5 million to \$3.9 million or 10 percent while expenses increased from \$4.1 million to \$4.3 million or 6 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets (on pages 10 and 11) and the Statement of Activities (on pages 12 and 13) 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 14. 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 4. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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, 2011

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, and Two Rialto Square are reported here.

Reporting The Authority's Most Significant Funds

Fund Financial Statements

Our analysis of the Authority's major funds begins on page 8. The fund financial statements begin on page 14 and provide detailed information about the most significant funds – not the Authority as a whole. Some funds are required to be established by State law and by bond covenants. However, the Authority's Board establishes 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.

THE AUTHORITY AS A WHOLE

The Authority's combined net assets decreased by about 4 percent – from \$5.0 million to \$4.8 million. Governmental activities increased while business-type activities decreased. Business-type activities decreased by about 6 percent while the governmental activities increased by about 4 percent. The decreases in business type activity and increases in governmental activity can be attributed to fewer transfers 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:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2011

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current And Other Assets	\$ 1,202,397	\$ 1,013,811	\$ 386,643	\$ 535,557	\$ 1,589,040	\$ 1,549,368
Capital Assets (Net)	-	-	7,211,790	7,285,009	7,211,790	7,285,009
Total Assets	1,202,397	1,013,811	7,598,433	7,820,566	8,800,830	8,834,377
Long-Term Liabilities	-	-	2,802,646	2,740,149	2,802,646	2,740,149
Other Liabilities	211,165	61,453	981,054	1,012,330	1,192,219	1,073,783
Total Liabilities	211,165	61,453	3,783,700	3,752,479	3,994,865	3,813,932
Net Assets						
Invested In Capital Assets, Net Of Related Debt	-	-	4,409,144	4,544,860	4,409,144	4,544,860
Restricted For Permanent Funds	556,591	541,724	-	-	556,591	541,724
Restricted For Capital Improvements	36,600	66,180	-	-	36,600	66,180
Unrestricted	398,041	344,454	(594,411)	(476,773)	(196,370)	(132,319)
Total Net Assets	\$ 991,232	\$ 952,358	\$ 3,814,733	\$ 4,068,087	\$ 4,805,965	\$ 5,020,445
\$ Change Net Assets	\$ 38,874		(\$ 253,354)		(\$ 214,480)	

The net assets of the Authority's governmental activities increased by \$39 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, increased by \$41 thousand. This increase is attributable to fewer transfers 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 decreased by 6 percent (\$3.8 million compared to \$4.1 million). Unrestricted net assets decreased by \$118 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, 2011

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges For Services	\$ -	\$ -	\$ 3,061,063	\$ 2,820,078	\$ 3,061,063	\$ 2,820,078
Operating Grants And Contributions	108,721	342,805	792,628	726,909	901,349	1,069,714
Capital Grants And Contributions	73,263	233,050	-	-	73,263	233,050
General Revenues:						
Other Income	-	11,873	-	(33,419)	-	(21,546)
Interest And Investment Earnings	114,976	44,933	277	269	115,253	45,202
Total Revenues	<u>296,960</u>	<u>632,661</u>	<u>3,853,968</u>	<u>3,513,837</u>	<u>4,150,928</u>	<u>4,146,498</u>
Program Expenses						
General Administration	19,448	14,902	-	-	19,448	14,902
Development And Sustaining	5,429	4,696	-	-	5,429	4,696
Fundraising	5,924	4,463	-	-	5,924	4,463
Capital Campaign And Endowment	3,170	16,133	-	-	3,170	16,133
Rialto Square Theatre	-	-	3,111,403	2,878,682	3,111,403	2,878,682
Rialto Office Complex	-	-	722,739	694,460	722,739	694,460
School Of The Arts	-	-	-	(1,861)	-	(1,861)
Two Rialto Square	-	-	512,162	513,690	512,162	513,690
Total Expenses	<u>33,971</u>	<u>40,194</u>	<u>4,346,304</u>	<u>4,084,971</u>	<u>4,380,275</u>	<u>4,125,165</u>
Excess Revenues Over (Under)						
Expenses Before Contributions To						
Permanent Funds And Transfers	262,989	592,467	(492,336)	(571,134)	(229,347)	21,333
Contributions to Permanent Funds	14,867	8,060	-	-	14,867	8,060
Transfers	(238,982)	(1,191,724)	238,982	1,191,724	-	-
Change In Net Assets	<u>38,874</u>	<u>(591,197)</u>	<u>(253,354)</u>	<u>620,590</u>	<u>(214,480)</u>	<u>29,393</u>
Net Assets Beginning	<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>
Net Assets Ending	<u>\$ 991,232</u>	<u>\$ 952,358</u>	<u>\$ 3,814,733</u>	<u>\$ 4,068,087</u>	<u>\$ 4,805,965</u>	<u>\$ 5,020,445</u>

The Authority's total revenues increased by \$11 thousand or .3 percent. The total costs of all programs and services increased by \$255 thousand or 6 percent. Our analysis that follows separately considers the operations of governmental and business-type activities.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2011

Governmental Activities

Revenues for the Authority's governmental activities decreased by \$329 thousand or 51 percent while total expenses decreased by \$6 thousand or 15 percent.

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

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

Table 3 Governmental Activities, Year Ended June 30,

	Total Cost Of Services		Net Cost Of (Surplus From) Services	
	2011	2010	2011	2010
General Administrative	\$ 19,448	\$ 14,902	(\$ 83,897)	(\$ 323,978)
Development And Sustaining	5,429	4,696	5,429	4,696
Capital Campaign & Endowment	3,170	16,133	(75,469)	(220,842)
Fundraising	5,924	4,463	5,924	4,463
Totals	\$ 33,971	\$ 40,194	(\$ 148,013)	(\$ 535,661)

Business-Type Activities

Revenues of the Authority's business-type activities (see Table 2) increased by \$340 thousand or 10 percent while expenses increased by \$261 thousand or 6 percent. The Authority's business-type activities are comprised of three separate and distinct activities: these activities are Rialto Square Theatre, Rialto Office Complex, and Two Rialto Square.

