

METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2009

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AGENCY OFFICIALS

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Chief Executive Officer	Mr. Juan Ochoa
Chief Financial Officer (Current)	Mr. Richard Oldshue
Chief Financial Officer (3/20/2006 – 10/23/2009)	Mr. John Belcik
General Counsel	Ms. Renee Benjamin
Director of Internal Audit	Ms. Jeanette Swan

Authority office is located at:

301 East Cermak Road
Chicago, IL 60616

Metropolitan Pier and Exposition Authority

Corporate Center • 301 East Cermak Road • Chicago, IL 60616 • Telephone (312) 791-7000 • Fax (312) 791-6556

MANAGEMENT ASSERTION LETTER

March 25, 2010

Honorable William G. Holland
Illinois Auditor General
740 East Ash Street
Springfield, IL 62703

Dear Sir:

We are responsible for the identification of, and compliance with all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Authority. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Authority has materially complied with the assertions below.

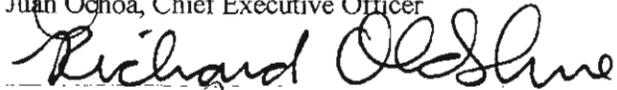
- A. The Authority has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Authority has submitted its annual certifications of debt service requirements to the State Comptroller and State Treasurer as required by law.

Yours very truly,

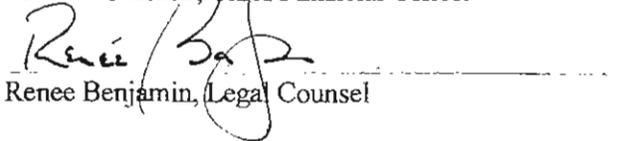
Metropolitan Pier and Exposition Authority



Juan Ochoa, Chief Executive Officer



Richard Oldshue, Chief Financial Officer



Renee Benjamin, Legal Counsel



METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

COMPLIANCE REPORT

SUMMARY

The special limited scope compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on Special Limited State Compliance Testing and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

There were no findings noted during our testing.

EXIT CONFERENCE

A formal exit conference was waived by Authority management in correspondence dated March 24, 2010.

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MICHAEL A. BILANDIC BLDG. • SUITE S-900
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FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON SPECIAL LIMITED STATE
COMPLIANCE TESTING, AND ON SUPPLEMENTARY INFORMATION FOR STATE
COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Metropolitan Pier and Exposition Authority's (Authority) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General for the appropriations made by the Illinois General Assembly to the Metropolitan Pier and Exposition Authority from the McCormick Place Expansion Project Fund (377) and the Metropolitan Fair and Exposition Authority Improvement Bond Fund (961) during the two years ended June 30, 2009. The management of the Metropolitan Pier and Exposition Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Metropolitan Pier and Exposition Authority's compliance based on our examination.

- A. The Metropolitan Pier and Exposition Authority has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Metropolitan Pier and Exposition Authority has submitted its annual certifications of debt service requirements to the State Comptroller and State Treasurer as required by law.

Our special limited scope compliance examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Metropolitan Pier and Exposition Authority's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a

legal determination on the Metropolitan Pier and Exposition Authority's compliance with specified requirements.

Our special limited scope compliance examination was restricted to appropriations made by the Illinois General Assembly to the Metropolitan Pier and Exposition Authority from Fund 377 and Fund 961 and related expenditures.

In our opinion, the Metropolitan Pier and Exposition Authority complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009.

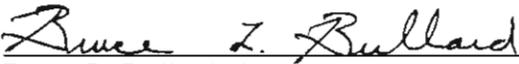
There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2008 and 2009 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Metropolitan Pier and Exposition Authority management and the Metropolitan Pier and Exposition Authority's governing board and is not intended to be and should not be used by anyone other than these specified parties.



Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

March 25, 2010

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

Schedule of State Appropriations, Authority Drawdowns and
Lapsed Balances - Fund 377

Schedule of State Appropriations, Authority Drawdowns and
Lapsed Balances - Fund 961

Notes to the Schedules of State Appropriations, Authority Drawdowns
and Lapsed Balances

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states we have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, to the 2008 and 2009 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

METROPOLITAN PIER AND EXPOSITION AUTHORITY
**SCHEDULE OF STATE APPROPRIATIONS, AUTHORITY
DRAWDOWNS AND LAPSED BALANCES - FUND 377
(DEBT SERVICE)**

For the Two Years Ended June 30, 2009

	FISCAL YEAR	
	2009 PA 95-0731	2008 PA 95-0348
McCormick Place Expansion Project Fund - 377		
State Appropriations (Note)	\$131,996,300	\$126,087,776
Authority Drawdowns:		
July	16,371,234	15,685,177
August	16,371,234	15,685,177
September	16,371,234	15,685,177
October	16,371,234	15,685,177
November	16,371,234	15,685,177
December	16,371,234	15,685,177
January	16,371,234	15,685,178
February	16,371,234	15,685,178
March	0	0
April	0	0
May	0	0
June	0	0
Total Drawdowns	\$130,969,872	\$125,481,418
Lapsed Balances	\$1,026,428	\$606,358

Note: Appropriations were made for debt service on the Authority's McCormick Place Expansion Project Bonds, issued pursuant to the "Metropolitan Pier and Exposition Authority Act" as amended, and related trustee and legal expenses. See the accompanying Notes to the Schedules of State Appropriations, Authority Drawdowns and Lapsed Balances.

