

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

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

TABLE OF CONTENTS

		<u>Page</u>
Agency Officials		1
Management Assertion Letter		3
Compliance Report:		
Summary		5
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		6
Schedule of Findings		
Current Findings – State Compliance		9
Prior Findings Not Repeated		11
Supplementary Information for State Compliance Purposes:	<u>Schedule</u>	<u>Page</u>
Summary		12
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2013	1	13
Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2012	2	16
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	18
Analysis of Significant Variations in Expenditures	4	21
Analysis of Significant Lapse Period Spending	5	23
Analysis of Operations (Not Examined)		
Authority Functions and Planning Program (Not Examined)		24

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

**AGENCY OFFICIALS**

Chair of the Board (03/27/12 – Present) <sup>2</sup>	Mr. Jack Greenberg
Trustee (07/01/11 – 03/26/12) <sup>1</sup>	Mr. James R. Reilly
Chief Executive Officer (03/27/12 – Present) <sup>2</sup>	Mr. James R. Reilly
Chief Financial Officer	Mr. Richard J. Oldshue
General Counsel (08/09/12 – Present)	Mr. Darka Papushkewych
General Counsel (06/28/12 – 08/08/12)	Vacant
General Counsel (07/01/11 – 06/27/12)	Ms. Peggy Davis
Director of Internal Audit	Ms. Jeanette Swan

**BOARD MEMBERS**

*Appointed by the Governor of the State of Illinois*

Director (06/25/13 – Present)	Mr. Terrance McGann
Director (06/02/13 – 06/24/13)	Vacant
Director (03/05/12 – 06/01/13) <sup>1</sup>	Ms. Carmen Lonstein
Director (03/05/12 – Present) <sup>1</sup>	Mr. Ronald E. Powell
Director (03/05/12 – Present) <sup>1</sup>	Mr. Robert G. Reiter, Jr.
Director (03/05/12 – Present) <sup>1</sup>	Ms. Becky Strzechowski

*Appointed by the Mayor of the City of Chicago*

Director (03/05/12 – Present) <sup>1</sup>	Ms. Julie Chavez
Director (03/05/12 – Present) <sup>1</sup>	Mr. Frank M. Clark, Jr.
Director (03/05/12 – Present) <sup>1</sup>	Mr. Roger J. Kiley, Jr.
Director (03/05/12 – Present) <sup>1</sup>	Mr. Dan Hynes

<sup>1</sup> On May 28, 2010, Public Act 96-0898 established a Trustee to oversee the Authority and approve of any action otherwise requiring the approval of the Authority's Board for 18 months or until the Authority's Board was reconstituted, whichever was later. On March 5, 2012, the Authority's Board was reconstituted through appointments by the Governor of the State of Illinois and the Mayor of the City of Chicago. The new Board's first meeting was on Tuesday, March 27, 2012.

<sup>2</sup> The eight members of the Board appoint a ninth member to serve as the Chair of the Board and select a Chief Executive Officer to perform all duties assigned by the Board.

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

**AUTHORITY OFFICES**

The Authority's offices are located at:

**McCormick Place**

2301 S. Lake Shore Drive  
Chicago, Illinois 60616

**Navy Pier**

600 E. Grand Avenue  
Chicago, Illinois 60611

**Corporate Center**

301 E. Cermak Road  
Chicago, Illinois 60616

# Metropolitan Pier and Exposition Authority

Corporate Center • 501 East Cermak Road • Chicago, IL 60616 • Telephone (312) 791-7000 • Fax (312) 791-6556

## STATE COMPLIANCE EXAMINATION

## MANAGEMENT ASSERTION LETTER

March 28, 2014

Honorable William G. Holland  
Auditor General  
State of Illinois  
740 East Ash Street  
Springfield, Illinois 62703-3154

Dear Mr. Holland:

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 Metropolitan Pier and Exposition Authority for appropriations made by the General Assembly to the Metropolitan Pier and Exposition 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. 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 Metropolitan Pier and Exposition Authority's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the two years ended June 30, 2013, the Metropolitan Pier and Exposition Authority has materially complied with the assertions below.

- A. The Metropolitan Pier and Exposition Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Metropolitan Pier and Exposition Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Metropolitan Pier and Exposition Authority has submitted its annual certifications of debt service requirements to the State Comptroller and the State Treasurer as required by State law.