Operating revenue from the Rialto Square Theatre increased by \$287 thousand or 13 percent, while operating costs increased by \$233 thousand or 8 percent. The revenue increase is mostly attributable to box office handling fees which increased from \$27 thousand to \$160 thousand and theatre rental reimbursements which increased from \$72 thousand to \$175 thousand. The expense increase is mostly attributable to other production expense which increased from \$453 thousand to \$563 thousand and institutional advertising which increased from \$57 thousand to \$104 thousand.

Operating revenue from the Rialto Office Complex increased by \$21 thousand or 9 percent while expenses increased by \$28 thousand or 4 percent. The increase in revenue is due to increases in office and commercial rent and utility reimbursements.

Operating revenue from Two Rialto Square decreased by \$67 thousand or 15 percent while expenses increased by nearly \$2 thousand or 0.3 percent. The decrease in revenue is due to a decrease in office and commercial rent of \$70 thousand.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2011

THE AUTHORITY'S FUNDS

As the Authority completed the year, its governmental funds (as presented in the balance sheet on pages 14-15) reported a *combined* fund balance of \$991 thousand, which is above last year's total of \$952 thousand. The Authority's governmental funds experienced an increase of \$129 thousand in their cash and investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the Authority had \$7.2 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>	
	2011	2010	2011	2010	2011	2010
Land	\$ -	\$ -	\$ 580,737	\$ 580,737	\$ 580,737	\$ 580,737
Buildings	-	-	1,131,525	1,230,806	1,131,525	1,230,806
Building Improvements	-	-	4,972,745	3,943,883	4,972,745	3,943,883
Furniture And Equipment	-	-	515,857	559,213	515,857	559,213
Construction In Progress	-	-	10,926	970,370	10,926	970,370
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,211,790</u>	<u>\$ 7,285,009</u>	<u>\$ 7,211,790</u>	<u>\$ 7,285,009</u>

This year's major additions included the following:

Hospitality Suite Renovation Project	\$ 1,162,191
Rialto Square Roof Replacement	148,858

More detailed information about the Authority's capital assets is presented in Note 6 to the financial statements.

Debt Administration

At year end, the Authority had \$2,802,646 in debt outstanding. Outstanding debt at year end was as follows:

Revolving Line Of Credit	\$ 11,740
Straight Line Of Credit	<u>2,790,906</u>
	<u>\$ 2,802,646</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion And Analysis For The Year Ended June 30, 2011

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 13 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.

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BASIC FINANCIAL STATEMENTS

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Net Assets June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 241,850	\$ 237,413	\$ 479,263
Investments	258,397	-	258,397
Accounts Receivable	-	41,970	41,970
Pledges Receivable - Current	16,052	-	16,052
Accrued Interest Receivable	6	-	6
Accounts Receivable Other	-	24,087	24,087
Prepaid Expenses	-	141,710	141,710
Grant Advance	9,732	-	9,732
Internal Balances	86,650	(86,650)	-
Inventory	6,877	28,113	34,990
	<u>619,564</u>	<u>386,643</u>	<u>1,006,207</u>
Total Current Assets			
	<u>619,564</u>	<u>386,643</u>	<u>1,006,207</u>
Noncurrent Assets:			
Restricted Assets			
Cash	123,064	-	123,064
Investments	439,221	-	439,221
Pledges Receivable - Non Current	20,548	-	20,548
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	1,131,525	1,131,525
Building Improvements	-	4,972,745	4,972,745
Furniture And Equipment	-	515,857	515,857
Construction In Progress	-	10,926	10,926
	<u>582,833</u>	<u>7,211,790</u>	<u>7,794,623</u>
Total Noncurrent Assets			
	<u>582,833</u>	<u>7,211,790</u>	<u>7,794,623</u>
Total Assets	<u>\$ 1,202,397</u>	<u>\$ 7,598,433</u>	<u>\$ 8,800,830</u>

See Accompanying Notes To Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable And Accrued Expenses	\$ -	\$ 349,621	\$ 349,621
Accrued Payroll And Benefits	-	78,141	78,141
Current Portion Of Long-Term Debt	-	77,327	77,327
Due To Bondholders	56,355	-	56,355
Deferred Revenue	6,098	446,054	452,152
Due To Volunteers	148,712	-	148,712
Other	-	107,238	107,238
Total Current Liabilities	<u>211,165</u>	<u>1,058,381</u>	<u>1,269,546</u>
Noncurrent Liabilities			
Long-Term Debt	<u>-</u>	<u>2,725,319</u>	<u>2,725,319</u>
Total Noncurrent Liabilities	<u>-</u>	<u>2,725,319</u>	<u>2,725,319</u>
Total Liabilities	<u>211,165</u>	<u>3,783,700</u>	<u>3,994,865</u>
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt	-	4,409,144	4,409,144
Restricted For Endowments	556,591	-	556,591
Restricted For Capital Improvements	36,600	-	36,600
Unrestricted	<u>398,041</u>	<u>(594,411)</u>	<u>(196,370)</u>
Total Net Assets	<u>991,232</u>	<u>3,814,733</u>	<u>4,805,965</u>
Total Liabilities And Net Assets	<u>\$ 1,202,397</u>	<u>\$ 7,598,433</u>	<u>\$ 8,800,830</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Activities For The Year Ended June 30, 2011

