

FEB 11 2015

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

**COMPONENT UNIT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Will County Metropolitan Exposition and Auditorium Authority (Authority), a component unit of the City of Joliet, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenue and expense – enterprise fund is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and expense – enterprise fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of insurance data and schedule of organizational data 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.

Werner, Rogan, Deane & Arzon, L.L.C.

February 3, 2015

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2014

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, 2014. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The Authority's net position increased by \$773 thousand, or 17 percent, as a result of this year's operations. Net position of our governmental activities increased by \$17 thousand, or 1 percent while net position of our business-type activities increased by \$757 thousand, or 24 percent.

During the year, the Authority's governmental activities had revenues of \$483 thousand as compared to revenues of \$552 thousand in the prior year. This represented a decrease in revenues of \$69 thousand or 13 percent. The Authority's governmental activities had expenditures of \$165 thousand for the current year as compared to expenditures of \$112 thousand for the prior year.

In the Authority's business-type activities, revenues increased from \$3.9 million to \$5.4 million or 39 percent while expenses increased from \$4.3 million to \$4.9 million or 14 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (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 Statement of Net Position and the Statement of Activities

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2014

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

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

Reporting the Authority's Most Significant Funds

Fund Financial Statements

Our analysis of the Authority's major funds begins on page 8. The fund financial statements begin on page 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 Position and the Statement of Activities) and governmental funds in a reconciliation to the right of the fund financial statements.

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

THE AUTHORITY AS A WHOLE

The Authority's combined net position increased by about 17 percent – from \$4.50 million to \$5.27 million. Governmental activities and business-type activities increased. Business-type activities increased by about 24 percent while the governmental activities increased by about 1 percent. The increase in business-type activities can be attributed to the timing of drawdowns from the State of Illinois grant, ticket income and transfers in from the governmental funds. The increase in governmental-type activities is mostly attributable to increased fundraising revenue and donations. Our analysis on the following page focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's governmental and business-type activities:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2014

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 1,505,257	\$ 1,545,040	\$ 807,833	\$ 276,731	\$ 2,313,090	\$ 1,821,771
Capital Assets (Net)	-	-	7,064,503	6,430,077	7,064,503	6,430,077
Total Assets	1,505,257	1,545,040	7,872,336	6,706,808	9,377,593	8,251,848
Long-Term Liabilities	-	-	2,559,727	2,610,587	2,559,727	2,610,587
Other Liabilities	147,227	203,538	1,399,016	939,448	1,546,243	1,142,986
Total Liabilities	147,227	203,538	3,958,743	3,550,035	4,105,970	3,753,573
Net Position						
Net Investment in Capital Assets	-	-	4,519,406	3,819,490	4,519,406	3,819,490
Restricted for Endowments	972,979	926,933	-	-	972,979	926,933
Restricted for Capital Improvements	10,000	9,175	-	-	10,000	9,175
Unrestricted	375,051	405,394	(605,813)	(662,717)	(230,762)	(257,323)
Total Net Position	\$ 1,358,030	\$ 1,341,502	\$ 3,913,593	\$ 3,156,773	\$ 5,271,623	\$ 4,498,275

The net position of the Authority's governmental activities increased by \$17 thousand. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$30 thousand. This decrease is mainly attributable to an increase in transfers out to the enterprise fund.

The net position of the Authority's business-type activities increased by 24 percent (\$3.9 million compared to \$3.2 million). Although the unrestricted net position remains in a deficit position, the deficit was reduced by \$57 thousand. The Authority generally can use the unrestricted portion of net position (if any) 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, 2014

Table 2 Condensed Statement of Changes in Net Position, Year Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 3,561,121	\$ 3,247,183	\$ 3,561,121	\$ 3,247,183
Operating Grants and Contributions	359,945	471,542	1,843,628	630,218	2,203,573	1,101,760
Capital Grants and Contributions	1,575	929	-	-	1,575	929
General Revenues:						
Interest and Investment Earnings	<u>113,126</u>	<u>71,871</u>	<u>870</u>	<u>180</u>	<u>113,996</u>	<u>72,051</u>
Total Revenues	<u>474,646</u>	<u>544,342</u>	<u>5,405,619</u>	<u>3,877,581</u>	<u>5,880,265</u>	<u>4,421,923</u>
Program Expenses						
General Administration	45,462	35,097	-	-	45,462	35,097
Development and Sustaining	12,133	10,048	-	-	12,133	10,048
Fundraising	102,545	61,757	-	-	102,545	61,757
Capital Campaign and Endowment	5,115	5,372	-	-	5,115	5,372
Rialto Square Theatre	-	-	3,825,988	3,286,110	3,825,988	3,286,110
Rialto Office Complex	-	-	715,769	652,509	715,769	652,509
Two Rialto Square	-	-	408,101	397,096	408,101	397,096
Total Expenses	<u>165,255</u>	<u>112,274</u>	<u>4,949,858</u>	<u>4,335,715</u>	<u>5,115,113</u>	<u>4,447,989</u>
Excess Revenues Over (Under)						
Expenses Before Contributions to						
Permanent Funds and Transfers	309,391	432,068	455,761	(458,134)	765,152	(26,066)
Contributions to Permanent Funds	8,196	7,686	-	-	8,196	7,686
Transfers	(301,059)	(196,787)	301,059	196,787	-	-
Change in Net Position	<u>16,528</u>	<u>242,967</u>	<u>756,820</u>	<u>(261,347)</u>	<u>773,348</u>	<u>(18,380)</u>
Net Position Beginning	<u>1,341,502</u>	<u>1,098,535</u>	<u>3,156,773</u>	<u>3,418,120</u>	<u>4,498,275</u>	<u>4,516,655</u>
Net Position Ending	<u>\$ 1,358,030</u>	<u>\$ 1,341,502</u>	<u>\$ 3,913,593</u>	<u>\$ 3,156,773</u>	<u>\$ 5,271,623</u>	<u>\$ 4,498,275</u>

The Authority's total revenues increased by \$1.5 million or 33 percent. The total costs of all programs and services increased by \$667 thousand or 15 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, 2014

Governmental Activities

Revenues for the Authority's governmental activities decreased by \$69 thousand or 13 percent while total expenditures increased by \$53 thousand or 47 percent.

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

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

Table 3 Governmental Activities, Year Ended June 30,

	Total Cost of Services		Net Cost of (Surplus from) Services	
	2014	2013	2014	2013
General Administrative	\$ 45,462	\$ 35,097	(\$ 23,568)	(\$ 427,769)
Development and Sustaining	12,133	10,048	(61,622)	10,048
Capital Campaign and Endowment	5,115	5,372	(44,478)	(4,233)
Fundraising	102,545	61,757	(66,597)	61,757
Totals	\$ 165,255	\$ 112,274	(\$ 196,265)	(\$ 360,197)

Business-Type Activities

Revenues of the Authority's business-type activities (see Table 2) increased by \$1.5 million or 39 percent while expenses increased by \$614 thousand or 14 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 \$292 thousand or 11 percent, while operating costs increased by \$539 thousand or 17 percent. The revenue increase is mostly attributable to ticket income which increased from \$1.7 million to \$1.9 million. The expense increase is mostly attributable to advertising and promotion which increased from \$288 thousand to \$420 thousand and artist fees which increased from \$333 thousand to \$481 thousand.

Operating revenue from the Rialto Office Complex increased by \$10 thousand or 3 percent while expenses increased by \$59 thousand or 19 percent. The increase in revenue is mainly due to increases in office and commercial rent while the expense increase is mostly attributable to increases in custodial and maintenance costs and utilities.