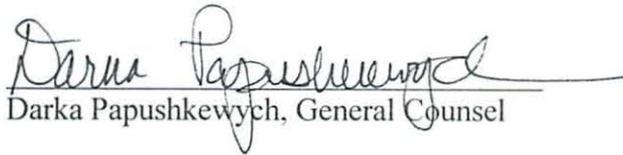


Yours very truly,

Metropolitan Pier and Exposition Authority

  
James R. Reilly, Chief Executive Officer

  
Richard Oldshue, Chief Financial Officer

  
Darka Papushkewych, General Counsel



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

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance 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	1	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
-----------------	-------------	--------------------	---------------------

FINDINGS (STATE COMPLIANCE)

2013-001	9	Excess Cash within the Metropolitan Fair and Exposition Authority Improvement Bond Fund	Significant Deficiency and Noncompliance
----------	---	-----------------------------------------------------------------------------------------	------------------------------------------

PRIOR FINDINGS NOT REPEATED

The Authority did not have any prior findings.

**EXIT CONFERENCE**

The Authority’s management waived a formal exit conference in a correspondence dated March 19, 2014. Responses to the recommendations were provided by Mr. Richard Oldshue, the Authority’s Chief Financial Officer, in a correspondence dated March 28, 2014.

SPRINGFIELD OFFICE:

ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887  
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900  
160 NORTH LASALLE • 60601-3103

PHONE: 312/814-4000

FAX: 312/814-4006

FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, 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 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 appropriations made by the General Assembly to the Metropolitan Pier and Exposition 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 during the two years ended June 30, 2013. 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 obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Metropolitan Pier and Exposition Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Metropolitan Pier and Exposition Authority has submitted its annual certifications of debt service requirements to the State Comptroller and the State Treasurer as required by State law.

Our 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.

In our opinion, the Metropolitan Pier and Exposition Authority complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. However, the results of our procedures disclosed an instance of noncompliance with the 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 which is described in the accompanying schedule of findings as item 2013-001.

### **Internal Control**

Management of the Metropolitan Pier and Exposition Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Metropolitan Pier and Exposition Authority's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Pier and Exposition Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Metropolitan Pier and Exposition Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings as item 2013-001 that we consider to be a significant deficiency.

As required by the Audit Guide, an immaterial finding excluded from this report has been reported in a separate letter.

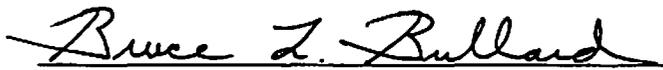
The Metropolitan Pier and Exposition Authority's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the Metropolitan Pier and Exposition Authority's response and, accordingly, we express no opinion on the response.

#### **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 for the years ended June 30, 2013, and June 30, 2012, in Schedules 1 through 5 and the Analysis of Operations Section 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 June 30, 2013, and June 30, 2012, accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011, accompanying supplementary information in Schedule 3, Schedule 4, and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and the Metropolitan Pier and Exposition Authority's Board of Directors and management, 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 28, 2014  
Springfield, Illinois

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

2013-001. **FINDING** (Excess Cash within the Metropolitan Fair and Exposition Authority Improvement Bond Fund)

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

On July 18, 2012, the Bond Trustee gave notice of the defeasance of all outstanding bonds supported by the Metropolitan Fair and Exposition Authority Improvement Bond 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.

During testing, the auditors noted the Metropolitan Fair and Exposition Authority Improvement Bond 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.

Good internal control includes monitoring fund balances to identify any excess cash balances and promptly seeking an appropriate disposition for any excess funds.

Authority officials stated 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 Metropolitan Fair and Exposition Authority Improvement Bond 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.

Failure to address the remaining excess cash balance within the Metropolitan Fair and Exposition Authority Improvement Bond Fund represents poor cash management practices within the State Treasury. (Finding Code No. 2013-001)

**RECOMMENDATION**

We recommend the Authority continue to work with the State Treasurer, the State Comptroller, the 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 Metropolitan Fair and Exposition Authority Improvement Bond Fund, or seek a legislative remedy.

