



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**METROPOLITAN PIER AND EXPOSITION AUTHORITY**

**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended: June 30, 2013**

**Release Date: April 22, 2014**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>0</b>
<b>Repeated from last audit:</b>	<b>0</b>

**INTRODUCTION**

The General Assembly annually makes direct appropriations to the Authority for the payment of debt service and related obligations, to provide incentives to attract large conventions, meetings, and trade shows to hold events at Authority properties, and to serve as a pass-thru entity to provide funding to the Chicago Convention and Tourism Bureau (Choose Chicago). Additionally, the General Assembly has authorized the Authority to pass-thru a portion of the additional funds realized from the increase in the Airport Departure Tax authorized within Public Act 096-0898 to the Chicago Convention and Tourism Bureau (Choose Chicago).

Our special limited scope compliance examination was restricted to appropriations made by the General Assembly to the Authority from the McCormick Place Expansion Project Fund, the International Tourism Fund, the Chicago Travel Industry Promotion Fund, the Metropolitan Pier and Exposition Authority Incentive Fund, and the Metropolitan Fair and Exposition Authority Improvement Bond Fund and expenditures certified by the Metropolitan Pier and Exposition Authority as authorized by the General Assembly from the Metropolitan Pier and Exposition Authority Grants Fund.

**SYNOPSIS**

- The Authority had a remaining cash balance within the Metropolitan Fair and Exposition Authority Improvement Bond Fund after the defeasance of all outstanding bonds.

{Expenditures are summarized on the reverse page.}

**METROPOLITAN PIER AND EXPOSITION AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2013**

EXPENDITURE STATISTICS	2013	2012	2011
<b>Total Expenditures.....</b>	<b>\$ 174,707,916</b>	<b>\$ 144,948,645</b>	<b>\$ 97,635,555</b>
AWARDS AND GRANTS.....	\$ 32,919,960	\$ 13,159,291	\$ 4,966,558
% of Total Expenditures.....	18.8%	9.1%	5.1%
DEBT SERVICE.....	\$ 141,787,956	\$ 131,789,354	\$ 92,668,997
% of Total Expenditures.....	81.2%	90.9%	94.9%

<b>CHIEF EXECUTIVE OFFICER</b>
During Examination Period: Mr. James R. Reilly (Trustee under Public Act 096-0882: 07/01/11 - 03/26/12) Mr. James R. Reilly (Chief Executive Officer: 03/27/12 - Current)
Currently: Mr. James R. Reilly

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**EXCESS CASH WITHIN THE METROPOLITAN FAIR  
AND EXPOSITION AUTHORITY IMPROVEMENT  
BOND FUND**

The Metropolitan Pier and Exposition Authority (Authority) had excess cash within the Metropolitan Fair and Exposition Authority Improvement Bond Fund (Fund).

**Authority no longer has any debt obligations outstanding payable from the Fund**

On July 18, 2012, the Bond Trustee gave notice of the defeasance of all outstanding bonds supported by the Fund. In anticipation of this announcement, the Authority's Chief Executive Officer sent the State Treasurer, the State Comptroller, and the Director of Revenue a letter on July 12, 2012, indicating that since no bonds were to remain outstanding after the defeasance, the Authority would not submit any further vouchers for the payment of debt service obligations.

**Auditors identified excess cash within the Fund, totaling \$5,456**

During testing, the auditors noted the Fund had a remaining cash balance of \$5,456 at June 30, 2013. This amount, which does not currently have an apparent disposition, represents excess prior transfers from the Build Illinois Fund.

According to Authority officials, they have been unable to address the remaining cash balance due to State law not being clear about how to handle excess money within the Fund. They noted they have been working with officials at the State Treasurer's Office, State Comptroller's Office, Department of Revenue, and Governor's Office of Management and Budget to reach a conclusion on the final disposition of these remaining funds, an event that only occurs every 30 to 40 years. (Finding 1, pages 9-10)

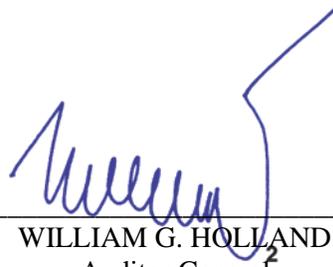
We recommended the Authority continue to work with the State Treasurer, State Comptroller, Director of Revenue and the Governor's Office of Management and Budget to determine an appropriate disposition of the remaining cash balance and seek to appropriately dissolve the Fund, or seek a legislative remedy.

**Authority officials agree**

Authority officials agreed with our recommendation.

**ACCOUNTANT'S OPINION**

The auditors conducted a special limited scope compliance examination of the Authority for the two years ended June 30, 2013, as required by the Illinois State Auditing Act. The auditors stated the Authority complied, in all material respects, with the requirements described in the report during the two years ended June 30, 2013.



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WILLIAM G. HOLLAND  
Auditor General

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**AUDITORS ASSIGNED**

This examination was performed by the Office of the Auditor General's staff.