Functions / Programs	<u>Expenses</u>	<u>Program Charges For Services</u>
Governmental Activities:		
General Administration	\$ 19,448	\$ -
Development And Sustaining	5,429	-
Capital Campaign And Endowment	3,170	-
Fundraising	5,924	-
	<hr/>	<hr/>
Total Governmental Activities	33,971	-
	<hr/>	<hr/>
Business-Type Activities:		
Rialto Square Theatre	3,111,403	2,427,448
Rialto Office Complex	722,739	252,560
Two Rialto Square	512,162	381,055
	<hr/>	<hr/>
Total Business-Type Activities	4,346,304	3,061,063
	<hr/>	<hr/>
Total	\$ 4,380,275	\$ 3,061,063
	<hr/>	<hr/>

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
\$ 103,345	\$ -	\$ 83,897	\$ -	\$ 83,897
-	-	(5,429)	-	(5,429)
5,376	73,263	75,469	-	75,469
-	-	(5,924)	-	(5,924)
<u>108,721</u>	<u>73,263</u>	<u>148,013</u>	<u>-</u>	<u>148,013</u>
65,175	-	-	(618,780)	(618,780)
727,453	-	-	257,274	257,274
-	-	-	(131,107)	(131,107)
<u>792,628</u>	<u>-</u>	<u>-</u>	<u>(492,613)</u>	<u>(492,613)</u>
<u>\$ 901,349</u>	<u>\$ 73,263</u>	<u>148,013</u>	<u>(492,613)</u>	<u>(344,600)</u>
General Revenues:				
Interest And Investment Earnings		114,976	277	115,253
Contributions To Permanent Funds		14,867	-	14,867
Transfers		(238,982)	238,982	-
Total General Revenues And Transfers		(109,139)	239,259	130,120
Change In Net Assets		<u>38,874</u>	<u>(253,354)</u>	<u>(214,480)</u>
Net Assets - Beginning		<u>952,358</u>	<u>4,068,087</u>	<u>5,020,445</u>
Net Assets - Ending		<u>\$ 991,232</u>	<u>\$ 3,814,733</u>	<u>\$ 4,805,965</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds Balance Sheet June 30, 2011

	<u>General Fund</u>	<u>Endowment Fund</u>
ASSETS		
Cash	\$ 293,457	\$ 71,457
Investments	92,583	605,035
Pledges Receivable	36,600	-
Accrued Interest Receivable	1	5
Grant Advance	9,732	-
Internal Receivables	232,526	55,755
Inventory	<u>6,877</u>	<u>-</u>
Total Assets	<u>\$ 671,776</u>	<u>\$ 732,252</u>
LIABILITIES		
Due To Bondholders	\$ 56,355	\$ -
Deferred Revenue	6,000	98
Internal Payables	38,847	162,784
Due to Volunteers	<u>148,712</u>	<u>-</u>
Total Liabilities	<u>249,914</u>	<u>162,882</u>
FUND BALANCES		
Nonspendable:		
Endowments	-	556,591
Inventory	6,877	-
Restricted for:		
Capital Projects	36,600	-
Assigned to:		
Endowment Fund For Future Operations	-	12,779
Unassigned	<u>378,385</u>	<u>-</u>
Total Fund Balance	<u>421,862</u>	<u>569,370</u>
Total Liabilities And Fund Balance	<u>\$ 671,776</u>	<u>\$ 732,252</u>

See Accompanying Notes To Basic Financial Statements.

Reconciliation Of Governmental Funds Balance Sheet
To Statement Of Net Assets
June 30, 2011

**Total
Governmental
Funds**

\$ 364,914
697,618
36,600
6
9,732
288,281
6,877

\$ 1,404,028

\$ 56,355
6,098
201,631
148,712

412,796

556,591
6,877

36,600

12,779
378,385

991,232

\$ 1,404,028

Total Fund Balance - Governmental Funds

\$ 991,232

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

-

Net Assets Of Governmental Activities

\$ 991,232

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Revenue, Expenditures, And Changes In Fund Balances Governmental Funds For The Year Ended June 30, 2011

	<u>General Fund</u>	<u>Endowment Fund</u>
Revenue		
Government Grants	\$ 35,254	\$ -
Sustaining Fund	61,091	-
Donations	5,376	-
Endowment Donations	-	8,080
Sponsorship Donations	7,000	-
Improvement Donations	64,456	-
Capital Campaign Fundraiser Donations	8,807	-
Preservation Dues	-	6,787
Dividends	458	3,628
Other Investment Income	1,340	10,588
Interest	301	109
Unrealized Gain On Investments	<u>11,088</u>	<u>87,464</u>
Total Revenue	<u>195,171</u>	<u>116,656</u>
Expenditures		
Fundraising	5,924	-
Capital Campaign Expenditures	2,900	-
Professional Fees	5,600	-
Office Supplies	1,247	-
Development Expenditures	175	-
Sustaining Fund Expenditures	5,254	-
Bad Debt Expenditures	270	-
Miscellaneous	4,111	-
Trust Fees	<u>1,359</u>	<u>7,131</u>
Total Expenditures	<u>26,840</u>	<u>7,131</u>
Excess Of Revenue Over Expenditures	<u>168,331</u>	<u>109,525</u>
Other Financing (Uses)		
Transfers Out	(144,451)	(94,531)
Total Other Financing (Uses)	(144,451)	(94,531)
Net Change In Fund Balances	23,880	14,994
Fund Balances, Beginning Of Year	<u>397,982</u>	<u>554,376</u>
Fund Balances, End Of Year	<u>\$ 421,862</u>	<u>\$ 569,370</u>

See Accompanying Notes To Basic Financial Statements.