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

2013-001. **FINDING** (Excess Cash within the Metropolitan Fair and Exposition Authority Improvement Bond Fund) (continued)

**AUTHORITY RESPONSE**

We agree with the Auditor General's recommendation.

METROPOLITAN PIER AND EXPOSITION AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**PRIOR FINDINGS NOT REPEATED**  
For the Two Years Ended June 30, 2013

The Metropolitan Pier and Exposition Authority did not have any findings during its examination for the two years ended June 30, 2011.

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

**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 Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2013
  - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2012
  - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Lapse Period Spending
- Analysis of Operations (Not Examined):
  - Authority Functions and Planning Program (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013, and June 30, 2012, in Schedules 1 through 5. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

METROPOLITAN PIER AND EXPOSITION AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2013

**SCHEDULE 1**

Public Acts 97-0731 and 98-0001			Lapse Period Expenditures	Total Expenditures	Balances
FISCAL YEAR 2013	Appropriations	Expenditures Through June 30	July 1 to August 31	14 Months Ended August 31	Lapsed August 31
<b><u>APPROPRIATED FUNDS</u></b>					
Metropolitan Pier and Exposition Authority Incentive Fund - 814					
Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2011 and Fiscal Year 2012	\$ 7,500,000	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -
Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2013	<u>7,500,000</u>	<u>7,500,000</u>	<u>-</u>	<u>7,500,000</u>	<u>-</u>
Total, Metropolitan Pier and Exposition Authority Incentive Fund	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>
Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961					
Debt Service and Related Trustee and Legal Expenses on the Authority's Dedicated State Tax Revenue Bonds	\$ 5,112,900	\$ -	\$ -	\$ -	\$ 5,112,900
Total, Metropolitan Fair and Exposition Authority Improvement Bond Fund	<u>\$ 5,112,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,112,900</u>
McCormick Place Expansion Project Fund - 377					
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds	\$ 141,790,600	\$ 141,787,956	\$ -	\$ 141,787,956	\$ 2,644
Total, McCormick Place Expansion Project Fund	<u>\$ 141,790,600</u>	<u>\$ 141,787,956</u>	<u>\$ -</u>	<u>\$ 141,787,956</u>	<u>\$ 2,644</u>

METROPOLITAN PIER AND EXPOSITION AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2013

**SCHEDULE 1**

Public Acts 97-0731 and 98-0001			Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
FISCAL YEAR 2013	Appropriations	Expenditures Through June 30			
<b><u>APPROPRIATED FUNDS (continued)</u></b>					
Chicago Travel Industry Promotion Fund - 624					
Grant to the Chicago Convention and Tourism Bureau	\$ 8,456,400	\$ 8,456,400	\$ -	\$ 8,456,400	\$ -
Total, Chicago Travel Industry and Promotion Fund	<u>\$ 8,456,400</u>	<u>\$ 8,456,400</u>	<u>\$ -</u>	<u>\$ 8,456,400</u>	<u>\$ -</u>
International Tourism Fund - 621					
Grant to the Chicago Convention and Tourism Bureau	\$ 2,529,000	\$ 2,529,000	\$ -	\$ 2,529,000	\$ -
Total, International Tourism Fund	<u>\$ 2,529,000</u>	<u>\$ 2,529,000</u>	<u>\$ -</u>	<u>\$ 2,529,000</u>	<u>\$ -</u>
<b>SUBTOTAL - APPROPRIATED FUNDS</b>	<u><u>\$ 172,888,900</u></u>	<u><u>\$ 167,773,356</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 167,773,356</u></u>	<u><u>\$ 5,115,544</u></u>
<b><u>NONAPPROPRIATED FUNDS</u></b>					
Metropolitan Pier and Exposition Authority Grants Fund - 941					
Grant to the Chicago Convention and Tourism Bureau		\$ 6,934,560	\$ -	\$ 6,934,560	
Total, Metropolitan Pier and Exposition Authority Grants Fund		<u>\$ 6,934,560</u>	<u>\$ -</u>	<u>\$ 6,934,560</u>	
<b>SUBTOTAL - NONAPPROPRIATED FUNDS</b>		<u><u>\$ 6,934,560</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,934,560</u></u>	

**METROPOLITAN PIER AND EXPOSITION AUTHORITY**  
**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
 For the Fiscal Year Ended June 30, 2013