Operating revenue from Two Rialto Square increased by \$13 thousand or 3 percent, while expenses increased by \$21 thousand or 6 percent.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2014

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 \$1.4 million, which is above last year's total of \$1.3 million. The Authority's governmental funds experienced an increase of \$206 thousand in their cash and investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Authority had \$7.1 million invested in a broad range of capital assets, including land, buildings, building improvements, and furniture and equipment. (See Table 4 below.)

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ -	\$ -	\$ 580,737	\$ 580,737	\$ 580,737	\$ 580,737
Buildings	-	-	920,909	989,114	920,909	989,114
Building Improvements	-	-	4,039,605	4,339,979	4,039,605	4,339,979
Furniture and Equipment	-	-	432,962	442,959	432,962	442,959
Construction in Progress	-	-	1,090,290	77,288	1,090,290	77,288
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,064,503</u>	<u>\$ 6,430,077</u>	<u>\$ 7,064,503</u>	<u>\$ 6,430,077</u>

This year's major additions included the following:

Terra Cotta Repair Project	\$ 1,013,978
Bar Renovation Project	17,528

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

Debt Administration

At June 30, 2014, the Authority had \$2,550,984 in debt outstanding. Outstanding debt at year end was as follows:

Promissory Note, Dated December 28, 2011	\$ 2,536,354
Promissory Note, Dated September 9, 2013	<u>14,630</u>
	<u>\$ 2,550,984</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2014

The promissory note, dated December 28, 2011, was established for the University of Saint Francis build-out as well as the Lambrecht hospitality suite renovations. The promissory note, dated September 9, 2013, was established for administrative and box office computers. 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, 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 Position June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 180,013	\$ 475,104	\$ 655,117
Investments	307,522	-	307,522
Accounts Receivable	500	116,812	117,312
Pledges Receivable - Current	41,033	-	41,033
Accrued Interest Receivable	1	-	1
Prepaid Expenses	-	195,926	195,926
Grant Advance	9,456	-	9,456
Internal Balances	10,460	(10,460)	-
Inventory	9,909	30,451	40,360
	<u>558,894</u>	<u>807,833</u>	<u>1,366,727</u>
Total Current Assets			
Noncurrent Assets			
Restricted Assets			
Cash	42,621	-	42,621
Investments	862,172	-	862,172
Pledges Receivable - Non Current	41,570	-	41,570
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	920,909	920,909
Building Improvements	-	4,039,605	4,039,605
Furniture and Equipment	-	432,962	432,962
Construction in Progress	-	1,090,290	1,090,290
	<u>946,363</u>	<u>7,064,503</u>	<u>8,010,866</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 1,505,257</u>	<u>\$ 7,872,336</u>	<u>\$ 9,377,593</u>

See Accompanying Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ -	\$ 631,995	\$ 631,995
Accrued Payroll and Benefits	-	94,978	94,978
Long-Term Obligations, Due Within One Year			
Notes Payable	-	61,803	61,803
Capital Lease Payable		2,083	2,083
Due to Bondholders	-	62,713	62,713
Unearned Revenue	11,397	499,062	510,459
Due to Volunteers	135,830	-	135,830
Other	-	110,268	110,268
	<u>147,227</u>	<u>1,462,902</u>	<u>1,610,129</u>
Total Current Liabilities			
Noncurrent Liabilities			
Long-Term Obligations, Due in More Than One Year			
Notes Payable	-	2,489,181	2,489,181
Capital Lease Payable	-	6,660	6,660
	<u>-</u>	<u>2,495,841</u>	<u>2,495,841</u>
Total Noncurrent Liabilities			
	<u>147,227</u>	<u>3,958,743</u>	<u>4,105,970</u>
Total Liabilities			
NET POSITION			
Net Investment in Capital Assets	-	4,519,406	4,519,406
Restricted for Endowments	972,979	-	972,979
Restricted for Capital Improvements	10,000	-	10,000
Unrestricted	375,051	(605,813)	(230,762)
	<u>1,358,030</u>	<u>3,913,593</u>	<u>5,271,623</u>
Total Net Position			
	<u>\$ 1,505,257</u>	<u>\$ 7,872,336</u>	<u>\$ 9,377,593</u>
Total Liabilities and Net Position			

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental Activities:		
General Administration	\$ 45,462	\$ -
Development and Sustaining	12,133	-
Capital Campaign and Endowment	5,115	-
Fundraising	<u>102,545</u>	<u>-</u>
Total Governmental Activities	<u>165,255</u>	<u>-</u>
Business-Type Activities:		
Rialto Square Theatre	3,825,988	2,837,098
Rialto Office Complex	715,769	291,801
Two Rialto Square	<u>408,101</u>	<u>432,222</u>
Total Business-Type Activities	<u>4,949,858</u>	<u>3,561,121</u>
Total	<u>\$ 5,115,113</u>	<u>\$ 3,561,121</u>

See Accompanying Notes to Basic Financial Statements.

Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 69,030	\$ -	\$ 23,568	\$ -	\$ 23,568
73,755	-	61,622	-	61,622
48,018	1,575	44,478	-	44,478
169,142	-	66,597	-	66,597
359,945	1,575	196,265	-	196,265
39,186	-	-	(949,704)	(949,704)
1,804,442	-	-	1,380,474	1,380,474
-	-	-	24,121	24,121
1,843,628	-	-	454,891	454,891
\$ 2,203,573	\$ 1,575	196,265	454,891	651,156
General Revenues:				
Interest and Investment Earnings		113,126	870	113,996
Contributions to Permanent Funds		8,196	-	8,196
Transfers	(301,059)	301,059	-
Total General Revenues and Transfers	(179,737)	301,929	122,192
Change in Net Position		16,528	756,820	773,348
Net Position - Beginning		1,341,502	3,156,773	4,498,275
Net Position - Ending		\$ 1,358,030	\$ 3,913,593	\$ 5,271,623

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds Balance Sheet June 30, 2014

	<u>General Fund</u>	<u>Endowment Fund</u>
ASSETS		
Cash	\$ 179,205	\$ 43,429
Investments	13,603	1,156,091
Accounts Receivable	500	-
Pledges Receivable	10,000	72,603
Accrued Interest Receivable	-	1
Grant Advance	9,456	-
Internal Receivables	355,180	94,449
Inventory	<u>9,909</u>	<u>-</u>
Total Assets	<u>\$ 577,853</u>	<u>\$ 1,366,573</u>
LIABILITIES		
Unearned Revenue	\$ 11,299	\$ 98
Internal Payables	137,438	301,731
Due to Volunteers	<u>135,830</u>	<u>-</u>
Total Liabilities	<u>284,567</u>	<u>301,829</u>
FUND BALANCES		
Nonspendable:		
Endowments	-	972,979
Restricted for:		
Capital Projects	10,000	-
Assigned to:		
General Fund for Future Operations	201,417	-
Budgetary Deficits	-	85,969
Unassigned	<u>81,869</u>	<u>5,796</u>
Total Fund Balance	<u>293,286</u>	<u>1,064,744</u>
Total Liabilities and Fund Balance	<u>\$ 577,853</u>	<u>\$ 1,366,573</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2014

<u>Total Governmental Funds</u>		
\$ 222,634	Total Fund Balance - Governmental Funds	\$ 1,358,030
1,169,694		
500	<i>Amounts reported for governmental activities in the</i>	
82,603	<i>Statement of Net Position are currently the same as</i>	
1	<i>amounts reported in this statement.</i>	<u>-</u>
9,456		
449,629	Net Position of Governmental Activities	<u>\$ 1,358,030</u>
9,909		
<u>\$ 1,944,426</u>		
\$ 11,397		
439,169		
<u>135,830</u>		
<u>586,396</u>		
972,979		
10,000		
201,417		
85,969		
<u>87,665</u>		
<u>1,358,030</u>		
<u>\$ 1,944,426</u>		