Reconciliation Of The Statement Of Revenues,
Expenditures And Changes In Fund Balances Of
Governmental Funds To The Statement Of Activities
For The Year Ended June 30, 2011

Total Governmental Funds			
\$ 35,254	Net Change In Fund Balance - Governmental Funds	\$	38,874
61,091	<i>Amounts reported for governmental activities in the</i>		
5,376	<i>Statement of Activities are currently the same as</i>		
8,080	<i>amounts reported in this statement.</i>		
7,000			-
64,456			
8,807	Change In Net Assets Of Governmental Funds	\$	38,874
6,787			
4,086			
11,928			
410			
98,552			
311,827			
5,924			
2,900			
5,600			
1,247			
175			
5,254			
270			
4,111			
8,490			
33,971			
277,856			
(238,982)			
(238,982)			
38,874			
952,358			
\$ 991,232			

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Net Assets Proprietary Fund June 30, 2011

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
ASSETS	
Current Assets	
Cash And Cash Equivalents	\$ 237,413
Trade Receivables	41,970
Accounts Receivable Other	24,087
Prepaid Expenses	141,710
Internal Receivables	187,018
Inventory	<u>28,113</u>
Total Current Assets	<u>660,311</u>
Noncurrent Assets	
Capital Assets	
Land	580,737
Buildings	13,791,221
Building Improvements	6,703,107
Furniture And Equipment	970,559
Construction In Progress	<u>10,926</u>
	22,056,550
Less Accumulated Depreciation	<u>14,844,760</u>
Total Capital Assets	<u>7,211,790</u>
Total Noncurrent Assets	<u>7,211,790</u>
Total Assets	<u>\$ 7,872,101</u>

See Accompanying Notes To Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
LIABILITIES	
Current Liabilities	
Accounts Payable And Accrued Expenses	\$ 349,621
Accrued Payroll And Benefits	78,141
Current Portion Of Long-Term Debt	77,327
Deferred Revenue	446,054
Internal Payables	273,668
Other	107,238
Total Current Liabilities	<u>1,332,049</u>
Noncurrent Liabilities	
Long-Term Debt	<u>2,725,319</u>
Total Noncurrent Liabilities	<u>2,725,319</u>
Total Liabilities	<u>4,057,368</u>
NET ASSETS	
Invested In Capital Assets, Net Of Related Debt	4,409,144
Unrestricted	(594,411)
Total Net Assets	<u>3,814,733</u>
Total Liabilities And Net Assets	<u>\$ 7,872,101</u>

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement Of Revenue, Expense, And Changes In Net Assets Proprietary Fund For The Year Ended June 30, 2011

	Business-Type Activities
	Enterprise Fund
Operating Revenue	
Rentals And Reimbursements - Office And Commercial	\$ 610,579
Theatre Related Revenue	2,363,632
Other	86,852
Total Operating Revenue	<u>3,061,063</u>
Operating Expense	
Salaries	1,130,573
Benefits	241,150
Professional Services	32,987
Advertising And Promotion	376,185
Administrative	45,402
Insurance	182,648
Real Estate Expense	1,126
Custodial And Maintenance	237,849
Utilities	272,777
Artist Fees	261,200
House Expense	255,946
Production Expense	683,414
Depreciation	478,170
Total Operating Expense	<u>4,199,427</u>
Operating (Loss)	(1,138,364)
Nonoperating Revenue (Expense)	
Interest Income	277
Interest Expense	(146,877)
Support From City Of Joliet	727,453
In-Kind Contributions	65,175
Total Nonoperating Revenue (Expense)	<u>646,028</u>
Net (Loss) Before Transfers	(492,336)
Transfers	
Transfers In	<u>238,982</u>
Change In Net Assets	(253,354)
Total Net Assets, Beginning Of Year	<u>4,068,087</u>
Total Net Assets, End Of Year	<u>\$ 3,814,733</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, 2011

	Business-Type Activities
	Enterprise Fund
Cash Flows From Operating Activities	
Cash Received From Customers And Donors	\$ 2,891,332
Cash Paid To Suppliers For Goods And Services	(2,090,408)
Cash Payments For Employees Services	(1,354,626)
Net Payments To Fiduciary Funds	(13,635)
Net Cash (Used In) Operating Activities	(567,337)
Cash Flows From Investing Activities	
Interest Received On Investments	276
Net Cash Provided By Investing Activities	276
Cash Flows From Noncapital Financing Activities	
Support From The City Of Joliet	727,453
Payments From Other Funds	321,218
Net Cash Provided By Noncapital Financing Activities	1,048,671
Cash Flows From Capital And Related Financing Activities	
Purchases Of Capital Assets	(387,330)
Proceeds From Long-Term Debt	120,000
Payments Of Long-Term Debt	(57,503)
Payments Of Interest	(146,877)
Net Cash (Used In) Capital And Related Financing Activities	(471,710)
Net Increase In Cash	9,900
Cash, Beginning Of Year	227,513
Cash, End Of Year	\$ 237,413

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)	(\$ 1,138,364)
Adjustments To Reconcile Operating (Loss) To Net	
Cash (Used In) Operating Activities	
Depreciation	478,170
In-Kind Contributions	47,555
Changes In Assets And Liabilities	
Trade Receivables	65,239
Due From Fiduciary Funds	(13,635)
Prepaid Expenses	28,174
Inventory	(3,200)
Accounts Payable And Accrued Expenses	156,695
Accrued Payroll And Benefits	17,097
Deferred Revenue	(234,971)
Other Payables	29,903
Total Adjustments	571,027
Net Cash (Used In) Operating Activities	(\$ 567,337)
Noncash Investing Activities	
Capital Assets Acquired Through In-Kind Contribution	\$ 17,620

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

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, 2011, 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.

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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

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 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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and nonexchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

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

Proprietary Funds

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

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

Measurement Focus And Basis Of Accounting

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

Measurement Focus

On the government-wide Statement of Net 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. on the following page.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements

June 30, 2011

1. Summary Of Significant Accounting Policies

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net 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.

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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

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.