Appropriations, drawdowns, and lapsed balances were taken from records of the Illinois Office of the Comptroller, which have been reconciled to Authority records.

**METROPOLITAN PIER AND EXPOSITION AUTHORITY
SCHEDULE OF STATE APPROPRIATIONS, AUTHORITY
DRAWDOWNS AND LAPSED BALANCES - FUND 961
(DEBT SERVICE)**

For the Two Years Ended June 30, 2009

<u>Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961</u>	FISCAL YEAR	
	2009	2008
	PA 95-0731	PA 95-0348
State Appropriations (Note)	\$31,570,200	\$31,622,778
Authority Drawdowns:		
July	0	0
August	3,843,959	7,602,548
September	3,843,959	0
October	3,843,959	3,801,274
November	3,843,959	3,801,274
December	7,687,918	7,602,548
January	3,843,959	3,801,274
February	0	3,801,274
March	3,843,960	0
April	0	0
May	0	0
June	0	0
Total Drawdowns	\$30,751,673	\$30,410,192
Lapsed Balances	\$818,527	\$1,212,586

Note: Appropriations were made for debt service on the Authority's Dedicated State Tax Revenue Bonds, issued pursuant to the "Metropolitan Pier and Exposition Authority Act" as amended, and related trustee and legal expenses. See the accompanying Notes to the Schedules of State Appropriations, Authority Drawdowns and Lapsed Balances.

Appropriations, drawdowns, and lapsed balances were taken from records of the Illinois Office of the Comptroller, which have been reconciled to Authority records.

METROPOLITAN PIER AND EXPOSITION AUTHORITY
NOTES TO THE SCHEDULES OF STATE APPROPRIATIONS, AUTHORITY
DRAWDOWNS AND LAPSED BALANCES

For the Two Years Ended June 30, 2009

The Metropolitan Pier and Exposition Authority (Authority) was created on July 7, 1955. The Authority was established and operates as a municipal corporation. The Authority's primary duties are to promote, operate, and maintain fairs, expositions, meetings, and conventions from time to time in the metropolitan area; to arrange, finance, operate, maintain and otherwise provide for industrial, commercial, cultural, educational, trade, and scientific exhibits and events; and to construct, equip, and maintain grounds, buildings, and facilities for those purposes. In addition, the Authority has the duty to carry out or otherwise provide for the recreational, cultural, commercial, or residential development of Navy Pier and to acquire, own, construct, equip, lease, operate, and maintain grounds, buildings, and facilities to carry out its corporate purposes and duties.

The Authority has the power to issue interest-bearing revenue bonds and may refund any bonds prior to maturity. All bonds are payable from the following sources: the revenues or income related to the fairs, expositions, meetings, conventions, and other authorized activities of the Authority; funds appropriated by the General Assembly from the Metropolitan Fair and Exposition Authority Improvement Bond Fund – 961 and the McCormick Place Expansion Project Fund - 377; any revenues of the Authority from taxes it is authorized to impose; and the proceeds of refunding bonds issued for that purpose. Revenue bonds issued by the Authority are not obligations of the State of Illinois.

The State Finance Act (30 ILCS 105/8.25f) requires the chairman of the Authority to annually certify to the State Comptroller and the State Treasurer the amount necessary and required, during the fiscal year with respect to which the certification is made, to pay the debt service requirements on all outstanding bonds and notes, including refunding bonds pursuant to the Metropolitan Pier and Exposition Authority Act (Act) (70 ILCS 210/13.2).

The General Assembly appropriated \$31,622,778 in Fiscal Year 2008 and \$31,570,200 in Fiscal Year 2009 to the Authority from the Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961 for debt service payments. Money from the Improvement Bond Fund was used to meet debt service requirements on non-refunded Series 1992, Series 1995, and Series 1997, and Series 2002 bonds. In addition, the General Assembly appropriated \$126,087,776 in Fiscal Year 2008 and \$131,996,300 in Fiscal Year 2009 to the Authority from the McCormick Place Expansion Project Fund - 377 for the purpose of paying the debt service on the outstanding Series 1992A, Series 1994A and B, Series 1996A, Series 1998A and B, Series 1999A, B, C, and D, Series 2002 A, B, and C bonds, as well as the newly issued Series 2004A bonds.

Board of Directors

The Act established the Metropolitan Pier and Exposition Board as the governing and administrative body of the Authority (70 ILCS 210/14). During the examination period, the Act

required the Board to be comprised of twelve members. As of June 30, 2009, those members were:

- Theodore Tetzlaff, Chairman
- Peter O'Brien, Sr., Secretary/Treasurer
- Louis Carr
- John Gates, Jr.
- Isaac Goldman
- Steven Hernandez
- Bruce Meckler
- Robert Novelle, Jr.
- James Riley
- Alisa Starks
- Sam Toia
- Thomas Villanova
- John Walter

Public Act 096-0882 revised the Act to replace the existing Board with seven interim members effective March 19, 2010. These interim members shall be appointed by the Governor and the Mayor of the City of Chicago. Interim members shall serve until a new Board is created by the General Assembly by law. (70 ILCS 210/15)