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Endowment Fund</u>
Revenue		
Grants	\$ 40,000	\$ -
Fundraising	159,883	9,259
Sustaining Fund	73,755	-
Donations	29,030	-
Endowment Donations	-	33,281
Improvement Donations	1,575	-
Souvenir Sales	-	13,869
Preservation Dues	-	8,196
Miscellaneous	-	868
Dividends	5,499	5,586
Other Investment Income	-	12,581
Interest	50	166
Unrealized Gain on Investments	8,733	80,511
	<u>318,525</u>	<u>164,317</u>
Total Revenue		
Expenditures		
Fundraising	97,855	4,690
Professional Fees	6,000	-
Office Supplies	2,341	47
Development Expenditures	18	-
Sustaining Fund Expenditures	12,115	-
Souvenir Expenditures	-	3,265
Sales Tax	-	1,116
Miscellaneous	26,485	687
Trust Fees	306	10,330
	<u>145,120</u>	<u>20,135</u>
Total Expenditures		
Excess of Revenue Over Expenditures	<u>173,405</u>	<u>144,182</u>
Other Financing (Uses)		
Transfers Out	(279,613)	(21,446)
Total Other Financing (Uses)	(279,613)	(21,446)
Net Change in Fund Balances	(106,208)	122,736
Fund Balances, Beginning of Year	<u>399,494</u>	<u>942,008</u>
Fund Balances, End of Year	<u>\$ 293,286</u>	<u>\$ 1,064,744</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, 2014

Total Governmental Funds		
\$ 40,000	Net Change in Fund Balance - Governmental Funds	\$ 16,528
169,142	<i>Amounts reported for governmental activities in the</i>	
73,755	<i>Statement of Activities are currently the same as</i>	
29,030	<i>amounts reported in this statement.</i>	-
33,281		
1,575	Change in Net Position of Governmental Funds	\$ 16,528
13,869		
8,196		
868		
11,085		
12,581		
216		
89,244		
<u>482,842</u>		
102,545		
6,000		
2,388		
18		
12,115		
3,265		
1,116		
27,172		
10,636		
<u>165,255</u>		
<u>317,587</u>		
(301,059)		
(301,059)		
16,528		
<u>1,341,502</u>		
<u>\$ 1,358,030</u>		

See Accompanying Notes to Basic Financial Statements.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position Proprietary Fund June 30, 2014

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 475,104
Trade Receivables	116,812
Prepaid Expenses	195,926
Internal Receivables	414,775
Inventory	<u>30,451</u>
Total Current Assets	<u>1,233,068</u>
Noncurrent Assets	
Capital Assets	
Land	580,737
Buildings	13,791,221
Building Improvements	6,720,107
Furniture and Equipment	998,893
Construction in Progress	<u>1,090,290</u>
	23,181,248
Less Accumulated Depreciation	<u>16,116,745</u>
Total Capital Assets	<u>7,064,503</u>
Total Noncurrent Assets	<u>7,064,503</u>
Total Assets	<u>\$ 8,297,571</u>

See Accompanying Notes to Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 631,995
Accrued Payroll and Benefits	94,978
Long-Term Obligations, Due Within One Year	
Notes Payable	61,803
Capital Lease Payable	2,083
Due to Bondholders	62,713
Unearned Revenue	499,062
Internal Payables	425,235
Other	<u>110,268</u>
Total Current Liabilities	<u>1,888,137</u>
Noncurrent Liabilities	
Long-Term Obligations, Due in More Than One Year	
Notes Payable	2,489,181
Capital Lease Payable	<u>6,660</u>
Total Noncurrent Liabilities	<u>2,495,841</u>
Total Liabilities	<u>4,383,978</u>
NET POSITION	
Net Investment in Capital Assets	4,519,406
Unrestricted	<u>(605,813)</u>
Total Net Position	<u>3,913,593</u>
Total Liabilities and Net Position	<u>\$ 8,297,571</u>

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Revenue, Expense, and Changes in Net Position Proprietary Fund For the Year Ended June 30, 2014

	Business-Type Activities
	Enterprise Fund
Operating Revenue	
Rentals and Reimbursements - Office and Commercial	\$ 700,987
Theatre Related Revenue	2,828,021
Other	32,113
Total Operating Revenue	<u>3,561,121</u>
Operating Expense	
Salaries	1,253,752
Benefits	256,816
Professional Services	25,750
Advertising and Promotion	420,501
Administrative	77,618
Insurance	181,451
Real Estate Expense	1,170
Custodial and Maintenance	207,501
Utilities	311,722
Artist Fees	481,350
House Expense	233,874
Production Expense	941,415
Depreciation	414,485
Total Operating Expense	<u>4,807,405</u>
Operating (Loss)	(1,246,284)
Nonoperating Revenue (Expense)	
Bad Debt Expense	(11,669)
Interest Income	870
Interest Expense	(130,784)
Support from City of Joliet	600,000
State Grants	1,204,442
In-Kind Contributions	39,186
Total Nonoperating Revenue (Expense)	<u>1,702,045</u>
Net Income Before Transfers	455,761
Transfers	
Transfers In	<u>301,059</u>
Change in Net Position	756,820
Total Net Position, Beginning of Year	<u>3,156,773</u>
Total Net Position, End of Year	<u>\$ 3,913,593</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, 2014

	Business-Type Activities
	Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Customers and Donors	\$ 3,581,451
Cash Paid to Suppliers for Goods and Services	(2,770,279)
Cash Payments for Employees Services	(1,494,797)
Net Cash (Used in) Operating Activities	(683,625)
Cash Flows from Investing Activities	
Interest Received on Investments	870
Net Cash Provided by Investing Activities	870
Cash Flows from Noncapital Financing Activities	
Support from the City of Joliet	600,000
Payments from Other Funds	202,811
Net Cash Provided by Noncapital Financing Activities	802,811
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(794,694)
Proceeds from Long-Term Debt	19,137
Proceeds from State Grant	1,126,656
Payments of Long-Term Debt	(69,997)
Payments of Interest	(130,784)
Net Cash Provided by Capital and Related Financing Activities	150,318
Net Increase in Cash	270,374
Cash and Cash Equivalents, Beginning of Year	204,730
Cash and Cash Equivalents, End of Year	\$ 475,104

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)	(\$ 1,246,284)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used in) Operating Activities	
Bad Debt	(11,669)
Depreciation	414,485
In-Kind Contributions	3,278
Prior Year Construction in Process Expensed	976
Changes in Assets and Liabilities	
Trade Receivables	(19,818)
Prepaid Expenses	(3,284)
Inventory	1,120
Accounts Payable and Accrued Expenses	112,940
Accrued Payroll and Benefits	15,771
Deferred Revenue	51,817
Other Payables	(2,957)
Total Adjustments	562,659
Net Cash (Used in) Operating Activities	(\$ 683,625)
Noncash Investing and Financing Activities	
Donated Equipment	\$ 35,908
	\$ 35,908

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

Introduction

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

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

Financial Reporting Entity

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

Based on the above criterion, the Will County Metropolitan Exposition and Auditorium Authority, for the year ended June 30, 2014, has met the definition of a component unit of the City of Joliet. The considerations for the Will County Metropolitan Exposition and Auditorium Authority to be a component unit of the City of Joliet are: selection of a majority of the governing board; ability to significantly influence the program, projects, activities, level of service; and financial accountability.