Governmental Funds

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

Use Of Resources Policy

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

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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements

June 30, 2011

1. Summary Of Significant Accounting Policies

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 debt proceeds. Assets acquired through gifts or donations are recorded at their estimated fair value at the time of acquisition. The Authority has established a capitalization threshold of \$2,500 for buildings and improvements and \$2,500 for furniture and equipment.

Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net assets. 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 cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Inventory

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

Deferred Revenue

Deferred revenue at June 30, 2011 consists of theatre deposits, rotunda deposits, gift certificates, tickets on account, and ticket sales for future events.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

Advertising Costs

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

Fund Balance

The Authority has implemented GASB 54 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended June 30, 2011 for its governmental funds. The implementation resulted in the reclassification of the of the Debt Service Fund from a nonmajor governmental fund to an account of the General Fund and the Agency Fund from a fiduciary fund to an account of the General Fund. Also, the Endowment Fund Expendable Portion, previously presented as a Special Revenue Fund, has been combined with the Endowment Fund Nonexpendable Portion. Both components are presented under the single heading Endowment Fund. Under GASB 54, fund balances are required to be reported using five separate classifications as listed below. The Authority may not necessarily utilize each classification in a given fiscal year.

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

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

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2011

1. Summary Of Significant Accounting Policies

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

Note 13 provides details of fund balances.

Use Of Estimates

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

2. Cash And Investments

Deposits

At June 30, 2011, the carrying amount of the Authority's deposits was \$534,547 and the bank balance was \$503,010. 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, 2011, 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, 2011, 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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

2. Cash And Investments

Deposits

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.

Investments

Investments are carried at fair value. Unrealized gains were \$98,552. All investments are expected to be held until maturity.

	<u>Fair Value</u>	<u>% Of Total Investments</u>
U.S. Treasury Money Market Fund	\$ 24,915	3.28%
Government Money Market Fund	61,479	8.10%
First Midwest Fixed Income Common Fund	264,213	34.81%
First Midwest Equity Common Fund	<u>408,490</u>	<u>53.81%</u>
Total Investments	<u>\$ 759,097</u>	<u>100.00%</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

2. Cash And Investments

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	\$ 473,472	\$ -	\$ 473,472
Certificates Of Deposit	45,289	-	45,289
Money Market Funds	15,787	61,479	77,266
Cash On Hand	-	-	6,300
Total Reported As Cash	<u>534,548</u>	<u>61,479</u>	<u>602,327</u>
<u>Reported As Investments:</u>			
U.S. Treasury Money Market	-	24,915	24,915
Mutual Funds	-	672,703	672,703
Total Reported As Investments	<u>-</u>	<u>697,618</u>	<u>697,618</u>
 Total Cash And Investments	 <u>\$ 534,548</u>	 <u>\$ 759,097</u>	 <u>\$ 1,299,945</u>
 <u>Reconciliation Of Cash And Investments:</u>			
Statement Of Net Assets Cash Page 10		\$ 479,263	
Statement Of Net Assets Cash-Restricted Page 10		123,064	
Statement Of Net Assets Investments Page 10		258,397	
Statement Of Net Assets Investments-Restricted Page 10		439,221	
		<u>\$ 1,299,945</u>	

3. Restricted Assets

Restricted assets represent assets of the nonexpendable portion of the endowment fund. Restricted assets also includes amounts on deposit for repayment of outstanding bearer bonds.

4. Due To Bondholders

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

5. 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 \$40,615 has been recorded in the accompanying financial statements as part of accrued expenses.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2011

6. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balances July 1, 2010	Additions	Deletions	Balances June 30, 2011
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction In Progress	970,370	365,692	1,325,136	10,926
Subtotal	1,551,107	365,692	1,325,136	591,663
<i>Capital Assets Being Depreciated</i>				
Buildings	13,791,221	-	-	13,791,221
Building Improvements	5,338,712	1,364,395	-	6,703,107
Furniture And Equipment	970,559	-	-	970,559
Total At Historical Cost	21,651,599	1,730,087	1,325,136	22,056,550
Less Accumulated Depreciation For:				
Buildings	12,560,415	99,281	-	12,659,696
Building Improvements	1,394,829	335,533	-	1,730,362
Furniture And Equipment	411,346	43,356	-	454,702
Total Accumulated Depreciation	14,366,590	478,170	-	14,844,760
Net Capital Assets	\$ 7,285,009	\$ 1,251,917	\$ 1,325,136	\$ 7,211,790

7. 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 \$2.20 per hour, up to 40 hours a week, for each participant, through June 30, 2011. Payments for the year to CPF totaled \$14,274.

8. 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 an annual budget, rate revisions and the creation of S.T.A.R. (Special Treatment at Rialto). Management believes that these endeavors along with other future improvements will provide the opportunity for the Authority to continue as a going concern.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

9. 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.

10. Leases

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

Following is a summary of property on lease at June 30, 2011:

Buildings	\$ 6,711,291
Leaseholds Improvements	<u>4,370,469</u>
	11,081,760
Less Accumulated Depreciation	<u>6,889,978</u>
	<u>\$ 4,191,782</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2011 for each of the next five years and in the aggregate are:

2012	\$ 624,516
2013	451,245
2014	383,753
2015	310,160
2016	<u>247,573</u>
	<u>\$ 2,017,247</u>

Rent expense for the year ended June 30, 2011 was \$45,617.

