

MAY 24 2016

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

**COMPONENT UNIT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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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, 2015, 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, 2015, 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, Durant & Arzon, L.L.C.

May 24, 2016

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2015

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, 2015. 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 \$617 thousand, or 12 percent, as a result of this year's operations. Net position of our governmental activities decreased by \$43 thousand, or 3 percent while net position of our business-type activities increased by \$661 thousand, or 17 percent.

During the year, the Authority's governmental activities had revenues of \$351 thousand as compared to revenues of \$483 thousand in the prior year. This represented a decrease in revenues of \$132 thousand or 27 percent. The Authority's governmental activities had expenditures of \$145 thousand for the current year as compared to expenditures of \$165 thousand for the prior year.

In the Authority's business-type activities, revenues decreased from \$5.4 million to \$5.1 million or 6 percent while expenses decreased from \$4.9 million to \$4.6 million or 6 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, 2015

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 12 percent – from \$5.27 million to \$5.89 million. Business-type activities increased by about 17 percent while the governmental activities decreased by about 3 percent. The increase in business-type activities can be attributed to drawdowns from the State of Illinois grant, rotunda income and bar income. The decrease in governmental-type activities is mostly attributable to decreased operating grants, donations and interest and investment earnings. Our analysis beginning on the following page focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's governmental and business-type activities:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2015

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 1,433,888	\$ 1,505,257	\$ 798,068	\$ 807,833	\$ 2,231,956	\$ 2,313,090
Capital Assets (Net)	-	-	8,140,271	7,064,503	8,140,271	7,064,503
Total Assets	1,433,888	1,505,257	8,938,339	7,872,336	10,372,227	9,377,593
Long-Term Liabilities	-	-	2,491,055	2,559,727	2,491,055	2,559,727
Other Liabilities	119,272	147,227	1,873,164	1,399,016	1,992,436	1,546,243
Total Liabilities	119,272	147,227	4,364,219	3,958,743	4,483,491	4,105,970
Net Position						
Net Investment in Capital Assets	-	-	5,657,550	4,519,406	5,657,550	4,519,406
Restricted for Endowments	1,001,936	972,979	-	-	1,001,936	972,979
Restricted for Capital Improvements	-	10,000	-	-	-	10,000
Unrestricted	312,680	375,051	(1,083,429)	(605,813)	(770,749)	(230,762)
Total Net Position	\$ 1,314,616	\$ 1,358,030	\$ 4,574,121	\$ 3,913,593	\$ 5,888,737	\$ 5,271,623

The net position of the Authority's governmental activities decreased by \$43 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 \$62 thousand. This decrease is mainly attributable to a decrease in unrealized gain on investments.

The net position of the Authority's business-type activities increased by 17 percent (\$4.6 million compared to \$3.9 million). The unrestricted net position remains in a deficit position. The deficit was increased by \$478 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, 2015

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 3,390,773	\$ 3,561,121	\$ 3,390,773	\$ 3,561,121
Operating Grants and Contributions	312,537	359,945	1,668,545	1,843,628	1,981,082	2,203,573
Capital Grants and Contributions	-	1,575	-	-	-	1,575
General Revenues:						
Interest and Investment Earnings	30,797	113,126	616	870	31,413	113,996
Total Revenues	<u>343,334</u>	<u>474,646</u>	<u>5,059,934</u>	<u>5,405,619</u>	<u>5,403,268</u>	<u>5,880,265</u>
Program Expenses						
General Administration	35,825	45,462	-	-	35,825	45,462
Development and Sustaining	10,912	12,133	-	-	10,912	12,133
Fundraising	98,408	102,545	-	-	98,408	102,545
Capital Campaign and Endowment	159	5,115	-	-	159	5,115
Rialto Square Theatre	-	-	3,535,679	3,825,988	3,535,679	3,825,988
Rialto Office Complex	-	-	715,015	715,769	715,015	715,769
Two Rialto Square	-	-	397,929	408,101	397,929	408,101
Total Expenses	<u>145,304</u>	<u>165,255</u>	<u>4,648,623</u>	<u>4,949,858</u>	<u>4,793,927</u>	<u>5,115,113</u>
Excess Revenues Over Expenses Before Contributions to Permanent Funds and Transfers	198,030	309,391	411,311	455,761	609,341	765,152
Contributions to Permanent Funds	7,773	8,196	-	-	7,773	8,196
Transfers	(249,217)	(301,059)	249,217	301,059	-	-
Change in Net Position	<u>(43,414)</u>	<u>16,528</u>	<u>660,528</u>	<u>756,820</u>	<u>617,114</u>	<u>773,348</u>
Net Position Beginning	<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>
Net Position Ending	<u>\$ 1,314,616</u>	<u>\$ 1,358,030</u>	<u>\$ 4,574,121</u>	<u>\$ 3,913,593</u>	<u>\$ 5,888,737</u>	<u>\$ 5,271,623</u>

The Authority's total revenues decreased by \$477 thousand or 8 percent. The total costs of all programs and services decreased by \$321 thousand or 6 percent. Our analysis that follows separately considers the operations of governmental and business-type activities.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2015

Governmental Activities

Revenues for the Authority's governmental activities decreased by \$132 thousand or 27 percent while total expenditures decreased by \$20 thousand or 12 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	
	2015	2014	2015	2014
General Administrative	\$ 35,825	\$ 45,462	(\$ 17,246)	(\$ 23,568)
Development and Sustaining	10,912	12,133	(59,048)	(61,622)
Capital Campaign and Endowment	159	5,115	(13,496)	(44,478)
Fundraising	<u>98,408</u>	<u>102,545</u>	<u>(77,443)</u>	<u>(66,597)</u>
Totals	<u>\$ 145,304</u>	<u>\$ 165,255</u>	<u>(\$ 167,233)</u>	<u>(\$ 196,265)</u>

Business-Type Activities

Revenues of the Authority's business-type activities (see Table 2) decreased by \$346 or 6 percent while expenses decreased by \$301 thousand or 6 percent. The Authority's business-type activities are comprised of three separate and distinct activities: these activities are Rialto Square Theatre, Rialto Office Complex, and Two Rialto Square.