**SCHEDULE 1**

Public Acts 97-0731 and 98-0001		Lapse Period		
FISCAL YEAR 2013	Appropriations	Expenditures Through June 30	Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31
				Balances Lapsed August 31
<b><u>ALL FUNDS</u></b>				
Subtotal - Appropriated Funds		\$ 167,773,356	\$ -	\$ 167,773,356
Subtotal - Nonappropriated Funds		6,934,560	-	6,934,560
<b>TOTAL - ALL FUNDS, FISCAL YEAR 2013</b>		<b><u>\$ 174,707,916</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 174,707,916</u></b>

Note 1: The data in this schedule was taken directly from the State Comptroller's records and reconciled to the Authority's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

METROPOLITAN PIER AND EXPOSITION AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2012

**SCHEDULE 2**

Public Acts 97-0056 and 97-0064			Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
FISCAL YEAR 2012	Appropriations	Expenditures Through June 30			
<b><u>APPROPRIATED FUNDS</u></b>					
Metropolitan Fair and Exposition Authority					
Improvement Bond Fund - 961					
Debt Service and Related Trustee and Legal Expenses on the Authority's Dedicated State Tax Revenue Bonds					
	\$ 5,110,700	\$ 5,110,217	\$ -	\$ 5,110,217	\$ 483
	Total, Metropolitan Fair and Exposition Authority Improvement Bond Fund	\$ 5,110,700	\$ -	\$ 5,110,217	\$ 483
McCormick Place Expansion Project Fund - 377					
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds					
	\$ 126,729,100	\$ 126,679,137	\$ -	\$ 126,679,137	\$ 49,963
	Total, McCormick Place Expansion Project Fund	\$ 126,729,100	\$ -	\$ 126,679,137	\$ 49,963
Chicago Travel Industry Promotion Fund - 624					
Grant to the Chicago Convention and Tourism Bureau					
	\$ 7,265,545	\$ 7,140,191	\$ -	\$ 7,140,191	\$ 125,354
	Total, Chicago Travel Industry and Promotion Fund	\$ 7,265,545	\$ -	\$ 7,140,191	\$ 125,354
	<b>SUBTOTAL - APPROPRIATED FUNDS</b>	<b>\$ 139,105,345</b>	<b>\$ -</b>	<b>\$ 138,929,545</b>	<b>\$ 175,800</b>

METROPOLITAN PIER AND EXPOSITION AUTHORITY  
 SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
 For the Fiscal Year Ended June 30, 2012

**SCHEDULE 2**

Public Acts 97-0056 and 97-0064		Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
FISCAL YEAR 2012	Appropriations	Expenditures Through June 30		
<b><u>NONAPPROPRIATED FUNDS</u></b>				
Metropolitan Pier and Exposition Authority Grants				
Fund - 941				
Grant to the Chicago Convention and Tourism				
Bureau				
		\$ 6,019,100	\$ -	\$ 6,019,100
Total, Metropolitan Pier and Exposition				
Authority Grants Fund				
		\$ 6,019,100	\$ -	\$ 6,019,100
<b>SUBTOTAL - NONAPPROPRIATED FUNDS</b>		<b>\$ 6,019,100</b>	<b>\$ -</b>	<b>\$ 6,019,100</b>
<b><u>ALL FUNDS</u></b>				
Subtotal - Appropriated Funds		\$ 138,929,545	\$ -	\$ 138,929,545
Subtotal - Nonappropriated Funds		6,019,100	-	6,019,100
<b>TOTAL - ALL FUNDS, FISCAL YEAR 2012</b>		<b>\$ 144,948,645</b>	<b>\$ -</b>	<b>\$ 144,948,645</b>

Note 1: The data in this schedule was taken directly from the State Comptroller's records and reconciled to the Authority's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

**METROPOLITAN PIER AND EXPOSITION AUTHORITY SCHEDULE 3**  
**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,**  
**EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30,