Blended Component Unit

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Governmental Funds

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

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

Proprietary Funds

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

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

Basis of Accounting

Government-Wide Financial Statements

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal 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 collectible within sixty days or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

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

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

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

Proprietary Funds

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

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

Use of Resources Policy

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

Capital Assets

Capital assets are stated on the basis of historical cost. Major capital asset additions are financed primarily from debt proceeds. Assets acquired through gifts or donations are recorded at their estimated fair value at the time of acquisition. The Authority has established a capitalization threshold of \$2,500 for buildings and improvements and \$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's Statement of Net Position. Depreciation has been provided over the estimated useful lives of 5 to 50 years using the straight-line method.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

1. Summary of Significant Accounting Policies

Budgets

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

Cash and Cash Equivalents

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

Investments

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

Inventory

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

Unearned Revenue

Unearned revenue at June 30, 2014 consists of theatre deposits, rotunda deposits, gift certificates, tickets on account, and ticket sales for future events.

Advertising Costs

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

Fund Balance

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

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

1. Summary of Significant Accounting Policies

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

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

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

Use of Estimates

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

2. Cash and Investments

Deposits

At June 30, 2014, the carrying amount of the Authority's deposits was \$687,738 and the bank balance was \$739,173. Additionally, the Authority maintained cash on hand of \$10,000.

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, 2014, \$248,584 of the Authority's bank balances were not 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, 2014, the Authority held investments in nine mutual funds (one of which represents 5 percent or more of the total investments as depicted in the schedule on the following page).

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2014

2. Cash and Investments

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

Investments

Investments are carried at fair value. Unrealized gains were \$89,244. All investments are expected to be held until maturity.

	<u>Fair Value</u>	<u>% of Total Investments</u>
U.S. Treasury Money Market Fund	\$ 15,630	1.34%
First Midwest Fixed Income Common Fund	578,212	49.43%
First Midwest Equity Common Fund	<u>575,852</u>	<u>49.23%</u>
Total Investments	<u>\$ 1,169,694</u>	<u>100.00%</u>

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

2. Cash and Investments

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
<u>Reported as Cash:</u>			
Savings and Demand			
Deposit Accounts	\$ 293,403	\$ -	\$ 293,403
Certificates of Deposit	45,901	-	45,901
Money Market Funds	348,434	-	348,434
Cash on Hand	10,000	-	10,000
Total Reported as Cash	<u>697,738</u>	<u>-</u>	<u>697,738</u>
<u>Reported as Investments:</u>			
U.S. Treasury Money Market	-	15,630	15,630
Mutual Funds	-	1,154,064	1,154,064
Total Reported as Investments	<u>-</u>	<u>1,169,694</u>	<u>1,169,694</u>
 Total Cash and Investments	 <u>\$ 697,738</u>	 <u>\$ 1,169,694</u>	 <u>\$ 1,867,432</u>
<u>Reconciliation of Cash and Investments:</u>			
Statement of Net Position Cash - Page 10		\$ 655,117	
Statement of Net Position Cash - Restricted - Page 10		42,621	
Statement of Net Position Investments - Page 10		307,522	
Statement of Net Position Investments - Restricted - Page 10		862,172	
		<u>\$ 1,867,432</u>	

3. Restricted Assets

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

4. Due to Bondholders

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

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 \$38,258 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, 2014

6. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
Business-Type Activities				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction in Progress	77,288	1,013,978	976	1,090,290
Subtotal	658,025	1,013,978	976	1,671,027
<i>Capital Assets Being Depreciated:</i>				
Buildings	13,791,221	-	-	13,791,221
Building Improvements	6,720,107	-	-	6,720,107
Furniture and Equipment	962,985	35,908	-	998,893
Total at Historical Cost	22,132,338	1,049,886	976	23,181,248
Less Accumulated Depreciation for:				
Buildings	12,802,107	68,205	-	12,870,312
Building Improvements	2,380,128	300,374	-	2,680,502
Furniture and Equipment	520,026	45,905	-	565,931
Total Accumulated Depreciation	15,702,261	414,484	-	16,116,745
Net Capital Assets	<u>\$ 6,430,077</u>	<u>\$ 635,402</u>	<u>\$ 976</u>	<u>\$ 7,064,503</u>

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. Payments for the year to CPF totaled \$19,819.

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 Authority's management continues to review both the commercial and theatre operations to find efficiencies and savings in operational costs. This includes cost containment processes, creation of corporate sponsorships, generation of new programs which create cash revenues to support the operations and rental rate and product rate increases. Additional commercial leasing will be pursued to further enhance the commercial operations of the Authority. Management expects these efforts along with seeking ways to add new revenue streams will provide the opportunity for the Authority to continue as a going concern.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

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.

The following is a summary of property on lease at June 30, 2014:

Buildings	\$ 6,711,291
Leaseholds Improvements	<u>4,223,047</u>
	10,934,338
Less Accumulated Depreciation	<u>7,747,859</u>
	<u>\$ 3,186,479</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2014 for each of the next five years and in the aggregate are:

2015	\$ 603,291
2016	506,969
2017	449,320
2018	437,705
2019	<u>368,837</u>
	<u>\$ 2,366,122</u>

Rent expense for the year ended June 30, 2014 was \$63,389.

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, 2014

12. Interfund Balances and Transfers

At June 30, 2014, interfund balances were as follows:

<u>Fund</u>	Interfund	
	Receivable	Payable
General Fund		
Enterprise Fund	\$ 349,788	\$ 118,466
Endowment Fund	5,392	18,972
Enterprise Fund		
General Fund	118,466	349,788
Endowment Fund	296,309	75,447
Endowment Fund		
General Fund	18,972	5,392
Enterprise Fund	<u>75,447</u>	<u>296,309</u>
Grand Total	<u>\$ 864,374</u>	<u>\$ 864,374</u>

Interfund transfers during the year ended June 30, 2014 were as follows:

<u>Fund</u>	Interfund	
	Transfers In	Transfers Out
General Fund		
Enterprise Fund	\$ -	\$ 279,613
Enterprise Fund		
General Fund	279,613	-
Endowment Fund	21,446	-
Endowment Fund		
Enterprise Fund	<u>-</u>	<u>21,446</u>
	<u>\$ 301,059</u>	<u>\$ 301,059</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

13. Long-Term Debt

Long-term debt at June 30, 2014 consists of the following:

\$2,658,251 Promissory Note, dated December 28, 2011, due on January 1, 2017 with a fixed interest rate of 5.0%. The note requires fifty nine monthly payments, beginning February 1, 2012, principal and interest of \$15,090 each, and one irregular last payment estimated at \$2,412,963 due on January 1, 2017. The balance due on this loan at June 30, 2014 was \$2,536,354.

\$33,806 Promissory Note, dated November 1, 2012, due on November 1, 2015 with a fixed interest rate of 5.0%. The note requires thirty six monthly payments, beginning December 1, 2012, principal and interest of \$1,013 each. As of June 30, 2014, the note had been fully repaid.

\$19,137 Promissory Note, dated September 9, 2013, due on September 9, 2016 with a fixed interest rate of 5.5%. The note requires thirty five monthly payments, beginning October 9, 2013, principal and interest of \$578 each. The balance due on this loan at June 30, 2014 was \$14,630.