Operating revenue from the Rialto Square Theatre decreased by \$175 thousand or 6 percent, while operating costs decreased by \$290 thousand or 8 percent. The revenue decrease is mostly attributable to ticket income which decreased from \$1.9 million to \$1.7 million. The expense decrease is mostly attributable to advertising and promotion which decreased from \$420 thousand to \$364 thousand and production expense which decreased from \$941 thousand to \$654 thousand.

Operating revenue from the Rialto Office Complex increased by \$4 thousand or 1 percent while expenses decreased by \$754 or .1 percent. The increase in revenue is mainly due to an increase in office and commercial rent while the expense decrease is mostly attributable to a decrease in custodial and maintenance.

Operating revenue from Two Rialto Square increased by \$276 or .1 percent, while expenses decreased by \$10 thousand or 2 percent.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2015

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 \$1.3 million, which is below last year's total of \$1.4 million. The Authority's governmental funds experienced a decrease of \$146 thousand in their cash and investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Authority had \$8.1 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>	
	2015	2014	2015	2014	2015	2014
Land	\$ -	\$ -	\$ 580,737	\$ 580,737	\$ 580,737	\$ 580,737
Buildings	-	-	852,703	920,909	852,703	920,909
Building Improvements	-	-	3,746,174	4,039,605	3,746,174	4,039,605
Furniture and Equipment	-	-	440,912	432,962	440,912	432,962
Construction in Progress	-	-	2,519,745	1,090,290	2,519,745	1,090,290
Totals	\$ -	\$ -	\$ 8,140,271	\$ 7,064,503	\$ 8,140,271	\$ 7,064,503

This year's major additions included the following:

Terra Cotta Repair Project	\$ 1,175,646
Marquee Replacement/Improvement Project	237,242
Digital Light Control Board	48,802
Chimney Repair Project	16,365

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

Debt Administration

At June 30, 2015, the Authority had \$2,489,146 in debt outstanding. Outstanding debt at year end was as follows:

Promissory Note, Dated December 28, 2011	\$ 2,476,061
Promissory Note, Dated September 9, 2013	8,334
	<u>\$ 2,484,395</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Management's Discussion and Analysis For the Year Ended June 30, 2015

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, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 236,207	\$ 671,653	\$ 907,860
Investments	43,516	-	43,516
Accounts Receivable	-	48,573	48,573
Pledges Receivable - Current	11,133	-	11,133
Accrued Interest Receivable	5	-	5
Accounts Receivable Other	-	15,751	15,751
Prepaid Expenses	-	186,116	186,116
Grant Advance	9,456	-	9,456
Internal Balances	150,887	(150,887)	-
Inventory	9,847	26,862	36,709
	<u>461,051</u>	<u>798,068</u>	<u>1,259,119</u>
Total Current Assets			
Noncurrent Assets			
Restricted Assets			
Cash	27,621	-	27,621
Investments	938,509	-	938,509
Pledges Receivable - Non Current	6,707	-	6,707
Capital Assets (Net)			
Land	-	580,737	580,737
Buildings	-	852,703	852,703
Building Improvements	-	3,746,174	3,746,174
Furniture and Equipment	-	440,912	440,912
Construction in Progress	-	2,519,745	2,519,745
	<u>972,837</u>	<u>8,140,271</u>	<u>9,113,108</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 1,433,888</u>	<u>\$ 8,938,339</u>	<u>\$ 10,372,227</u>

See Accompanying Notes to Basic Financial Statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	\$ -	\$ 573,342	\$ 573,342
Accrued Payroll and Benefits	-	127,821	127,821
Long-Term Obligations, Due Within One Year			
Notes Payable	-	60,250	60,250
Capital Lease Payable		2,447	2,447
Due to Bondholders	-	62,713	62,713
Unearned Revenue	2,598	1,034,849	1,037,447
Due to Volunteers	116,674	-	116,674
Other	-	74,438	74,438
	<u>119,272</u>	<u>1,935,860</u>	<u>2,055,132</u>
Noncurrent Liabilities			
Long-Term Obligations, Due in More Than One Year			
Notes Payable	-	2,424,145	2,424,145
Capital Lease Payable	-	4,213	4,213
	<u>-</u>	<u>2,428,358</u>	<u>2,428,358</u>
Total Liabilities	<u>119,272</u>	<u>4,364,218</u>	<u>4,483,490</u>
NET POSITION			
Net Investment in Capital Assets	-	5,657,550	5,657,550
Restricted for Endowments	1,001,936	-	1,001,936
Unrestricted	312,680	(1,083,429)	(770,749)
	<u>1,314,616</u>	<u>4,574,121</u>	<u>5,888,737</u>
Total Liabilities and Net Position	<u>\$ 1,433,888</u>	<u>\$ 8,938,339</u>	<u>\$ 10,372,227</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Activities For the Year Ended June 30, 2015

Functions / Programs	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental Activities:		
General Administration	\$ 35,825	\$ -
Development and Sustaining	10,912	-
Capital Campaign and Endowment	159	-
Fundraising	98,408	-
	<hr/>	<hr/>
Total Governmental Activities	145,304	-
	<hr/>	<hr/>
Business-Type Activities:		
Rialto Square Theatre	3,535,679	2,662,238
Rialto Office Complex	715,015	296,037
Two Rialto Square	397,929	432,498
	<hr/>	<hr/>
Total Business-Type Activities	4,648,623	3,390,773
	<hr/>	<hr/>
Total	\$ 4,793,927	\$ 3,390,773
	<hr/>	<hr/>

See Accompanying Notes to Basic Financial Statements.

Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 53,071	\$ -	\$ 17,246	\$ -	\$ 17,246
69,960	-	59,048	-	59,048
13,655	-	13,496	-	13,496
175,851	-	77,443	-	77,443
312,537	-	167,233	-	167,233
72,987	-	-	(800,454)	(800,454)
1,595,558	-	-	1,176,580	1,176,580
-	-	-	34,569	34,569
1,668,545	-	-	410,695	410,695
\$ 1,981,082	\$ -	167,233	410,695	577,928
General Revenues:				
Interest and Investment Earnings		30,797	616	31,413
Contributions to Permanent Funds		7,773	-	7,773
Transfers	(249,217)	249,217	-
Total General Revenues and Transfers	(210,647)	249,833	39,186
Change in Net Position	(43,414)	660,528	617,114
Net Position - Beginning		1,358,030	3,913,593	5,271,623
Net Position - Ending		\$ 1,314,616	\$ 4,574,121	\$ 5,888,737

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Governmental Funds Balance Sheet June 30, 2015

	<u>General Fund</u>	<u>Endowment Fund</u>
ASSETS		
Cash	\$ 154,025	\$ 109,803
Investments	1,425	980,600
Pledges Receivable	833	17,007
Accrued Interest Receivable	-	5
Grant Advance	9,456	-
Internal Receivables	378,314	110,160
Inventory	<u>9,847</u>	<u>-</u>
Total Assets	<u>\$ 553,900</u>	<u>\$ 1,217,575</u>
LIABILITIES		
Unearned Revenue	\$ 2,500	\$ 98
Internal Payables	213,098	124,489
Due to Volunteers	<u>116,674</u>	<u>-</u>
Total Liabilities	<u>332,272</u>	<u>124,587</u>
FUND BALANCES		
Nonspendable:		
Endowments	-	1,001,936
Assigned to:		
General Fund for Future Operations	201,417	-
Budgetary Deficits	-	82,386
Unassigned	<u>20,211</u>	<u>8,666</u>
Total Fund Balance	<u>221,628</u>	<u>1,092,988</u>
Total Liabilities and Fund Balance	<u>\$ 553,900</u>	<u>\$ 1,217,575</u>

See Accompanying Notes to Basic Financial Statements.

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2015

Total Governmental Funds		
\$ 263,828	Total Fund Balance - Governmental Funds	\$ 1,314,616
982,025		
17,840	<i>Amounts reported for governmental activities in the</i>	
5	<i>Statement of Net Position are currently the same as</i>	
9,456	<i>amounts reported in this statement.</i>	<u>-</u>
488,474		
9,847	Net Position of Governmental Activities	<u>\$ 1,314,616</u>
<u>\$ 1,771,475</u>		
\$ 2,598		
337,587		
<u>116,674</u>		
<u>456,859</u>		
1,001,936		
201,417		
82,386		
<u>28,877</u>		
<u>1,314,616</u>		
<u>\$ 1,771,475</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, 2015

	<u>General Fund</u>	<u>Endowment Fund</u>
Revenue		
Grants	\$ 1,500	\$ -
Fundraising	164,851	11,000
Sustaining Fund	69,960	-
Donations	17,571	-
Endowment Donations	-	13,655
Sponsorship Donations	34,000	-
Preservation Dues	-	7,773
Dividends	5,249	8,219
Other Investment Income	-	13,902
Interest	101	32
Unrealized Gain/(Loss) on Investments	(10,327)	13,621
Total Revenue	<u>282,905</u>	<u>68,202</u>
Expenditures		
Fundraising	94,937	3,471
Professional Fees	7,800	-
Office Supplies	2,777	-
Development Expenditures	2,541	-
Sustaining Fund Expenditures	8,371	-
Souvenir Expenditures	-	128
Miscellaneous	13,109	31
Trust Fees	320	11,819
Total Expenditures	<u>129,855</u>	<u>15,449</u>
Excess of Revenue Over Expenditures	<u>153,050</u>	<u>52,753</u>
Other Financing (Uses)		
Transfers Out	(224,708)	(24,509)
Net Change in Fund Balances	(71,658)	28,244
Fund Balances, Beginning of Year	<u>293,286</u>	<u>1,064,744</u>
Fund Balances, End of Year	<u>\$ 221,628</u>	<u>\$ 1,092,988</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, 2015

Total Governmental Funds	
\$ 1,500	Net Change in Fund Balance - Governmental Funds (\$ 43,414)
175,851	<i>Amounts reported for governmental activities in the</i>
69,960	<i>Statement of Activities are currently the same as</i>
17,571	<i>amounts reported in this statement.</i>
13,655	-
34,000	Change in Net Position of Governmental Funds (\$ 43,414)
7,773	
13,468	
13,902	
133	
3,294	
351,107	
98,408	
7,800	
2,777	
2,541	
8,371	
128	
13,140	
12,139	
145,304	
205,803	
(249,217)	
(43,414)	
1,358,030	
\$ 1,314,616	

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Statement of Net Position Proprietary Fund June 30, 2015

	Business-Type Activities Enterprise Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 671,653
Trade Receivables	48,573
Accounts Receivable Other	15,751
Prepaid Expenses	186,116
Internal Receivables	313,870
inventory	<u>26,862</u>
Total Current Assets	<u>1,262,825</u>
Noncurrent Assets	
Capital Assets	
Land	580,737
Buildings	13,791,221
Building Improvements	6,720,107
Furniture and Equipment	1,057,633
Construction in Progress	<u>2,519,745</u>
	24,669,443
Less Accumulated Depreciation	<u>16,529,172</u>
Total Noncurrent Assets	<u>8,140,271</u>
Total Assets	<u>\$ 9,403,096</u>

See Accompanying Notes to Basic Financial Statements.

	Business-Type Activities
	Enterprise Fund
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 573,342
Accrued Payroll and Benefits	127,821
Long-Term Obligations, Due Within One Year	
Notes Payable	60,250
Capital Lease Payable	2,447
Due to Bondholders	62,713
Unearned Revenue	1,034,849
Internal Payables	464,757
Other	74,438
	<u>2,400,617</u>
Total Current Liabilities	
Noncurrent Liabilities	
Long-Term Obligations, Due in More Than One Year	
Notes Payable	2,424,145
Capital Lease Payable	4,213
	<u>2,428,358</u>
Total Noncurrent Liabilities	
Total Liabilities	<u>4,828,975</u>
NET POSITION	
Net Investment in Capital Assets	5,657,550
Unrestricted	(1,083,429)
	<u>4,574,121</u>
Total Net Position	
Total Liabilities and Net Position	<u>\$ 9,403,096</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, 2015