<u>APPROPRIATED FUNDS</u>	Fiscal Year		
	2013	2012	2011
Metropolitan Pier and Exposition Authority Incentive Fund - 814	P.A. 097-0731		
Appropriations	\$ 15,000,000	\$ -	\$ -
<u>Expenditures</u>			
Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2011 and Fiscal Year 2012	\$ 7,500,000	\$ -	\$ -
Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2013	7,500,000	-	-
Total, Metropolitan Pier and Exposition Authority Incentive Fund Expenditures	\$ 15,000,000	\$ -	\$ -
Lapsed Balances	\$ -	\$ -	\$ -
Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961	P.A. 097-0731	P.A. 097-0064	P.A. 096-0956
Appropriations	\$ 5,112,900	\$ 5,110,700	\$ 31,607,700
<u>Expenditures</u>			
Debt Service and Related Trustee and Legal Expenses on the Authority's Dedicated State Tax Revenue Bonds	\$ -	\$ 5,110,217	\$ 12,462,793
Total, Metropolitan Fair and Exposition Authority Improvement Bond Fund Expenditures	\$ -	\$ 5,110,217	\$ 12,462,793
Lapsed Balances	\$ 5,112,900	\$ 483	\$ 19,144,907

**METROPOLITAN PIER AND EXPOSITION AUTHORITY SCHEDULE 3**  
**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,**  
**EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30,

<u>APPROPRIATED FUNDS (continued)</u>	Fiscal Year		
	2013	2012	2011
McCormick Place Expansion Project Fund - 377	P.A. 97-0731	P.A. 097-0064	P.A. 096-0956
Appropriations	\$ 141,790,600	\$ 126,729,100	\$ 145,991,900
<u>Expenditures</u>			
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds	\$ 141,787,956	\$ 126,679,137	\$ 80,206,204
Total, McCormick Place Expansion Project Fund Expenditures	\$ 141,787,956	\$ 126,679,137	\$ 80,206,204
Lapsed Balances	\$ 2,644	\$ 49,963	\$ 65,785,696
Chicago Travel Industry Promotion Fund - 624	P.A. 098-0001	P.A. 097-0056	
Appropriations	\$ 8,456,400	\$ 7,265,545	\$ -
<u>Expenditures</u>			
Grant to the Chicago Convention and Tourism Bureau	\$ 8,456,400	\$ 7,140,191	\$ -
Total, Chicago Travel Industry Promotion Fund Expenditures	\$ 8,456,400	\$ 7,140,191	\$ -
Lapsed Balances	\$ -	\$ 125,354	\$ -
International Tourism Fund - 621	P.A. 098-0001		
Appropriations	\$ 2,529,000	\$ -	\$ -
<u>Expenditures</u>			
Grant to the Chicago Convention and Tourism Bureau	\$ 2,529,000	\$ -	\$ -
Total, International Tourism Fund Expenditures	\$ 2,529,000	\$ -	\$ -
Lapsed Balances	\$ -	\$ -	\$ -

**METROPOLITAN PIER AND EXPOSITION AUTHORITY SCHEDULE 3**  
**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,**  
**EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30,

	Fiscal Year		
<b>APPROPRIATED FUNDS (continued)</b>	2013	2012	2011
<b><u>TOTAL - APPROPRIATED FUNDS</u></b>			
Total Appropriations	\$ 172,888,900	\$ 139,105,345	\$ 177,599,600
Total Appropriated Expenditures	\$ 167,773,356	\$ 138,929,545	\$ 92,668,997
Lapsed Balances	\$ 5,115,544	\$ 175,800	\$ 84,930,603
 <b><u>NONAPPROPRIATED FUNDS</u></b>			
Metropolitan Pier and Exposition Authority Grants Fund - 941			
<u>Expenditures</u>			
Grant to the Chicago Convention and Tourism Bureau	\$ 6,934,560	\$ 6,019,100	\$ 4,966,558
Total, Metropolitan Pier and Exposition Authority Grants Fund Expenditures	\$ 6,934,560	\$ 6,019,100	\$ 4,966,558
 <b><u>TOTAL - NONAPPROPRIATED FUNDS</u></b>			
Total Nonappropriated Expenditures	\$ 6,934,560	\$ 6,019,100	\$ 4,966,558
 <b><u>TOTAL EXPENDITURES - ALL FUNDS</u></b>			
Total Appropriated Expenditures	\$ 167,773,356	\$ 138,929,545	\$ 92,668,997
Total Nonappropriated Expenditures	\$ 6,934,560	\$ 6,019,100	\$ 4,966,558
<b><u>TOTAL EXPENDITURES - ALL FUNDS</u></b>	<b><u>\$ 174,707,916</u></b>	<b><u>\$ 144,948,645</u></b>	<b><u>\$ 97,635,555</u></b>

- Note 1: The data in this schedule was taken directly from the State Comptroller's records and reconciled to the Authority's records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Total Expenditures and Lapsed Balances for Fiscal Year 2011 do not reflect interest payments approved by the Authority and submitted to the State Comptroller for payment after August 31.