11. Risk Management

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2011

12. Interfund Balances And Transfers

At June 30, 2011, interfund balances were as follows:

Fund	Interfund	
	Receivable	Payable
General Fund		
Enterprise Fund	\$ 232,526	\$ 24,234
Endowment Fund	-	14,613
Enterprise Fund		
General Fund	24,234	232,526
Endowment Fund	162,784	41,142
Endowment Fund		
General Fund	14,613	-
Enterprise Fund	41,142	162,784
Grand Total	\$ 475,299	\$ 475,299

Interfund Transfers during the year ended June 30, 2011 were as follows:

Fund	Interfund	
	Transfers In	Transfers Out
General Fund		
Enterprise Fund	\$ -	\$ 144,451
Enterprise Fund		
General Fund	144,451	-
Endowment Fund	94,531	-
Endowment Fund		
Enterprise Fund	-	94,531
	\$ 238,982	\$ 238,982

13. Long-Term Debt

Long-term debt at June 30, 2011 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, 2011 was \$11,740.

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.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements June 30, 2011

13. Long-Term Debt

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, 2011 was \$2,678,694.

A promissory note was signed on July 12, 2010, with First Community Bank of Joliet for the Lambrecht Hospitality Suite renovations in the amount of \$120,000. The loan is due on September 30, 2012 with a fixed interest rate of 5.169%. The loan requires five monthly interest payments, beginning July 30, 2010, twenty-one monthly principal and interest payments of \$2,451 each, beginning December 30, 2010, and one irregular last payment estimated at \$77,922 due on September 30, 2012. The balance due on this loan at June 30, 2011 was \$112,212. This loan replaces a line of credit in the amount of \$300,000 signed in the previous year. No funds were drawn on the \$300,000 line of credit.

Cash paid for interest was \$146,877 during the year ended June 30, 2011. Interest expense has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

A summary of long-term liability activity for the year ended June 30, 2011 is as follows:

	Balances July 1, 2010	Additions	Reductions	Balances June 30, 2011
Business-Type Activities				
Revolving Line Of Credit	\$ 22,149	\$ -	\$ 10,409	\$ 11,740
Straight Line Of Credit	2,718,000	120,000	47,094	2,790,906
Total	<u>\$ 2,740,149</u>	<u>\$ 120,000</u>	<u>\$ 57,503</u>	<u>\$ 2,802,646</u>

As of June 30, 2011, annual debt service requirements of business-type activities to maturity are as follows:

Year Ended June 30,	Notes Payable	
	Principal	Interest
2012	\$ 77,327	\$ 145,621
2013	131,677	139,994
2014	45,998	135,495
2015	48,480	133,013
2016	51,094	130,397
2017-2020	<u>2,448,070</u>	<u>74,801</u>
Total Requirements	<u>\$ 2,802,646</u>	<u>\$ 759,321</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes To Basic Financial Statements
June 30, 2011

14. Fund Balance

As described in Note 1, the Authority implemented GASB 54 for the fiscal year ended June 30, 2011 for its governmental funds. As a part of the implementation process, beginning of the year fund balance for the General Fund was increased by \$5,045 to account for the reclassification of the Debt Service Fund from a nonmajor governmental fund to an account of the General Fund.

SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2011

	Rialto Square Theatre	Rialto Office Complex
Operating Revenue		
Office And Commercial Rent	\$ -	\$ 216,768
Utility Reimbursement	-	12,756
Theatre Rent	148,276	-
Rotunda Rent	78,465	-
Hospitality Suite Rent	300	-
Theatre Rental Reimbursement	174,520	-
Rotunda Rental Reimbursement	1,189	-
Preservation Fees	120,051	-
Ticket Income	1,190,788	-
Bar Income	215,870	-
Commissions Income	78,114	-
Tour Income	5,344	-
Box Office Handling Fees	159,987	-
Participant Income	154,059	-
Show Program Advertising	11,700	-
Dinner Packages	24,969	-
Other Income	63,816	23,036
	<hr/>	<hr/>
Total Operating Revenue	2,427,448	252,560
	<hr/>	<hr/>
Operating Expense		
Salaries		
Administrative	310,584	25,141
Engineer	78,645	76,540
Maintenance	21,835	2,494
Office	174,810	9,463
Theatre House	136,549	-
Theatre Stage	225,130	-
	<hr/>	<hr/>
Total Salaries	947,553	113,638
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 216,768	\$ 379,927	\$ 596,695
12,756	1,128	13,884
148,276	-	148,276
78,465	-	78,465
300	-	300
174,520	-	174,520
1,189	-	1,189
120,051	-	120,051
1,190,788	-	1,190,788
215,870	-	215,870
78,114	-	78,114
5,344	-	5,344
159,987	-	159,987
154,059	-	154,059
11,700	-	11,700
24,969	-	24,969
86,852	-	86,852
<u>2,680,008</u>	<u>381,055</u>	<u>3,061,063</u>
335,725	25,141	360,866
155,185	34,414	189,599
24,329	364	24,693
184,273	9,463	193,736
136,549	-	136,549
225,130	-	225,130
<u>1,061,191</u>	<u>69,382</u>	<u>1,130,573</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2011

	Rialto Square Theatre	Rialto Office Complex
Benefits		
State U/C Tax	\$ 17,062	\$ 1,328
Pension (Union)	5,338	6,254
Employer FICA	71,185	8,769
Health Insurance	92,505	18,888
Total Benefits	<u>186,090</u>	<u>35,239</u>
Professional Services		
Accounting And Legal	13,802	1,729
Consulting	2,400	300
Other	240	405
Total Professional Services	<u>16,442</u>	<u>2,434</u>
Advertising And Promotion		
Public Relations	5,743	-
Marketing/Rental Property	35,524	-
Institutional Advertising	104,455	-
Show Program Expense	4,682	-
Event Marketing	175,625	-
In Kind Advertising	47,555	-
Tour Expense	2,601	-
Total Advertising And Promotion	<u>376,185</u>	<u>-</u>
Administrative Expense		
Office Supply (Non Print)	15,211	1,461
Small Equipment	3,790	450
Equipment Rental	1,630	470
Postage And Freight	2,538	290
Travel	4,340	612
License And Permits	1,800	-
Computer Supplies	1,565	372
Other	2,616	-
Membership Fees	4,130	10
Total Administrative Expense	<u>37,620</u>	<u>3,665</u>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 18,390	\$ 766	\$ 19,156
11,592	2,682	14,274
79,954	5,276	85,230
111,393	11,097	122,490
<u>221,329</u>	<u>19,821</u>	<u>241,150</u>
15,531	2,369	17,900
2,700	300	3,000
645	11,442	12,087
<u>18,876</u>	<u>14,111</u>	<u>32,987</u>
5,743	-	5,743
35,524	-	35,524
104,455	-	104,455
4,682	-	4,682
175,625	-	175,625
47,555	-	47,555
2,601	-	2,601
<u>376,185</u>	<u>-</u>	<u>376,185</u>
16,672	1,459	18,131
4,240	450	4,690
2,100	11	2,111
2,828	261	3,089
4,952	593	5,545
1,800	-	1,800
1,937	373	2,310
2,616	960	3,576
4,140	10	4,150
<u>41,285</u>	<u>4,117</u>	<u>45,402</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2011