	Business-Type Activities
	Enterprise Fund
Operating Revenue	
Rentals and Reimbursements - Office and Commercial	\$ 705,479
Theatre Related Revenue	2,657,884
Other	27,410
Total Operating Revenue	<u>3,390,773</u>
Operating Expense	
Salaries	1,297,475
Benefits	261,836
Professional Services	30,851
Advertising and Promotion	364,750
Administrative	47,101
Insurance	162,855
Real Estate Expense	1,241
Custodial and Maintenance	173,004
Utilities	283,249
Artist Fees	530,632
House Expense	291,668
Production Expense	653,737
Depreciation	412,435
Total Operating Expense	<u>4,510,834</u>
Operating (Loss)	(1,120,061)
Nonoperating Revenue (Expense)	
Interest Income	616
Interest Expense	(137,789)
Support from City of Joliet	600,000
State Grants	995,558
In-Kind Contributions	72,987
Total Nonoperating Revenue (Expense)	<u>1,531,372</u>
Net Income Before Transfers	411,311
Transfers	
Transfers In	<u>249,217</u>
Change in Net Position	660,528
Total Net Position, Beginning of Year	<u>3,913,593</u>
Total Net Position, End of Year	<u>\$ 4,574,121</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, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Donors	\$ 3,979,048
Cash Paid to Suppliers for Goods and Services	(2,683,413)
Cash Payments for Employees Services	(1,526,468)
Net Cash (Used in) Operating Activities	(230,833)
Cash Flows from Investing Activities	
Interest Received on Investments	616
Net Cash Provided by Investing Activities	616
Cash Flows from Noncapital Financing Activities	
Support from the City of Joliet	600,000
Payments from Other Funds	389,646
Net Cash Provided by Noncapital Financing Activities	989,646
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(1,429,763)
Proceeds from State Grant	1,073,344
Payments of Long-Term Debt	(68,672)
Payments of Interest	(137,789)
Net Cash (Used in) Capital and Related Financing Activities	(562,880)
Net Increase in Cash	196,549
Cash and Cash Equivalents, Beginning of Year	475,104
Cash and Cash Equivalents, End of Year	<u>\$ 671,653</u>

See Accompanying Notes to Basic Financial Statements.

	Business-Type Activities Enterprise Fund
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities	
Operating (Loss)	(\$ 1,120,061)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used in) Operating Activities	
Depreciation	412,435
In-Kind Contributions	14,237
Changes in Assets and Liabilities	
Trade Receivables	68,239
Accounts Receivable Other	(15,751)
Prepaid Expenses	9,810
Inventory	3,589
Accounts Payable and Accrued Expenses	(136,131)
Accrued Payroll and Benefits	32,843
Deferred Revenue	535,787
Other Payables	(35,830)
Total Adjustments	889,228
Net Cash (Used in) Operating Activities	(\$ 230,833)
Noncash Investing and Financing Activities	
Donated Equipment	\$ 58,750

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements

June 30, 2015

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, 2015, has met the definition of a component unit of the City of Joliet. The considerations for the Will County Metropolitan Exposition and Auditorium Authority to be a component unit of the City of Joliet are: selection of a majority of the governing board; ability to significantly influence the program, projects, activities and level of service; and financial accountability.

Blended Component Unit

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015 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, 2015

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, 2015, the carrying amount of the Authority's deposits was \$925,581 and the bank balance was \$1,045,173. Additionally, the Authority maintained cash on hand of \$9,900.

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, 2015, \$249,734 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, 2015, the Authority held investments in twenty mutual funds (four of which represent 5 percent or more of the total investments as depicted in the schedule on the following page).

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

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2015

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 \$3,294. All investments are expected to be held until maturity.

	<u>Fair Value</u>	<u>% of Total Investments</u>
Government Money Market Funds	\$ 15,434	1.57%
Equities	25,657	2.61%
Mutual Funds	145,179	14.78%
Fixed Income Mutual Funds	197,458	20.11%
First Midwest Equity Funds	298,410	30.39%
First Midwest Fixed Income Funds	<u>299,887</u>	<u>30.54%</u>
Total Investments	<u>\$ 982,025</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, 2015

2. Cash and Investments

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
<u>Reported as Cash:</u>			
Savings and Demand			
Deposit Accounts	\$ 734,569	\$ -	\$ 734,569
Certificates of Deposit	46,032	-	46,032
Money Market Funds	144,980	-	144,980
Cash on Hand	9,900	-	9,900
Total Reported as Cash	<u>935,481</u>	<u>-</u>	<u>935,481</u>
<u>Reported as Investments:</u>			
Government Money Market Funds	-	15,434	15,434
Equities	-	25,657	25,657
Mutual Funds	-	145,179	145,179
Fixed Income Mutual Funds	-	197,458	197,458
First Midwest Equity Funds	-	298,410	298,410
First Midwest Fixed Income Funds	-	299,887	299,887
Total Reported as Investments	<u>-</u>	<u>982,025</u>	<u>982,025</u>
 Total Cash and Investments	 <u>\$ 935,481</u>	 <u>\$ 982,025</u>	 <u>\$ 1,917,506</u>

Reconciliation of Cash and Investments:

Statement of Net Position Cash - Page 10	\$ 907,860
Statement of Net Position Cash - Restricted - Page 10	27,621
Statement of Net Position Investments - Page 10	43,516
Statement of Net Position Investments - Restricted - Page 10	938,509
	<u>\$ 1,917,506</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 \$47,903 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, 2015

6. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Business-Type Activities				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 580,737	\$ -	\$ -	\$ 580,737
Construction in Progress	1,090,290	1,429,455	-	2,519,745
Subtotal	1,671,027	1,429,455	-	3,100,482
<i>Capital Assets Being Depreciated:</i>				
Buildings	13,791,221	-	-	13,791,221
Building Improvements	6,720,107	-	-	6,720,107
Furniture and Equipment	998,893	58,750	10	1,057,633
Total at Historical Cost	23,181,248	1,488,205	10	24,669,443
Less Accumulated Depreciation for:				
Buildings	12,870,312	68,206	-	12,938,518
Building Improvements	2,680,502	293,431	-	2,973,933
Furniture and Equipment	565,931	50,800	10	616,721
Total Accumulated Depreciation	16,116,745	412,437	10	16,529,172
Net Capital Assets	\$ 7,064,503	\$ 1,075,768	\$ -	\$ 8,140,271

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 \$2.65 per hour, up to 40 hours a week, for each participant. Payments for the year to CPF totaled \$23,259.