Cash paid for interest was \$130,784 during the year ended June 30, 2014. 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, 2014 is as follows:

	Balances July 1, 2013	Additions	Reductions	Balances June 30, 2014
Business-Type Activities				
Promissory Note, Dated December 28, 2011	\$ 2,589,192	\$ -	\$ 52,838	\$ 2,536,354
Promissory Note, Dated November 1, 2012	10,878	-	10,878	-
Promissory Note, Dated September 9, 2013	-	19,137	4,507	14,630
Total	\$ 2,600,070	\$ 19,137	\$ 68,223	\$ 2,550,984

As of June 30, 2014, annual debt service requirements of business-type activities to maturity are as follows:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

13. Long-Term Debt

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 61,803	\$ 126,220
2016	65,003	123,020
2017	<u>2,424,178</u>	<u>70,234</u>
Total Requirements	<u>\$ 2,550,984</u>	<u>\$ 319,474</u>

14. Capital Lease

The following lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the Statement of Net Position. Total assets purchased under the lease amount to \$11,428. Changes in lease obligations during the year were as follows:

	<u>Balance July 1, 2013</u>	<u>Issuances</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
Capital Lease Obligations				
\$16,835 Lease for Phone Equipment, dated November 2, 2012, due in monthly installments through November 2017, interest at 16.18%.	\$ 10,517	\$ -	\$ 1,774	\$ 8,743
	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 1,774</u>	<u>\$ 8,743</u>

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Due in Fiscal Year</u>	<u>Lease Payments</u>
2015	\$ 3,348
2016	3,348
2017	3,348
2018	<u>1,395</u>
Subtotal	11,439
Less: Amount Representing Interest	(2,696)
Present Value of Minimum Lease Payments	<u>\$ 8,743</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2014

15. Commitment and Contingencies

As of June 30, 2014, the Authority had entered into an outstanding construction commitment of approximately \$2,126,860 for the terra cotta repair project. The Authority has incurred approximately \$836,080 of costs for this project leaving a remaining commitment of \$1,290,780.

16. Subsequent Event

Subsequent to year end, the Authority entered into an agreement to purchase a new marquee for the theatre. A down payment in the amount of \$118,441 has been paid representing half of the cost of the total marquee. At the time of the purchase, donated funds were anticipated to cover the cost of the final payment. The funds have not been received and the Authority is uncertain of the funding source for the balance of the cost of the marquee.

SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2014

	Rialto Square Theatre	Rialto Office Complex
Operating Revenue		
Office and Commercial Rent	\$ -	\$ 252,730
Utility Reimbursement	-	16,035
Theatre Rent	85,123	-
Rotunda Rent	61,990	-
Hospitality Suite Rent	500	-
Theatre Rental Reimbursement	120,792	-
Rotunda Rental Reimbursement	6,031	-
Other Rental Reimbursement	184	-
Preservation Fees	113,268	-
Ticket Income	1,858,868	-
Bar Income	190,859	-
Commissions Income	84,197	-
Tour Income	5,960	-
Box Office Handling Fees	147,150	-
Participant Income	93,115	-
Show Program Advertising	12,319	-
Dinner Packages	47,665	-
Other Income	9,077	23,036
	<u>2,837,098</u>	<u>291,801</u>
Total Operating Revenue		
Operating Expense		
Salaries		
Administrative	322,161	25,257
Engineer	143,810	48,119
Maintenance	30,587	2,652
Office	209,226	11,782
Theatre House	146,425	-
Theatre Stage	241,486	-
	<u>1,093,695</u>	<u>87,810</u>
Total Salaries		

<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 252,730	\$ 430,179	\$ 682,909
16,035	2,043	18,078
85,123	-	85,123
61,990	-	61,990
500	-	500
120,792	-	120,792
6,031	-	6,031
184	-	184
113,268	-	113,268
1,858,868	-	1,858,868
190,859	-	190,859
84,197	-	84,197
5,960	-	5,960
147,150	-	147,150
93,115	-	93,115
12,319	-	12,319
47,665	-	47,665
32,113	-	32,113
<u>3,128,899</u>	<u>432,222</u>	<u>3,561,121</u>
347,418	25,257	372,675
191,929	34,941	226,870
33,239	267	33,506
221,008	11,782	232,790
146,425	-	146,425
241,486	-	241,486
<u>1,181,505</u>	<u>72,247</u>	<u>1,253,752</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2014

	Rialto Square Theatre	Rialto Office Complex
Benefits		
State U/C Tax	\$ 24,305	\$ 944
Pension (Union)	12,725	4,031
Employer FICA	84,067	6,584
Health Insurance	91,819	11,891
Education Allowance	1,200	150
	<hr/>	<hr/>
Total Benefits	214,116	23,600
	<hr/>	<hr/>
Professional Services		
Accounting and Legal	18,220	2,899
Consulting	1,200	-
	<hr/>	<hr/>
Total Professional Services	19,420	2,899
	<hr/>	<hr/>
Advertising and Promotion		
Public Relations	1,886	30
Marketing/Rental Property	20,684	81
Institutional Advertising	95,917	-
Show Program Expense	7,387	-
Event Marketing	290,350	-
Tour Expense	4,074	-
	<hr/>	<hr/>
Total Advertising and Promotion	420,298	111
	<hr/>	<hr/>
Administrative Expense		
Office Supply (Non Print)	12,607	1,357
Small Equipment	3,604	450
Equipment Rental	1,826	494
Postage and Freight	2,485	254
Travel	6,012	222
License and Permits	2,065	-
Computer Supplies	33,950	3,052
Other	1,863	-
Membership Fees	1,949	30
	<hr/>	<hr/>
Total Administrative Expense	66,361	5,859
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 25,249	\$ 631	\$ 25,880
16,756	3,063	19,819
90,651	5,549	96,200
103,710	9,707	113,417
1,350	150	1,500
<u>237,716</u>	<u>19,100</u>	<u>256,816</u>
21,119	3,431	24,550
1,200	-	1,200
<u>22,319</u>	<u>3,431</u>	<u>25,750</u>
1,916	20	1,936
20,765	72	20,837
95,917	-	95,917
7,387	-	7,387
290,350	-	290,350
4,074	-	4,074
<u>420,409</u>	<u>92</u>	<u>420,501</u>
13,964	1,354	15,318
4,054	450	4,504
2,320	36	2,356
2,739	254	2,993
6,234	222	6,456
2,065	-	2,065
37,002	3,052	40,054
1,863	-	1,863
1,979	30	2,009
<u>72,220</u>	<u>5,398</u>	<u>77,618</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2014

	Rialto Square Theatre	Rialto Office Complex
Insurance		
Insurance	\$ 78,810	\$ 47,315
Total Insurance	<u>78,810</u>	<u>47,315</u>
Real Estate Expense		
Real Estate Taxes	-	-
Total Real Estate Expense	<u>-</u>	<u>-</u>
Custodial And Maintenance		
Custodial Supplies	5,448	2,616
General Maintenance/Repairs	26,907	49,247
Cleaning Service	<u>12,216</u>	<u>24,991</u>
Total Custodial and Maintenance	<u>44,571</u>	<u>76,854</u>
Utilities		
Electricity	23,489	70,792
Water	2,652	5,121
Gas	21,663	40,231
Telephone	<u>24,347</u>	<u>6,644</u>
Total Utilities	<u>72,151</u>	<u>122,788</u>
Artists Fees		
Regular Artist Fees	476,864	-
Opening Acts Artist Fees	1,500	-
Contracted Musicians	<u>2,986</u>	<u>-</u>
Total Artists Fees	<u>481,350</u>	<u>-</u>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
<u>\$ 126,125</u>	<u>\$ 55,326</u>	<u>\$ 181,451</u>
<u>126,125</u>	<u>55,326</u>	<u>181,451</u>
<u>-</u>	<u>1,170</u>	<u>1,170</u>
<u>-</u>	<u>1,170</u>	<u>1,170</u>
8,064	4,167	12,231
76,154	37,851	114,005
<u>37,207</u>	<u>44,058</u>	<u>81,265</u>
<u>121,425</u>	<u>86,076</u>	<u>207,501</u>
94,281	107,096	201,377
7,773	3,301	11,074
61,894	-	61,894
<u>30,991</u>	<u>6,386</u>	<u>37,377</u>
<u>194,939</u>	<u>116,783</u>	<u>311,722</u>
476,864	-	476,864
1,500	-	1,500
<u>2,986</u>	<u>-</u>	<u>2,986</u>
<u>481,350</u>	<u>-</u>	<u>481,350</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2014