METROPOLITAN PIER AND EXPOSITION AUTHORITY **SCHEDULE 4**  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2013

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2013**

**Metropolitan Pier and Exposition Authority Incentive Fund - 814**

Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2011 and Fiscal Year 2012

Fiscal Year 2013 was the first year for appropriations and expenditures for the incentive grants paid to the Authority to attract large conventions, meetings, and trade shows to the Authority's facilities under Public Act 097-0617. This Act streamlined the grant reimbursement process by allowing the Authority to directly drawdown grant funds from the State Treasury rather than seeking reimbursement from the State of Illinois, Department of Commerce and Economic Opportunity. Further, the Act also accelerated reimbursements to the Authority by phasing in reimbursement grants due to the Authority from Fiscal Year 2011 and Fiscal Year 2012 for payment during Fiscal Year 2013.

Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held in Fiscal Year 2013

Fiscal Year 2013 was the first year for appropriations and expenditures for the incentive grants paid to the Authority to attract large conventions, meetings, and trade shows to the Authority's facilities under Public Act 097-0617. This Act streamlined the grant reimbursement process by allowing the Authority to directly drawdown grant funds from the State Treasury rather than seeking reimbursement from the State of Illinois, Department of Commerce and Economic Opportunity.

**Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961**

Debt Service and Related Trustee and Legal Expenses on the Authority's Dedicated State Tax Revenue Bonds

In July 2012, the Authority set aside sufficient assets to provide for all of the Authority's remaining debt service obligations on the outstanding bonds supported by the Metropolitan Fair and Exposition Authority Improvement Bond Fund. As such, the Authority did not require moneys to pay debt service costs on these bonds during Fiscal Year 2013.

**International Tourism Fund - 621**

Grant to the Chicago Convention and Tourism Bureau

During Fiscal Year 2013, the Authority received an appropriation to distribute pass-through moneys held up in a prior fiscal year to the Chicago Convention and Tourism Bureau (Choose Chicago).

METROPOLITAN PIER AND EXPOSITION AUTHORITY **SCHEDULE 4**  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2013

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2012**

**Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961**

Debt Service and Related Trustee and Legal Expenses on the Authority's Dedicated State Tax Revenue Bonds

In Fiscal Year 2011, the Authority restructured the Dedicated State Tax Revenue Bonds and lowered the overall amount required for debt service.

**McCormick Place Expansion Project Fund - 337**

Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds

In Fiscal Year 2011, the Authority restructured its debt obligations to (1) reduce the likelihood the Authority's local resources would be insufficient to pay the Authority's portion of debt service which would have resulted in draws from State sales tax, (2) provide surplus Authority tax revenue to assist the Authority's operations during its restructuring due to the loss of revenue from reducing amounts charged for services provided to conventions, meetings, and trade shows until the Authority could build additional capacity into its hotel, and (3) restore the reserve balance in the Authority Tax Fund. This resulted in the Authority needing less cash from the State Treasury to pay debt service in Fiscal Year 2011. During Fiscal Year 2012, the Authority's annual debt service costs, as scheduled during the restructuring, returned to normal levels.

**Chicago Travel Industry Promotion Fund - 624**

Grant to the Chicago Convention and Tourism Bureau

Fiscal Year 2012 was the first year for deposits, appropriations, and expenditures under Public Act 097-0617. This Act changed the distribution of State Hotel Operators' Occupation Tax to deposit a portion of receipts into the Chicago Travel Industry Promotion Fund for the Authority, subject to appropriations from the General Assembly, to pass-through to the Chicago Convention and Tourism Bureau (Choose Chicago).