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

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2015

8. Going Concern

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

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

The Authority has engaged professional services to conduct an appraisal study as it contemplates the sale of one of its standalone commercial properties all the while exploring opportunities of outsourcing management of its operations, as well as the restructuring its business plan and future staffing needs. The Authority is also researching alternative dedicated funding resources via any and all available philanthropic and governmental opportunities.

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 adverse 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, 2015:

Buildings	\$ 874,958
Leaseholds Improvements	<u>3,912,857</u>
	4,787,815
Less Accumulated Depreciation	<u>1,831,189</u>
	<u>\$ 2,956,626</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2015

10. Leases

Minimum future rentals to be received on non-cancelable leases as of June 30, 2015 for each of the next five years and in the aggregate are:

2016	\$ 682,331
2017	535,662
2018	490,702
2019	437,962
2020	<u>379,330</u>
	<u>\$ 2,525,987</u>

Rent expense for the year ended June 30, 2015 was \$71,051.

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.

12. Interfund Balances and Transfers

At June 30, 2015, interfund balances were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund		
Enterprise Fund	\$ 378,310	\$ 189,415
Endowment Fund	4	23,683
Enterprise Fund		
General Fund	189,415	378,310
Endowment Fund	124,455	86,447
Endowment Fund		
General Fund	23,683	4
Enterprise Fund	<u>86,447</u>	<u>124,455</u>
Grand Total	<u>\$ 802,314</u>	<u>\$ 802,314</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2015

12. Interfund Balances and Transfers

Interfund transfers during the year ended June 30, 2015 were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Enterprise Fund	\$ -	\$ 224,708
Enterprise Fund		
General Fund	224,708	-
Endowment Fund	24,509	-
Endowment Fund		
Enterprise Fund	-	24,509
	<u>\$ 249,217</u>	<u>\$ 249,217</u>

13. Long-Term Debt

Long-term debt at June 30, 2015 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, 2015 was \$2,476,061.

\$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, 2015 was \$8,334.

Cash paid for interest was \$137,789 during the year ended June 30, 2015. Interest expense has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements June 30, 2015

13. Long-Term Debt

A summary of long-term liability activity for the year ended June 30, 2015 is as follows:

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015
Business-Type Activities				
Promissory Note, Dated December 28, 2011	\$ 2,536,354	\$ -	\$ 60,293	\$ 2,476,061
Promissory Note, Dated September 9, 2013	<u>14,630</u>	<u>-</u>	<u>6,296</u>	<u>8,334</u>
Total	<u>\$ 2,550,984</u>	<u>\$ -</u>	<u>\$ 66,589</u>	<u>\$ 2,484,395</u>

As of June 30, 2015, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 60,250	\$ 112,683
2017	<u>2,424,145</u>	<u>70,234</u>
Total Requirements	<u>\$ 2,484,395</u>	<u>\$ 182,917</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:

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Notes to Basic Financial Statements
June 30, 2015

14. Capital Lease

	Balance July 1, 2014	Issuances	Payments	Balance June 30, 2015
Capital Lease Obligations				
\$16,835 Lease for Phone Equipment, dated November 2, 2012, due in monthly installments through November 2017, interest at 16.18%.	\$ 8,743	\$ -	\$ 2,083	\$ 6,660

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2015 were as follows:

Due in Fiscal Year	Lease Payments
2016	\$ 3,348
2017	3,348
2018	1,395
Subtotal	8,091
Less: Amount Representing Interest	(1,431)
Present Value of Minimum Lease Payments	\$ 6,660

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

15. Commitment and Contingencies

As of June 30, 2015, the Authority had entered into an outstanding construction commitment of approximately \$2,153,220 for the terra cotta repair project. The Authority has incurred approximately \$1,994,642 of costs for this project leaving a remaining commitment of \$158,578.

SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2015

	Rialto Square Theatre	Rialto Office Complex
Operating Revenue		
Office and Commercial Rent	\$ -	\$ 262,645
Utility Reimbursement	-	10,356
Theatre Rent	96,315	-
Rotunda Rent	106,658	-
Theatre Rental Reimbursement	101,178	-
Rotunda Rental Reimbursement	4,513	-
Other Rental Reimbursement	1,500	-
Preservation Fees	106,408	-
Ticket Income	1,721,990	-
Bar Income	236,713	-
Commissions Income	80,834	-
Tour Income	3,297	-
Box Office Handling Fees	127,098	-
Participant Income	52,846	-
Show Program Advertising	15,475	-
Dinner Packages	3,059	-
Other Income	4,354	23,036
	<hr/>	<hr/>
Total Operating Revenue	2,662,238	296,037
	<hr/>	<hr/>
Operating Expense		
Salaries		
Administrative	305,416	27,853
Engineer	135,123	64,502
Maintenance	41,784	1,928
Office	229,471	13,064
Theatre House	152,958	-
Theatre Stage	243,687	-
	<hr/>	<hr/>
Total Salaries	1,108,439	107,347
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 262,645	\$ 429,636	\$ 692,281
10,356	2,842	13,198
96,315	-	96,315
106,658	-	106,658
101,178	-	101,178
4,513	-	4,513
1,500	-	1,500
106,408	-	106,408
1,721,990	-	1,721,990
236,713	-	236,713
80,834	-	80,834
3,297	-	3,297
127,098	-	127,098
52,846	-	52,846
15,475	-	15,475
3,059	-	3,059
27,390	20	27,410
<u>2,958,275</u>	<u>432,498</u>	<u>3,390,773</u>
333,269	27,854	361,123
199,625	40,790	240,415
43,712	-	43,712
242,535	13,045	255,580
152,958	-	152,958
243,687	-	243,687
<u>1,215,786</u>	<u>81,689</u>	<u>1,297,475</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2015