	Rialto Square Theatre	Rialto Office Complex
House Expense		
Liquor and Beer	\$ 50,028	\$ -
Beverage	7,005	-
Bar Supplies	10,541	-
Bar/Souvenir Salaries	13,068	-
Sales Tax	21,242	-
Ticketing Expense	49,685	-
Credit Card Charges	42,735	-
Security	11,639	-
Reimbursement/Rental Expense	7,701	-
Souvenir Expense	3,991	-
Dinner Package Expense	2,059	-
Volunteer Program Expense	6,097	-
Hospitality Suite Expense	6,621	-
Miscellaneous	1,462	-
	<hr/>	<hr/>
Total House Expense	233,874	-
	<hr/>	<hr/>
Production Expense		
Royalties	9,606	-
Transportation Artist	5,645	-
Accommodations Artist	14,192	-
Food Artist	22,646	-
Instrument Tuning	510	-
Supplies	6,748	-
Musical Instrument Rental	2,250	-
Production Equipment Rental	58,418	-
Rotunda Equipment Purchase	5,386	-
Production Equipment Purchase	2,048	-
Theatre Rental Reimbursement Expense	14,323	-
Booking Consultants	9,750	-
Production Expense Other	789,893	-
	<hr/>	<hr/>
Total Production Expense	941,415	-
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 50,028	\$ -	\$ 50,028
7,005	-	7,005
10,541	-	10,541
13,068	-	13,068
21,242	-	21,242
49,685	-	49,685
42,735	-	42,735
11,639	-	11,639
7,701	-	7,701
3,991	-	3,991
2,059	-	2,059
6,097	-	6,097
6,621	-	6,621
1,462	-	1,462
<hr/>	<hr/>	<hr/>
233,874	-	233,874
<hr/>	<hr/>	<hr/>
9,606	-	9,606
5,645	-	5,645
14,192	-	14,192
22,646	-	22,646
510	-	510
6,748	-	6,748
2,250	-	2,250
58,418	-	58,418
5,386	-	5,386
2,048	-	2,048
14,323	-	14,323
9,750	-	9,750
789,893	-	789,893
<hr/>	<hr/>	<hr/>
941,415	-	941,415
<hr/>	<hr/>	<hr/>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2014

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Total Operating Expense Before Depreciation	\$ 3,666,061	\$ 367,236
Operating Income (Loss) Before Depreciation	(828,963)	(75,435)
Depreciation	157,867	210,304
Operating Income (Loss)	(986,830)	(285,739)
Non-Operating Revenue (Expense)		
Bad Debt Expense	(1,500)	(8,342)
Interest Income	155	714
Interest Expense	(560)	(129,887)
Support from City of Joliet	-	600,000
State Grants	-	1,204,442
In-Kind Contributions	39,186	-
Total Non-Operating Revenue (Expense)	37,281	1,666,927
Net Income (Loss) Before Transfers	(949,549)	1,381,188
Transfers		
Transfers In	301,059	-
Change In Net Position	(\$ 648,490)	\$ 1,381,188

<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 4,033,297	\$ 359,623	\$ 4,392,920
(904,398)	72,599	(831,799)
368,171	46,314	414,485
(1,272,569)	26,285	(1,246,284)
(9,842)	(1,827)	(11,669)
870	-	870
(130,447)	(337)	(130,784)
600,000	-	600,000
1,204,442	-	1,204,442
39,186	-	39,186
1,704,209	(2,164)	1,702,045
431,640	24,121	455,761
301,059	-	301,059
<u>\$ 732,699</u>	<u>\$ 24,121</u>	<u>\$ 756,820</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Insurance Data (Unaudited) June 30, 2014

Below is a schedule of the Authority's insurance in effect at June 30, 2014.

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Property	Cincinnati Insurance Company	4/2/2015
\$61,765,175	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	4/2/2015
\$1,000,000	Liability Coverage	
Comprehensive Umbrella Liability	Cincinnati Insurance Company	4/2/2015
\$10,000,000		
Workmen's Compensation And Employer's Liability	Berkley Assigned Risk Services	10/16/2014
\$500,000	Bodily Injury by Accident Each Accident	
\$500,000	Bodily Injury by Disease Each Employee	
\$500,000	Bodily Injury by Disease Policy Limit	
Liquor Liability	Illinois Casualty Company	4/2/2015
\$1,000,000	Bodily Injury, Means of Support and Property Damage Combined	

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Insurance Data
(Unaudited)
June 30, 2014

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Operating Engineers Health Benefits	IUOE Local 399	Monthly
\$1,000,000	Personal and Advertising Injury Liability	
\$1,000,000	Non-owned and Hired Auto Liability	
\$500,000	Fire and Water Damage	
\$5,000	Each Personal Medical Limit	
\$10,000	Each Occurrence Medical Payment Limit	
<u>Building</u>	<u>Number of Tenants</u>	
Two Rialto Square	12	
Rialto Office Complex	3	

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Organization Data
(Unaudited)
June 30, 2014

Board of Directors

Chairman	James V. Smith
Vice Chairman	Vacant
Secretary	Mary C. Babich
Treasurer – Appointed – Ex Officio	Randall L. Green
Director	David R. Hacker
Director	Vicki Murphy
Director	David J. Thornton
Director	Cynthia Tyler



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

COPY

November 10, 2014

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

We are pleased to confirm our understanding of the services we are to provide Will County Metropolitan Exposition And Auditorium Authority for the year ended June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Will County Metropolitan Exposition And Auditorium Authority as of and for the year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Will County Metropolitan Exposition And Auditorium Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Will County Metropolitan Exposition And Auditorium Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies Will County Metropolitan Exposition And Auditorium Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1) Schedule of Revenues and Expense – Enterprise Fund

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1) Schedule of Insurance Data

2) Schedule of Organization Data

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Will County Metropolitan Exposition And Auditorium Authority's financial statements. Our report will be addressed to the Board of Directors of Will County Metropolitan Exposition And Auditorium Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of the other information in the electronic site with the original document.

Audit Procedures—General

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Will County Metropolitan Exposition And Auditorium Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Wermer, Rogers, Doran & Ruzon, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the appropriate regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wermer, Rogers, Doran & Ruzon, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the appropriate regulator or its designee. The regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit on approximately October 27, 2014 and to issue our reports no later than May 15, 2015. Mary Lancaster is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. To ensure that Wermer, Rogers, Doran and Ruzon's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

The price for these services will be at our standard hourly rate plus out-of-pocket costs (such as report reproduction, typing, postage, travel, copies, telephone, etc.) except that we agree that our total price, including expenses, will not exceed \$19,900.

Our price does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed price will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by you or required by State or Federal regulations.

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All invoices are due and payable upon presentation. Amounts not paid within 60 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year). If the invoice is not paid within 120 days or alternative payment plan devised, services will be suspended until invoice(s) are paid. If an account is placed in the hands of an attorney or collection agency for collection, you agree to pay legal and/or collection costs plus reasonable attorney fees.

In the event, we were required or requested to perform additional services not enumerated in previous sections of this letter these services would be billed separately. Our rates vary according to the degree of responsibility involved and the experience level of the personnel assigned. We would negotiate such additional fee with you prior to initiating any work.

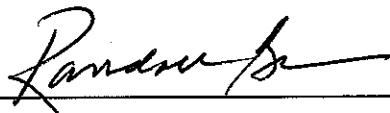
We appreciate the opportunity to be of service to Will County Metropolitan Exposition And Auditorium Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Very truly yours,

Wormer, Rogers, Durant & Arzon, L.L.C.

