



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

**METROPOLITAN
PIER AND EXPOSITION AUTHORITY**

**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2005**

WILLIAM G. HOLLAND

AUDITOR GENERAL

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

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AGENCY OFFICIALS

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Chief Executive Officer	Ms. Leticia Peralta Davis
Chief of Staff	Ms. Patricia Verduzco Rios
Acting Chief Financial Officer (As of April 18, 2005)	Mr. Richard Oldshue
Chief Financial Officer (Through April 15, 2005)	Mr. James F. Fricke
Chief Internal Auditor (Through September 8, 2005)	Mr. Scott Bailey

Authority office is located at:

Metropolitan Pier and Exposition Authority
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) 791-6356

MANAGEMENT ASSERTION LETTER

November 1, 2005

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

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, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, the Authority has materially complied with the assertions below.

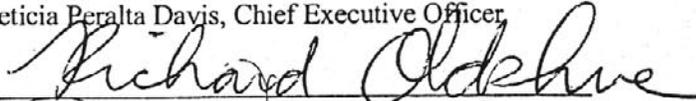
- A. The Authority has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Authority has submitted its annual certifications of debt service requirements to the State Comptroller and State Treasurer as required by law.

Yours very truly,

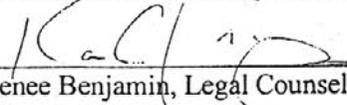
Metropolitan Pier and Exposition Authority



Leticia Peralta Davis, Chief Executive Officer



Richard Oldshue, Acting Chief Financial Officer



Renee Benjamin, Legal Counsel



COMPLIANCE REPORT

SUMMARY

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

AUDITORS' 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

There were no findings of noncompliance disclosed by our special limited State compliance tests in this examination or our prior examination which are required to be reported in accordance with the Audit Guide.

EXIT CONFERENCE

A draft of this report was forwarded to Authority officials on January 6, 2006. A formal exit conference was declined by Authority management.

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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 Illinois Metropolitan Pier and Exposition Authority's (Authority) compliance with the requirements listed below for the appropriations made by the Illinois General Assembly to the 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, 2005. The management of the Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

- 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.

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 Authority's compliance with those requirements 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 Authority's compliance with specified requirements.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. The results of our procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General.

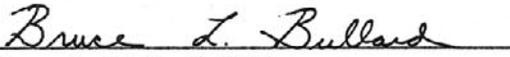
There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

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 2004 and the 2005 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 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, and Authority management and is not intended to be and should not be used by anyone other than these specified parties.


Bruce L. Bullard, CPA
Compliance Audit Director

November 1, 2005

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 2004 and the 2005 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

STATE OF ILLINOIS
 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, 2005

	FISCAL YEAR	
	2005 PA 93-0842	2004 PA 93-62
McCormick Place Expansion		
Project Fund - 377		
State Appropriations (Note)	\$96,991,000	\$93,000,000
Authority Drawdowns:		
July	11,902,470	11,617,889
August	11,902,470	11,617,889
September	11,902,471	11,617,889
October	11,902,470	11,617,889
November	11,902,470	11,617,890
December	11,902,471	11,617,889
January	11,902,470	11,617,889
February	11,902,471	11,617,889
March	0	0
April	0	0
May	0	0
June	0	0
Total Drawdowns	\$95,219,763	\$92,943,113
Lapsed Balances	\$1,771,237	\$56,887

Note: Appropriations were made for debt service on the Authority's McCormick Place Expansion Project Bonds, issued pursuant to the "Metropolitan Fair and Exposition Authority Act" as amended. 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.

STATE OF ILLINOIS
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, 2005

	FISCAL YEAR	
	2005	2004
	PA 93-0842	PA 93-62
Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961		
State Appropriations (Note)	\$31,590,000	\$31,605,000
Authority Drawdowns:		
July	3,930,103	3,927,847
August	0	3,927,848
September	3,930,104	3,927,847
October	3,930,103	0
November	3,930,104	3,927,847
December	7,860,207	7,855,695
January	3,930,103	3,927,847
February	0	0
March	3,930,103	3,927,847
April	0	0
May	0	0
June	0	0
Total Drawdowns	<u>\$31,440,827</u>	<u>\$31,422,778</u>
Lapsed Balances	<u>\$149,173</u>	<u>\$182,222</u>

Note: Appropriations were made for debt service on the Authority's Dedicated State Tax Revenue Bonds, issued pursuant to the "Metropolitan Fair and Exposition Authority Act" as amended. 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.

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

For the Two Years Ended June 30, 2005 and 2004

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 construct, equip, and maintain grounds, buildings, and facilities for those purposes.

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 General Assembly appropriated \$31,605,000 in Fiscal Year 2004 and \$31,590,000 in Fiscal Year 2005 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, Series 1997, and Series 2002 bonds. In addition, the General Assembly appropriated \$93,000,000 in Fiscal Year 2004 and \$96,991,000 in Fiscal Year 2005 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 2004 A bonds.

On June 9, 2004, the Authority issued \$42,545,000 Series 2004 A Expansion Project Bonds to defease \$41,785,000 of the 1994 Expansion Project Bonds.