	Rialto Square Theatre	Rialto Office Complex
Benefits		
State U/C Tax	\$ 18,385	\$ 703
Pension (Union)	13,304	6,053
Employer FICA	87,425	7,858
Health Insurance	90,384	14,719
Education Allowance	1,920	240
	<hr/>	<hr/>
Total Benefits	211,418	29,573
	<hr/>	<hr/>
Professional Services		
Accounting and Legal	16,020	1,880
Other	-	9,551
	<hr/>	<hr/>
Total Professional Services	16,020	11,431
	<hr/>	<hr/>
Advertising and Promotion		
Public Relations	2,956	226
Marketing/Rental Property	7,436	-
Institutional Advertising	28,910	-
Show Program Expense	11,285	-
Event Marketing	309,559	-
In-Kind Advertising	750	-
Tour Expense	3,326	-
	<hr/>	<hr/>
Total Advertising and Promotion	364,222	226
	<hr/>	<hr/>
Administrative Expense		
Office Supply (Non Print)	9,663	957
Small Equipment	3,504	438
Equipment Rental	1,893	495
Postage and Freight	2,476	255
Travel	5,049	82
License and Permits	2,075	-
Computer Supplies	7,855	1,040
Other	6,872	291
Membership Fees	1,015	30
	<hr/>	<hr/>
Total Administrative Expense	40,402	3,588
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 19,088	\$ 444	\$ 19,532
19,357	3,902	23,259
95,283	6,065	101,348
105,103	10,194	115,297
2,160	240	2,400
<u>240,991</u>	<u>20,845</u>	<u>261,836</u>
17,900	3,400	21,300
9,551	-	9,551
<u>27,451</u>	<u>3,400</u>	<u>30,851</u>
3,182	226	3,408
7,436	76	7,512
28,910	-	28,910
11,285	-	11,285
309,559	-	309,559
750	-	750
3,326	-	3,326
<u>364,448</u>	<u>302</u>	<u>364,750</u>
10,620	945	11,565
3,942	438	4,380
2,388	31	2,419
2,731	255	2,986
5,131	82	5,213
2,075	-	2,075
8,895	1,040	9,935
7,163	290	7,453
1,045	30	1,075
<u>43,990</u>	<u>3,111</u>	<u>47,101</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2015

	Rialto Square Theatre	Rialto Office Complex
Insurance		
Insurance	\$ 65,585	\$ 44,911
Total Insurance	<u>65,585</u>	<u>44,911</u>
Real Estate Expense		
Real Estate Taxes	-	-
Total Real Estate Expense	<u>-</u>	<u>-</u>
Custodial and Maintenance		
Custodial Supplies	13,382	3,137
General Maintenance/Repairs	20,601	32,443
Cleaning Service	-	24,307
Total Custodial and Maintenance	<u>33,983</u>	<u>59,887</u>
Utilities		
Electricity	25,286	75,864
Water	2,642	5,211
Gas	13,497	25,020
Telephone	18,366	7,449
Total Utilities	<u>59,791</u>	<u>113,544</u>
Artists Fees		
Regular Artist Fees	526,511	-
Opening Acts Artist Fees	500	-
Contracted Musicians	3,621	-
Total Artists Fees	<u>530,632</u>	<u>-</u>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
<u>\$ 110,496</u>	<u>\$ 52,359</u>	<u>\$ 162,855</u>
<u>110,496</u>	<u>52,359</u>	<u>162,855</u>
<u>-</u>	<u>1,241</u>	<u>1,241</u>
<u>-</u>	<u>1,241</u>	<u>1,241</u>
16,519	3,182	19,701
53,044	32,660	85,704
<u>24,307</u>	<u>43,292</u>	<u>67,599</u>
<u>93,870</u>	<u>79,134</u>	<u>173,004</u>
101,150	101,612	202,762
7,853	2,806	10,659
38,517	-	38,517
<u>25,815</u>	<u>5,496</u>	<u>31,311</u>
<u>173,335</u>	<u>109,914</u>	<u>283,249</u>
526,511	-	526,511
500	-	500
<u>3,621</u>	<u>-</u>	<u>3,621</u>
<u>530,632</u>	<u>-</u>	<u>530,632</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2015

	Rialto Square Theatre	Rialto Office Complex
House Expense		
Liquor and Beer	\$ 43,642	\$ -
Beverage	7,116	-
Bar Supplies	14,332	-
Bar/Souvenir Salaries	70,054	-
Sales Tax	22,434	-
Ticketing Expense	44,324	-
Credit Card Charges	48,525	-
Security	11,803	-
Reimbursement/Rental Expense	10,172	-
Souvenir Expense	4,085	-
Dinner Package Expense	2,134	-
Volunteer Program Expense	5,742	-
Hospitality Suite Expense	6,373	-
Miscellaneous	932	-
	<hr/>	<hr/>
Total House Expense	291,668	-
	<hr/>	<hr/>
Production Expense		
Royalties	5,521	-
Transportation Artist	9,324	-
Accommodations Artist	12,856	-
Food Artist	20,568	-
Instrument Tuning	350	-
Supplies	6,690	-
Musical Instrument Rental	2,465	-
Production Equipment Rental	65,903	-
Rotunda Equipment Purchase	2,182	-
Production Equipment Purchase	5,992	-
Theatre Rental Reimbursement Expense	13,537	-
Production Expense Other	508,349	-
	<hr/>	<hr/>
Total Production Expense	653,737	-
	<hr/>	<hr/>

Total Rialto Complex	Two Rialto Square	Total Enterprise Fund
\$ 43,642	\$ -	\$ 43,642
7,116	-	7,116
14,332	-	14,332
70,054	-	70,054
22,434	-	22,434
44,324	-	44,324
48,525	-	48,525
11,803	-	11,803
10,172	-	10,172
4,085	-	4,085
2,134	-	2,134
5,742	-	5,742
6,373	-	6,373
932	-	932
<u>291,668</u>	<u>-</u>	<u>291,668</u>
5,521	-	5,521
9,324	-	9,324
12,856	-	12,856
20,568	-	20,568
350	-	350
6,690	-	6,690
2,465	-	2,465
65,903	-	65,903
2,182	-	2,182
5,992	-	5,992
13,537	-	13,537
<u>508,349</u>	<u>-</u>	<u>508,349</u>
<u>653,737</u>	<u>-</u>	<u>653,737</u>

(Continued)

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Revenue and Expense Enterprise Fund For the Year Ended June 30, 2015