RESPONSE:


This letter correctly sets forth the understanding of Will County Metropolitan Exposition And Auditorium Authority.



Signature



Title



Date



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 6, 2014

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

Communication with Those Charged with Governance during 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, 2014. 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 November 6, 2014, 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.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of revenue and expense-enterprise fund, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, 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.

We have not been engaged to report on insurance data and schedule of organizational data, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

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.

Page Two

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 generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. 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 October 27, 2014 and issue our report on approximately May 15, 2015.

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,

Warner, Rogen, Dorian & Arzon, L.L.C.



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

February 3, 2015

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 and each major fund of Will County Metropolitan Exposition and Auditorium Authority (WCMEAA or Authority) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by WCMEAA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by WCMEAA 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 in Notes 8 and 9 to the financial statements detail the Authority's ability to continue as a going concern due to the City of Joliet experiencing 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 13 to the financial statements details outstanding amounts, terms and lenders.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because the Interfund balances and transfers between the WCMEAA and the RSTF had not been reconciled.

Corrected and Uncorrected Misstatements

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

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 February 3, 2015

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenue and expense – enterprise fund, which accompanies the financial statements but is not RSI. With respect to this supplementary information, 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.

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

Restriction on Use

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,

Warner, Rogen, Duen & Auger, L.L.C.

June 30, 2014

PBC ENTRY #4

Adjusting Journal Entries
WCMEAA/RSTC
June 30, 2014

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
16	A/R RST CORPORATION	145.01	1-1-11000	2300		2,012.56	
16	RST SALES TAX EXPENSE		5-1-52082	7200			2,012.56
PBC ENTRY #5							
17	A/R RST CORPORATION	145.01	1-1-11000	2300		15,000.00	
17	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			15,000.00
PBC ENTRY #6							
18	A/P RIALTO SQ THTR CORP	145.01	2-1-20100	4300		850.00	
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300		70,000.00	
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300			19,805.00
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300		85,714.57	
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300		1,188.73	
18	A/P RIALTO SQ THTR CORP		2-1-20100	4300		2,949.60	
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			850.00
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			70,000.00
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601		19,805.00	
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			85,714.57
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			1,188.73
18	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			2,949.60
PBC ENTRY #6							
19	A/P RIALTO SQ THTR CORP	145.02	2-1-20100	4300		34,553.84	
19	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			34,553.84
PBC ENTRY #7							
20	EQUIPMENT	145.02	1-1-13300	3200		8,479.90	
20	EQUIPMENT		1-1-13300	3200		17,527.93	
20	EQUIPMENT		1-1-13300	3200		9,900.00	
20	RST ROT EQUIP PURCHASE		5-1-52652	7200		467.82	
20	RST VOLUNTEER PROGRAM EXPENSE		5-1-52702	7200		634.46	
20	RST VOLUNTEER PROGRAM EXPENSE		5-1-52702	7200		692.07	
20	SUPPLIES REGULAR		5-1-53502	7213		1,004.30	
20	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			38,706.48
PBC ENTRY #8							
21	ENDOW DONATIONS	1200.075	6-2-70002R	60000			892.00
21	ENDOW PLDGR RCVBLE DISCOUNT		1-2-11310R	23200		892.00	
21	ENDOW DONATIONS		6-2-70002R	60000			1,337.00
21	ENDOW PLDGR RCVBLE DISCOUNT		1-2-11310R	23200		1,337.00	
To amortize discount on pledges receivable.							
22	VOL SOUVENIR SALES	4000.19	4-3-34032R	60000		432.00	
22	VOL TIP DONATIONS		4-3-35002R	60000			432.00
To reclassify tip revenue.							
23	CAP CAMP GRANT TO WCMEAA	1200.035	6-4-40202R	66010		34,553.84	
23	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000			34,553.84
To write off account 1-4-11005R.							
24	DS INTEREST PAYABLE	2200.09	2-4-21000	4400		62,712.85	
24	GRANTS FOR RST CORPORATION		6-1-75622	7200			62,711.54
24	A/P RIALTO SQ THTR CORP		2-1-20100	4300			1.31
To eliminate the debt service fund.							
25	RST CASH OVER/SHORT	TB	5-1-52752	6202		3.00	
One-sided entry to balance the Enterprise Fund.							
26	GEN GRANTS TO WCMEAA	145.01	6-1-40202R	66010		63,000.00	
26	GEN FUND DUE TO WCMEAA		2-1-20100R	44500			63,000.00
26	GEN CASH OVER & SHORT		5-1-52752R	66000		51,045.68	
26	GEN FUND DUE TO WCMEAA		2-1-20100R	44500			51,045.68
26	GEN CASH OVER & SHORT		5-1-52752R	66000		10,750.00	
26	GEN FUND TRANSF FRM CAP CAMP		6-1-90302R	060070			10,750.00
26	GEN GRANTS TO WCMEAA		6-1-40202R	66010		10,000.00	
26	GEN GRANTS TO WCMEAA		6-1-40202R	66010		1,000.00	
26	GEN GRANTS TO WCMEAA		6-1-40202R	66010		750.00	
26	GEN CASH OVER & SHORT		5-1-52752R	66000			10,000.00
26	GEN CASH OVER & SHORT		5-1-52752R	66000			1,000.00
26	GEN CASH OVER & SHORT		5-1-52752R	66000			750.00
26	GEN CASH OVER & SHORT		5-1-52752R	66000		750.00	
26	GEN FUND DUE TO WCMEAA		2-1-20100R	44500			750.00
PBC entry provided after initial fieldwork.							
27	VOL SALES TAX EXPENSE	145.02	5-3-52082R	66000			34.92
27	VOL FUND DUE TO WCMEAA		2-3-20100R	44500		34.92	
VF AJE PBC after initial fieldwork.							
28	CAP CAMP CASH OVER/SHORT	145.03	5-4-52752R	66030		125,250.76	

Adjusting Journal Entries
WCMEAA/RSTC
June 30, 2014

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
28	DES OPER FUND CASH OVER/SHORT		5-5-52752R	66000			5,986.05
28	GEN CASH OVER & SHORT		5-1-52752R	66000			119,264.71

CCF AJE PBC after initial fieldwork.

