

METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

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AGENCY OFFICIALS

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Chief Executive Officer (effective January 2, 2007)	Mr. Juan A. Ochoa
Chief Executive Officer (until January 2, 2007)	Ms. Leticia Peralta Davis
Chief of Staff (effective January 2, 2007)	Mr. Laurence Mulcrone
Chief of Staff (until January 2, 2007)	Ms. Patricia Verduzco Rios
Chief Financial Officer (effective March 20, 2006)	Mr. John Belcik
Acting Chief Financial Officer (until March 20, 2006)	Mr. Richard Oldshue
General Counsel	Ms. Renee Benjamin
Chief Internal Auditor (effective January 23, 2006)	Ms. Jeanette Swan
Chief Internal Auditor (until 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

2301 South Lake Shore Drive • Chicago, Illinois 60616 • Telephone 312 791.7000 • Fax 312 791.6543

MANAGEMENT ASSERTION LETTER

March 18, 2008

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

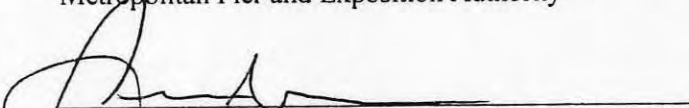
Dear General Holland:

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 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, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2006, 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,

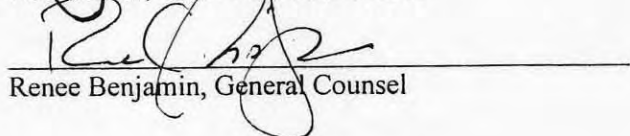
Metropolitan Pier and Exposition Authority



Juan A. Ochoa, Chief Executive Officer



John Belcik, Chief Financial Officer



Renee Benjamin, General Counsel



METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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.

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

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 formal exit conference was waived by Authority management in correspondence dated March 18, 2008.

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MICHAEL A. BILANDIC BLDG. • SUITE 5-900
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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 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 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, 2007. 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 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 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 requirements listed in the first paragraph of this report during the two years ended June 30, 2007.

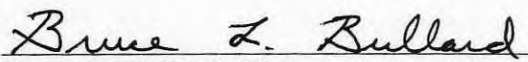
There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

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 2006 and 2007 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 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, Authority management and the 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 18, 2008

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 2006 and 2007 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 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, 2007

	FISCAL YEAR	
	2007 PA 94-798	2006 PA 94-0015
McCormick Place Expansion Project Fund - 377		
State Appropriations (Note)	\$107,984,000	\$101,992,000
Authority Drawdowns:		
July	13,448,026	12,732,666
August	13,448,026	12,732,666
September	13,448,026	12,732,666
October	13,448,027	12,732,665
November	13,448,026	12,732,666
December	13,448,026	12,732,666
January	13,448,026	12,732,666
February	13,448,027	12,732,666
March	0	0
April	0	0
May	0	0
June	0	0
Total Drawdowns	\$107,584,210	\$101,861,327
Lapsed Balances	\$399,790	\$130,673

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. 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, 2007

	FISCAL YEAR	
	2007 PA 94-798	2006 PA 94-0015
Metropolitan Fair and Exposition Authority Improvement Bond Fund - 961		
State Appropriations (Note)	\$31,608,000	\$31,577,000
Authority Drawdowns:		
July	0	0
August	7,696,347	3,898,051
September	0	7,796,103
October	3,848,173	0
November	3,848,173	3,898,051
December	3,848,173	3,898,051
January	3,848,173	3,898,051
February	3,848,173	3,898,051
March	3,848,173	3,898,051
April	0	0
May	0	0
June	0	0
Total Drawdowns	\$30,785,385	\$31,184,409
Lapsed Balances	\$822,615	\$392,591

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.

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

For the Two Years Ended June 30, 2007 and 2006

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 (70 ILCS 210/13.2).

The General Assembly appropriated \$31,577,000 in Fiscal Year 2006 and \$31,608,000 in Fiscal Year 2007 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 \$101,992,000 in Fiscal Year 2006 and \$107,984,000 in Fiscal Year 2007 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, as well as the Series 2004A bonds.