	<u>Rialto Square Theatre</u>	<u>Rialto Office Complex</u>
Total Operating Expense Before Depreciation	\$ 3,375,897	\$ 370,507
Operating Income (Loss) Before Depreciation	(713,659)	(74,470)
Depreciation	<u>159,266</u>	<u>207,300</u>
Operating Income (Loss)	(872,925)	(281,770)
Non-Operating Revenue (Expense)		
Interest Income	93	523
Interest Expense	(516)	(137,208)
Support from City of Joliet	-	600,000
State Grants	-	995,558
In-Kind Contributions	<u>72,987</u>	<u>-</u>
Total Non-Operating Revenue (Expense)	<u>72,564</u>	<u>1,458,873</u>
Net Income (Loss) Before Transfers	(800,361)	1,177,103
Transfers		
Transfers In	<u>249,217</u>	<u>-</u>
Change in Net Position	<u>(\$ 551,144)</u>	<u>\$ 1,177,103</u>

<u>Total Rialto Complex</u>	<u>Two Rialto Square</u>	<u>Total Enterprise Fund</u>
\$ 3,746,404	\$ 351,995	\$ 4,098,399
(788,129)	80,503	(707,626)
<u>366,566</u>	<u>45,869</u>	<u>412,435</u>
(1,154,695)	34,634	(1,120,061)
616	-	616
(137,724)	(65)	(137,789)
600,000	-	600,000
995,558	-	995,558
<u>72,987</u>	<u>-</u>	<u>72,987</u>
<u>1,531,437</u>	(65)	<u>1,531,372</u>
376,742	34,569	411,311
<u>249,217</u>	<u>-</u>	<u>249,217</u>
<u>\$ 625,959</u>	<u>\$ 34,569</u>	<u>\$ 660,528</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Schedule of Insurance Data (Unaudited) June 30, 2015

Below is a schedule of the Authority's insurance in effect at June 30, 2015.

<u>Insurance</u>	<u>Carrier</u>	<u>Expiration Date</u>
Property	Philadelphia Insurance Company	4/2/2016
\$64,235,782	Property Coverage - Rialto Building, Terminal Building, Joliet Building Annex Building	
\$675,800	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	Philadelphia Insurance Company	4/2/2016
\$1,000,000	Liability Coverage	
Comprehensive Umbrella Liability	Philadelphia Insurance Company	4/2/2016
\$10,000,000		
Workmen's Compensation and Employer's Liability	Michigan Commercial Insurance Mutual	10/16/2015
\$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	Philadelphia Insurance Company	4/2/2016
\$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, 2015

<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	4	

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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October 19, 2015

MAY 24 2016

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 and each major fund of Will County Metropolitan Exposition and Auditorium Authority for the year ended June 30, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 15, 2012, 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 RSI, which supplement 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 supplementary information, which accompanies the financial statements but is 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 the other schedules, 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, Timing of the Audit, and Other

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

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will 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 19, 2015 and issue our report on approximately January 31, 2016. Mary Lancaster is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of Will County Metropolitan Exposition and Auditorium Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Werner, Rogan, Durant & 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

May 24, 2016

MAY 24 2016

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 (Authority) for the year ended June 30, 2015. 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 19, 2015. 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 the Authority 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, 2015. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was:

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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 classifications for financial reporting purposes and adjustments to record capital assets and long-term debt activity.

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 May 24, 2016.

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

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Will County Metropolitan Exposition and Auditorium Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

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

Adjusting Journal Entries
Fund 3 - Enterprise
WCMEAA/RSTC
June 30, 2015

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
2	MARLIN BIZ BANK PHONE LOAN	2500.04a	2-1-25800	5100			1,264.65
2	RA INTEREST EXPENSE		6-1-47104	7300		1,264.65	
To adjust capital lease payable to agree to payment schedule.							
4	CONSTRUCTION IN PROCESS-RA	2200.07	1-1-13980	2900		104,981.16	
4	RETAINAGE PAYABLE		2-1-25902	4100			104,981.16
To record retainage payable.							
6	A/R OTHER	4000.06a	1-1-11080	2311			77,786.19
6	CITY OF JOLIET/STATE OF IL		6-1-80000	6301		77,786.19	
To correct balance in accounts receivable - other account.							
7	EQUIPMENT	4000.08	1-1-13300	3200		476.00	
7	RST ROT EQUIP PURCHASE		5-1-52652	7200			476.00
To agree WCMEAA GIK received from RSTF Volunteers to RSTF Volunteer's records (banquet tables).							
8	BOX OFFICE SALARY	145.02	5-1-40402	7203		4,927.51	
8	ACCRUED PAYROLL		2-1-22200	4200			4,927.51
PBC Entry - To accrue additional BO Salary to Kari Mills at year end .							
9	RST LIQUOR BEER EXPENSE	145.02	5-1-52002	7200			960.88
9	RST BEVERAGE EXPENSE		5-1-52012	7200			649.20
9	RST BAR SUPPLIES		5-1-52022	7200		5,021.47	
9	SUPPLIES REGULAR		5-1-53502	7213		177.14	
9	BAR INVENTORY		1-1-12300	2500			3,588.53
PBC Entry - To adjust year-end inventory for bar and green room.							
10	RSTC GRANTS FOR RST OPERATIONS	2000.05	6-1-70622	6601			25,000.00
10	PARTICIPANT FEES		4-1-32021	6200		25,000.00	
10	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			7,500.00
10	PARTICIPANT FEES		4-1-32021	6200		7,500.00	
10	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			1,500.00
10	TICKET INCOME		4-1-32001	6202		1,500.00	
10	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			4,999.25
10	RSTC GRANTS FOR RST OPERATIONS		6-1-70622	6601			1,781.27
10	THEATRE RENTAL REIMB INCOME		4-1-31042	6200		6,780.52	
To correct related party accounts between WCMEAA & RSTC.							
18	PREPAID EXPENSES OTHER	1500.02	1-1-11750	2600			15,090.09
18	N/P FCB USE/HOSPITALITY		2-1-25500	4501		4,751.40	
18	RA INTEREST EXPENSE		6-1-47104	7300		10,338.69	
To reclass July 2015 principal and interest payments to correct account.							
Totals						250,504.73	250,504.73