	Rialto Square Theatre	Rialto Office Complex
Insurance		
Insurance	\$ 84,563	\$ 58,152
Total Insurance	<u>84,563</u>	<u>58,152</u>
Real Estate Expense		
Real Estate Taxes	<u>-</u>	<u>-</u>
Total Real Estate Expense	<u>-</u>	<u>-</u>
Custodial And Maintenance		
Custodial Supplies	7,428	845
General Maintenance/Repairs	41,852	34,219
Cleaning Service	<u>23,116</u>	<u>20,070</u>
Total Custodial And Maintenance	<u>72,396</u>	<u>55,134</u>
Utilities		
Electricity	2,118	55,050
Water	2,073	4,032
Gas	15,434	28,663
Telephone	<u>23,925</u>	<u>4,450</u>
Total Utilities	<u>43,550</u>	<u>92,195</u>
Artists Fees		
Regular Artist Fees	259,878	-
Opening Acts Artist Fees	500	-
Contracted Musicians	<u>822</u>	<u>-</u>
Total Artists Fees	<u>261,200</u>	<u>-</u>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
<u>\$ 142,715</u>	<u>\$ 39,933</u>	<u>\$ 182,648</u>
<u>142,715</u>	<u>39,933</u>	<u>182,648</u>
<u>-</u>	<u>1,126</u>	<u>1,126</u>
<u>-</u>	<u>1,126</u>	<u>1,126</u>
8,273	2,356	10,629
76,071	66,520	142,591
<u>43,186</u>	<u>41,443</u>	<u>84,629</u>
<u>127,530</u>	<u>110,319</u>	<u>237,849</u>
57,168	129,415	186,583
6,105	3,167	9,272
44,097	-	44,097
<u>28,375</u>	<u>4,450</u>	<u>32,825</u>
<u>135,745</u>	<u>137,032</u>	<u>272,777</u>
259,878	-	259,878
500	-	500
<u>822</u>	<u>-</u>	<u>822</u>
<u>261,200</u>	<u>-</u>	<u>261,200</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2011

	Rialto Square Theatre	Rialto Office Complex
House Expense		
Liquor And Beer	\$ 49,941	\$ -
Beverage	7,032	-
Bar Supplies	14,325	-
Bar / Souvenir Salaries	5,911	-
Sales Tax	24,039	-
Ticketing Expense	36,890	-
Credit Card Charges	44,604	-
Security	11,516	-
Reimbursement / Rental Expense	13,866	-
Souvenir Expense	21,881	-
Dinner Package Expense	11,068	-
Volunteer Program Expense	7,287	-
Hospitality Suite Expense	5,839	-
Miscellaneous	1,747	-
	<hr/>	<hr/>
Total House Expense	255,946	-
	<hr/>	<hr/>
Production Expense		
Royalties	3,495	-
Transportation Artist	5,154	-
Accommodations Artist	4,130	-
Food Artist	13,952	-
Instrument Tuning	125	-
Film Rental	1,037	-
Supplies	6,008	-
Musical Instrument Rental	6,486	-
Production Equipment Rental	35,181	-
Rotunda Equipment Purchase	14,810	-
Production Equipment Purchase	851	-
Theatre Rental Reimbursement Expense	28,932	-
Production Expense Other	563,253	-
	<hr/>	<hr/>
Total Production Expense	683,414	-
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 49,941	\$ -	\$ 49,941
7,032	-	7,032
14,325	-	14,325
5,911	-	5,911
24,039	-	24,039
36,890	-	36,890
44,604	-	44,604
11,516	-	11,516
13,866	-	13,866
21,881	-	21,881
11,068	-	11,068
7,287	-	7,287
5,839	-	5,839
1,747	-	1,747
<hr/>	<hr/>	<hr/>
255,946	-	255,946
<hr/>	<hr/>	<hr/>
3,495	-	3,495
5,154	-	5,154
4,130	-	4,130
13,952	-	13,952
125	-	125
1,037	-	1,037
6,008	-	6,008
6,486	-	6,486
35,181	-	35,181
14,810	-	14,810
851	-	851
28,932	-	28,932
563,253	-	563,253
<hr/>	<hr/>	<hr/>
683,414	-	683,414
<hr/>	<hr/>	<hr/>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Revenue And Expense Enterprise Fund For The Year Ended June 30, 2011

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Total Operating Expense Before Depreciation	\$ 2,964,959	\$ 360,457
Operating Income (Loss) Before Depreciation	(537,511)	(107,897)
Depreciation	142,535	220,087
Operating Income (Loss)	(680,046)	(327,984)
Non-Operating Revenue (Expense)		
Interest Income	187	90
Interest Expense	(3,909)	(142,195)
Support From City Of Joliet	-	727,453
In-Kind Contributions	65,175	-
Total Non-Operating Revenue (Expense)	61,453	585,348
Net Income (Loss) Before Transfers	(618,593)	257,364
Transfers		
Transfers In	238,982	-
Change In Net Assets	(\$ 379,611)	\$ 257,364