29	A/P RIALTO SQ THTR CORP	145.03	2-1-20100	4300		20,792.15	
29	A/R RST CORPORATION		1-1-11000	2300			20,792.15
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300		4,690.06	
29	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			4,690.06
29	RST CASH OVER/SHORT		5-1-52752	6202		1.31	
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300			1.31
29	RST CASH OVER/SHORT		5-1-52752	6202			0.27
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300		0.27	
29	RST CASH OVER/SHORT		5-1-52752	6202			0.30
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300		0.30	
29	RST CASH OVER/SHORT		5-1-52752	6202		0.40	
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300			0.40
29	RST DEPRECIATION		5-1-55002	7200		1,711.60	
29	ACCUM EQUIPMENT DEPREC		1-1-13400	3300			1,711.60
29	SPONSORED EVENTS IN PROCESS		1-1-11800	2600			214.50
29	PROD EQUIP RENT EVENT		5-1-53701	7200			3,500.00
29	RST ROTUNDA RENTAL REIMB EXPEN		5-1-52802	7200		374.00	
29	T-RNTL REIMB EXPENSE		5-1-53802	7200		3,340.50	
29	SPONSORED EVENTS IN PROCESS		1-1-11800	2600		4,351.13	
29	RST INSTITUTIONAL ADVERTISING		5-1-51072	7200			4,351.13
29	RST PROFESSIONAL SERVICES		5-1-42032	7200		3,840.00	
29	RA PROFESSIONAL SERVICES		5-1-42034	7300		480.00	
29	2RS PROFESSIONAL SERVICES		5-1-42035	7501		480.00	
29	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			4,800.00
29	THEATRE RENT		4-1-31002	6200		500.00	
29	THEATRE RENTAL REIMB INCOME		4-1-31042	6200		4,249.35	
29	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			4,749.35
29	RST CASH OVER/SHORT		5-1-52752	6202		94,544.58	
29	DEFERRED REVENUE		2-1-24230	2850			94,544.58
29	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601		78,869.93	
29	RST CASH OVER/SHORT		5-1-52752	6202			78,869.93
29	DUE FROM ARTIST FEE FUND		1-1-11320	2800		62,711.54	
29	A/F FUND DUE TO ENTERPRISE FUN		2-5-20100	2800			62,711.54
29	A/P OTHER		2-1-20120	4100		1.00	
29	RST CASH OVER/SHORT		5-1-52752	6202			1.00
29	A/P RIALTO SQ THTR CORP		2-1-20100	4300		1.00	
29	A/P OTHER		2-1-20120	4100			1.00
29	RST SALES TAX EXPENSE		5-1-52082	7200		34.92	
29	A/R RST CORPORATION		1-1-11000	2300			34.92
29	A/R RST CORPORATION		1-1-11000	2300		750.00	
29	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			750.00
29	MARKETING EVENTS		5-1-51001	7200		345.60	
29	RST CASH OVER/SHORT		5-1-52752	6202			345.60
29	DUE FROM ARTIST FEE FUND		1-1-11320	2800		58.23	
29	A/F FUND DUE TO ENTERPRISE FUN		2-5-20100	2800			58.23

PBC entry provided after initial fieldwork.

30	ACCOUNTS PAYABLE	2000.01	2-1-20000	4100			3,500.00
30	PROD EQUIP RENT EVENT		5-1-53701	7200		3,500.00	

PBC ENTRY - To accrue additional accounts payable.

31	CAP CAMP CASH OVER/SHORT	2000.06	5-4-52752R	66030			125,251.00
31	GEN CASH OVER & SHORT		5-1-52752R	66000		66,519.00	
31	GEN GRANTS TO WCMEAA		6-1-40202R	66010		58,732.00	
31	RST CASH OVER/SHORT		5-1-52752	6202			94,544.58
31	TICKET INCOME		4-1-32001	6202		94,544.58	
31	RST CASH OVER/SHORT		5-1-52752	6202		58,846.00	
31	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			58,732.00
31	RST OTHER INCOME		4-1-30702	6203			114.00

To adjust cash over/short accounts and related party transfer accounts.

Totals

1,843,112.26	1,843,109.26
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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

Communication of a Material Weakness

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities and each major fund of Will County Metropolitan Exposition and Auditorium Authority (WCMEAA or Authority) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered WCMEAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not 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 a 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 WCMEAA's internal control to be a material weakness:

Preparation of the Financial Statements

The Board of Directors and management share the ultimate responsibility for the Authority's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The Authority engages Wermer, Rogers, Doran & Ruzon, LLC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Wermer, Rogers, Doran & Ruzon, LLC cannot be considered part of the Authority's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the Authority should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles including Governmental Accounting Standards Board Statements, and knowledge of the Authority's activities and operations. Currently, the Authority's personnel do not have sufficient financial reporting and accounting knowledge to perform a review of the Authority's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or errors would be identified and corrected. The condition is limited to external financial reporting in accordance with accounting principles applicable to governments, due to the complex nature of governmental accounting. After reviewing financial statement preparation procedures, adjusting journal entries, and financial statements with the Authority's management, management was able to oversee WRDR's financial statement preparation and related services.

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.

Werner, Rogan, Durant & Arzon, L.L.C.

February 3, 2015



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

Management Letter

In planning and performing our audit of the financial statements of Will County Metropolitan Exposition and Auditorium Authority (Authority) for the year ended June 30, 2014 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) 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 February 3, 2015, 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, including documentation of review.

Deposit Collateralization

Finding: At the end of the current fiscal year, the Authority maintained bank account balances at two financial institutions in excess of insured/collateralized amounts. The excess amounts were not protected against loss in the case of a bank failure.

Recommendation: We recommend the Authority work with its financial institutions to ensure that collateral is pledged for all funds held in excess of federal depository insurance.

Interfund Balances and Transfers

Finding: As in prior years, significant transactions related to interfund transfers were noted during the current fiscal year audit. Significant balances have developed between the RSTF and the WCMEAA. The volume of the activity is cumbersome and time consuming to record and reconcile.

Recommendation: We recommend the fiscal staff along with representatives from both entities analyze the composition of the balances and determine which items are legally binding versus those that are board designations. All legally binding activity is required to be reported. Board designated items should be carefully considered to determine the practicality of such balances in light of continued cash flow shortages.

Financial Reporting – New GASB Statement

A future area of focus for the Authority will be the implementation of the new *Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions*—an amendment of *GASB Statement No. 27*.

GASB Statement No. 68

GASB Statement No. 68, which was issued in June, 2012, will be effective for the Authority's financial statements for the fiscal year ending June 30, 2015. A brief description, using excerpts from the new GASB Statement, follows:

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The effect on Illinois municipalities will be related to liabilities and disclosures for municipal pension funds.

Statement 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

If applicable, actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. Unless otherwise specified by this Statement, all assumptions underlying the determination of the total pension liability and related measures set forth by this Statement are required to be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The requirements of Statement 68 will improve the decision-usefulness of information in employer financial statements as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.
- Explanations of how and why the net pension liability changed from year to year will improve transparency.
- The summary net pension liability information, including ratios, will offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.
- The contribution schedules will provide measures to evaluate decisions related to the assessment of contribution rates—in comparison to actuarially, statutorily, or contractually determined rates, when such rates are determined. It also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates.

The following sections of the Authority's annual financial report will be affected: management's discussion and analysis, the basic financial statements, notes to the basic financial statements and supplementary information.

Recommendation: We recommend the Authority familiarize itself with GASB 68 reporting and disclosure requirements in order to prepare for implementation for the 2015 financial statements.

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.

Wormer, Logan, Durant & Arzon, L.L.C.

February 3, 2015



**Will County Metropolitan Exposition and
Auditorium Authority**

February 3, 2015

Wermer, Rogers, Doran & Ruzon, LLC
755 Essington Road
Joliet, Illinois 60435

This representation letter is provided in connection with your audits of the financial statements of Will County Metropolitan Exposition and Auditorium Authority (Authority), which comprise the respective financial position of the governmental activities, the business-type activities and each major fund as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of February 3, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 10, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

Owners and Operators of the Rialto Square Complex

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

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
- 11) Note 8 to the financial statements discloses all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and management's plans.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

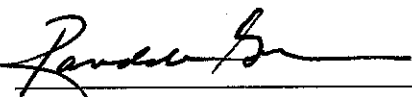
Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

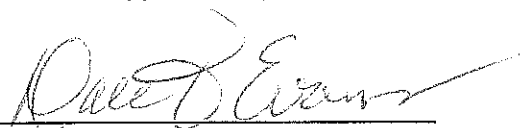
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- 44) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the schedule of revenue and expense – enterprise fund:
- a) We acknowledge our responsibility for presenting the schedule of revenue and expense – enterprise fund in accordance with accounting principles generally accepted in the United States of America, and we believe the schedule of revenue and expense – enterprise fund, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedule of revenue and expense – enterprise fund have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the schedule of revenue and expense – enterprise fund is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____



Signature: _____



GENERAL MANAGER

Title: _____

FINANCE MANAGER

Title: _____