Adjusting Journal Entries
Fund 60 - General Rialto
WCMEAA/RSTC
June 30, 2015

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
15	CAP CAMP PLEDGES RECEIVABLE	3000.01	1-4-11300R	23200		0.01	
15	GEN OTHER INCOME		4-1-30802R	65000			0.01
To eliminate pledges receivable.							
16	GEN OTHER INCOME	3000.01	4-1-30802R	65000		20.00	
16	VOL OTHER INCOME		4-3-30802R	60000			37.44
16	ENDOW INTEREST INCOME		6-2-31002R	65500		17.44	
To balance funds.							
17	ENDOW DUE FROM GENERAL FUND	1100.06	1-2-11006R	23850		7,773.35	
17	ENDOW %AGE OF PRZRVTN DUES		6-2-70012R	060110			7,773.35
17	GRANT TO ENDOWMENT		6-1-40102R	060040		7,773.35	
17	GEN FUND DUE TO ENDOWMENT		2-1-20120R	44750			7,773.35
To record 10% of star dues receivable							
Totals						15,584.15	15,584.15

Adjusting Journal Entries
Fund 70 - Agency Rialto
WCMEAA/RSTC
June 30, 2015

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
12	MSB # 01000025209 PRO INT CKG	1400.01	1-3-10050R	21000		42,360.00	
12	VOL FUND PREPAID EXPENSES		1-3-11800R	26000			42,360.00
To adjust cash and prepaids for held check.							
14	VOL SOUVENIR EXPENSE	1300.02	5-3-52062R	66000		62.70	
14	(r) VOL FUND INVENTORY		1-3-11900R	25000			62.70
PBC Entry - To agree inventory to year-end physical.							
16	GEN OTHER INCOME	3000.01	4-1-30802R	65000		20.00	
16	VOL OTHER INCOME		4-3-30802R	60000			37.44
16	ENDOW INTEREST INCOME		6-2-31002R	65500		17.44	
To balance funds.							
Totals						42,460.14	42,460.14

Adjusting Journal Entries
Fund 80 - Endowment Rialto
WCMEAA/RSTC
June 30, 2015

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	MAJOR ENDOW # 41-0337-01-8	1100.06	1-2-10100R	29000		251,827.70	
1	EF MAJOR RESTRICTED PORTION		1-2-10101R	029000			251,827.70
To reclass restricted portion of long-term endowment investments.							
3	ENDOW PLDGS RCVBL CURRENT	1200.075	1-2-11301R	23200			20,733.00
3	ENDOW PLEDGES RECEIVABLE		1-2-11300R	23200		20,733.00	
To reclassify current portion of pledges receivable.							
5	ENDOW DONATIONS	1200.075	6-2-70002R	60000			892.00
5	ENDOW PLDG RCVBLE DISCOUNT		1-2-11310R	23200		892.00	
5	ENDOW DONATIONS		6-2-70002R	60000			4,012.00
5	ENDOW PLDG RCVBLE DISCOUNT		1-2-11310R	23200		4,012.00	
To record current year amortization of discount.							
11	(r) MAVRICH ENDOW # 5734-2844		1-2-10110R	020000		15,000.00	
11	EF MAVRICH RESTRICTED PORTION		1-2-10111R	20500			15,000.00
To eliminate closed account from TB.							
13	ENDOW GRANT INT TO WCMEAA		6-2-40202R	66010		70,000.00	
13	ENDOW DUE WCMEAA A/F FUND		2-2-20170R	044500			70,000.00
To agree to A/F fund to residual change from original value.							
16	GEN OTHER INCOME	3000.01	4-1-30802R	65000		20.00	
16	VOL OTHER INCOME		4-3-30802R	60000			37.44
16	ENDOW INTEREST INCOME		6-2-31002R	65500		17.44	
To balance funds.							
17	ENDOW DUE FROM GENERAL FUND	1100.06	1-2-11006R	23850		7,773.35	
17	ENDOW %AGE OF PRZRVTN DUES		6-2-70012R	060110			7,773.35
17	GRANT TO ENDOWMENT		6-1-40102R	060040		7,773.35	
17	GEN FUND DUE TO ENDOWMENT		2-1-20120R	44750			7,773.35
To record 10% of star dues receivable							
Totals						378,048.84	378,048.84

Reclass Journal Entries
Fund 80 - Endowment Rialto
WCMEAA/RSTC
June 30, 2015

RJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
4	CAP CAMP REST FUND BALANCE	3000.10	3-4-29800R	56000		135,424.00	
4	DES OPER RESTRICTED FUND BAL		3-5-29800R	56000		201,417.00	
4	(r) GENERAL FUND BALANCE		3-1-29800R	56000			56,985.00
4	JALB UNRESTRICTED FUND BALANCE		3-6-29850R	56000		13,603.00	
4	CAP CAMP UNRESTRICTED FUND BAL		3-4-29850R	56000			173.00
4	Assigned -Budgetary Deficits Gen Fd		3-1-52031R	52030R			201,417.00
4	Unassigned		3-1-52050R	52040R			91,869.00
4	Nonspendable- Endowments		3-1-52000R	52000R			1,001,936.00
4	Assigned- Budgetary Deficits		3-1-52030R	52030R			82,386.00
4	(r) ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000		868,540.00	
4	ENDOW UNRESTRICTED FUND BALANC		3-2-29850R	056000		96,204.00	
4	JALB RESTRICTED FUND BALANCE		3-6-29800R	56000		100,000.00	
4	Unassigned		3-1-52040R	52040R		19,578.00	

To record GASB 54 adjustments.

1,434,766.00	1,434,766.00
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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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MAY 24 2016

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 (Authority) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 internal control to be a material weakness:

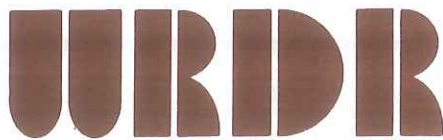
Preparation of the Financial Statements

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, Roger, Doran & Arzon, L.L.C.

May 24, 2016



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

MAY 24 2016

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, 2015 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 May 24, 2016 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: 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. WRDR noted review of monthly cash reconciliations began after fiscal year end.

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. WRDR noted review of monthly adjusting journal entries posted to the general ledger began after fiscal year end.

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.

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, Rogers, Dorian & Arizon, L.L.C.

May 24, 2016