<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 3,325,416	\$ 395,841	\$ 3,721,257
(645,408)	(14,786)	(660,194)
<u>362,622</u>	<u>115,548</u>	<u>478,170</u>
(1,008,030)	(130,334)	(1,138,364)
277	-	277
(146,104)	(773)	(146,877)
727,453	-	727,453
<u>65,175</u>	<u>-</u>	<u>65,175</u>
<u>646,801</u>	<u>(773)</u>	<u>646,028</u>
(361,229)	(131,107)	(492,336)
<u>238,982</u>	<u>-</u>	<u>238,982</u>
(\$ 122,247)	(\$ 131,107)	(\$ 253,354)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Insurance Data (Unaudited) June 30, 2011

Below is a schedule of the Authority's insurance in effect at June 30, 2011.

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Property	Cincinnati Insurance Company	4/2/2012
\$59,389,591	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	4/2/2012
\$1,000,000	Liability Coverage	
Comprehensive Umbrella Liability	Cincinnati Insurance Company	4/2/2012
\$10,000,000		
Workmen's Compensation And Employer's Liability	Midwest Insurance Company	10/16/2011
\$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	4/2/2012
\$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, 2011

Below is a schedule of the Authority's insurance in effect at June 30, 2011.

\$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	15
Rialto Office Complex	3

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule Of Organization Data
June 30, 2011

Board Of Directors

Chairman	David R. Hacker
Vice Chairman	James V. Smith
Secretary	David J. 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

To 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, 2011, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 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 Werner, Rogers, Doran & Ruzon, LLC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Werner, 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.

Sincerely,

Werner, Rogers, Doran & Ruzon, LLC

March 8, 2012



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

November 8, 2011

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

Communication with Those Charged with Governance during Audit Planning

We are engaged to audit 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 (WCMEAA) for the year ended June 30, 2011. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 23, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately November 8, 2011 and issue our report in early 2012.

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

Sincerely,

Wermar, Rogers, Doran + Ruzon, LLC



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March 8, 2012

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

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

We have audited the 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 (WCMEAA or Authority) for the year ended June 30, 2011. 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 November 8, 2011. 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. Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, became effective in 2011. No other new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. 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 Authority's financial statements was:

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

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 8 and 9 to the financial statements - During the current year, The City of Joliet has experienced significant budget reductions. 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 8, 2012.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of WCMEAA 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 1 - Debt Service
WCMEAA/RSTC
June 30, 2011

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	GENERAL FUND BALANCE	3000.01	3-1-29800R	56000			4,876.51
1	ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000		19,568.28	
1	VOL FUND RESTRICTED FUND BAL		3-3-29800R	56000			10,705.17
1	DS FUND BALANCE		3-4-29000	5700			97.56
1	RETAINED EARNINGS		3-1-29800	5700		97.56	
1	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		91,341.60	
1	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			102,096.60
1	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		6,768.40	
1	ENDOW FUND DUE FRM CC FUND		1-2-11009R	23500			315.00
1	CAP CAMP DUE TO ENDOWMENT FUND		2-4-20120R	45250		315.00	

To adjust one sided entries made by the client and prior year adjustment not booked by client

Totals						118,090.84	118,090.84
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Adjusting Journal Entries
Fund 3 - Enterprise
WCMEAA/RSTC
June 30, 2011

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	GENERAL FUND BALANCE	3000.01	3-1-29800R	56000			4,876.51
1	ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000		19,568.28	
1	VOL FUND RESTRICTED FUND BAL		3-3-29800R	56000			10,705.17
1	DS FUND BALANCE		3-4-29000	5700			97.56
1	RETAINED EARNINGS		3-1-29800	5700		97.56	
1	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		91,341.60	
1	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			102,096.60
1	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		6,768.40	
1	ENDOW FUND DUE FRM CC FUND		1-2-11009R	23500			315.00
1	CAP CAMP DUE TO ENDOWMENT FUND		2-4-20120R	45250		315.00	

To adjust one sided entries made by the client and prior year adjustment not booked by client

6	A/P RIALTO SQ THTR CORP		2-1-20100	4300		16,112.43	
6	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			16,112.43

To reclass double postings error Aje #22

7	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601		2,820.13	
7	RST ROT EQUIP PURCHASE		5-1-52652	7200			2,820.13

To reclass posting error volunteer underwrite hospice luncheon

8	GRANTS FOR RST CORPORATION		6-1-75622	7200		115,156.56	
8	CAPITAL CAMPAIGN IN PROCESS		1-1-14100	2300			115,156.56

To reclass capital campaign promotional expense 2005-2011 to close out campaign phase and to make a grant to RSTF in said amount

18	ACCOUNTS PAYABLE	2000.40	2-1-20000	4100		37,319.43	
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300			37,319.43

To reclass items pending at year-end 6/30/11

19	A/P RIALTO SQ THTR CORP		2-1-20100	4300		50.00	
19	RST CASH OVER/SHORT		5-1-52752	6202			50.00

To record FOT refund that had originally been recorded as a capital campaign donation

Totals

289,549.39	289,549.39
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To The Board of Directors
Will County Metropolitan Exposition And Auditorium Authority
Joliet, Illinois

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, 2011 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 8, 2012, 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.

Cash Over/Short

Finding: We noted significant fluctuations in the cash over/short account in comparison to the previous year.

Recommendation: We recommend the development of procedures to determine which items are posted to this account and whether those items are appropriately categorized on the general ledger.

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.

Wernman, Rogers, Owens + Ferguson, LLC

March 8, 2012