**Metropolitan Pier and Exposition Authority Grants Fund - 941**

Grant to the Chicago Convention and Tourism Bureau

During Fiscal Year 2012, the increase was due to the Authority distributing an entire year's worth of pass-through moneys to the Chicago Convention and Tourism Bureau (Choose Chicago). During Fiscal Year 2011, the Authority only made pass-through payments after the establishment of the Metropolitan Pier and Exposition Authority Grants Fund in October 2010.

METROPOLITAN PIER AND EXPOSITION AUTHORITY **SCHEDULE 5**  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2013

**FISCAL YEAR 2013**

The Authority did not have any lapse period spending during Fiscal Year 2013.

**FISCAL YEAR 2012**

The Authority did not have any lapse period spending during Fiscal Year 2012.

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

(NOT EXAMINED)

Authority Functions

The Authority is a political subdivision, unit of local government, body politic, and Municipal Corporation existing under the laws of the State of Illinois. The jurisdiction, supervision, powers, and duties of the Authority are enumerated in the Metropolitan Pier and Exposition Authority Act (70 ILCS 210).

The origins of the Authority began on July 7, 1955, when the General Assembly established the Authority's immediate predecessor, the Metropolitan Fair and Exposition Authority, to oversee the construction and operation of a 360,000 square-foot exhibition hall. In 1958, the State issued bonds to finance the construction of an exhibition hall, which was ultimately opened in 1960. In 1989, the General Assembly restructured the organization by creating the Authority to oversee both McCormick Place and Navy Pier in Chicago, Illinois.

Today, the Authority owns the McCormick Place convention facility, Navy Pier, the Hyatt Regency McCormick Place hotel, and the Energy Center. The Authority's purpose is promoting, operating and maintaining fairs, expositions, meetings, and conventions in Chicago, Illinois.

The Authority is governed by the nine-member Board of Directors. Four members are appointed by the Governor of the State of Illinois with the advice and consent of the Senate and four members are appointed by the Mayor of the City of Chicago. A majority of the Board members appointed by the Governor and the Mayor appoint a ninth member to serve as the Board's chairperson. Board members serve staggered terms of up to three years and serve until their successors are appointed. The chairperson serves a four year term. The Board, fully constituted as of March 2012, appointed James R. Reilly as the Authority's Chief Executive Officer on March 27, 2012.

In July 2011, the Authority took on an asset manager function for its various business units while reducing the Authority's full-time workforce by 95% from 500 full-time employees to 25 corporate staff employees in 2013. The Authority has contracted with SMG to operate the convention facilities at the McCormick Place, SAVOR to operate the food services at McCormick Place, and with Navy Pier, Inc. (NPI) to manage, operate, and develop Navy Pier.

In July 2012, the Authority completed the 2012 Expansion Project Bond transaction, an \$855 million restructuring of its outstanding debt that raised \$125 million of new capital which will be used to improve and maintain the Authority's facilities, as well as new projects adjacent to the Authority's campus. This was the second of three transactions planned for the restructuring of the Authority's outstanding debt.

During 2013, the Authority completely renovated the existing 800-room tower of its hotel and expanded the hotel property with the addition of a second 462-room tower. This project was completed in June 2013, ahead of schedule and under budget, and its operating results have

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

(NOT EXAMINED)

exceeded budgeted levels. The financial benefits of the expanded hotel facility will provide an internal cross-subsidy for operating deficits in the convention business and strengthen the Authority's financial base, replacing the temporary assistance from surplus Authority tax collections.

In regards to activities funded by appropriations from the General Assembly, the primary duties of the Authority are to pay debt service and related obligations, provide incentives to attract large conventions, meetings, and trade shows to hold events at Authority properties, and serve as a pass-thru entity to provide funding to the Chicago Convention and Tourism Bureau (Choose Chicago).

Planning Program

The Authority is currently planning for two major initiatives. First, the Authority requested and received authority from the General Assembly to embark on projects to build a second Authority-owned hotel and a 10,000-seat event center. The City of Chicago will make tax increment financing (TIF) funding available to assist in these developments. Second, the Authority is planning the third and final transaction for the restructuring of the Authority's debt in Fiscal Year 2017, which is anticipated to raise an additional \$153 million in new capital previously authorized.

Further, the Authority continuously works with the Chicago Convention and Tourism Bureau (Choose Chicago) to identify and attract conventions, meetings, and trade shows to hold events at Authority properties.