

**State of Illinois**  
**DEPARTMENT OF AGRICULTURE**  
**DUQUOIN STATE FAIR**  
**COMPLIANCE EXAMINATION**  
**For the Two Years Ended September 30, 2015**

**Performed as Special Assistant Auditors**  
**For the Auditor General, State of Illinois**

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
COMPLIANCE EXAMINATION  
For the Two Years Ended September 30, 2015

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STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
COMPLIANCE EXAMINATION  
For the Two Years Ended September 30, 2015

**AGENCY OFFICIALS**

Director	Raymond Poe (3/13/16 - present) Raymond Poe, Acting (11/16/15 - 3/12/16) Warren Goetsch, Acting (9/25/15 - 11/15/15) Phillip Nelson (1/20/15 - 9/24/15) Robert F. Flider (through 1/19/15)
Chief Fiscal Officer	Tyler P. White (8/1/16 - present) Richard Campbell (1/4/15 - 7/31/16) Vacant (12/31/15 - 1/3/16) Laura A. Cadagin (through 12/30/15)
General Counsel	Craig Sondgeroth (4/1/15 - present) Raymond Watson (through 4/3/15)
Chief Internal Auditor	Gary Shadid (12/16/14 - present) Vacant (5/1/14 - 12/15/14) Ted Tracy (through 4/30/14)
Division Manager, Fairs and Promotional Services	Kevin Gordon (2/26/16 - present)
Fair Manager	Kevin Gordon (2/26/16 - present) Vacant (9/25/15 - 2/25/16) Patrick Buchen (5/5/15 - 9/24/15) Vacant (2/1/15 - 5/4/15) Shannon Woodworth (2/14/14 - 1/31/15) Vacant (1/18/14 - 2/13/14) John Rednour, Jr. (through 1/17/14)
Assistant Fair Manager	Tibretta Reiman (3/10/16 - Present) Vacant (through 3/9/16)

Department offices are located at:

DuQuoin State Fair Offices  
655 Executive Drive  
DuQuoin, IL 62832

MANAGEMENT ASSERTION LETTER

Sikich LLP  
3201 West White Oaks Dr. Suite 102  
Springfield, IL 62704

November 17, 2016

Ladies and Gentlemen:

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 DuQuoin State Fair (Fair). 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 Fair's compliance with the following assertions during the two-year period ended September 30, 2015. Based on this evaluation, we assert that during the years ended September 30, 2015 and September 30, 2014, the Fair has materially complied with the assertions below.

- A. The Fair 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 Fair 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 Fair has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Fair are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Fair on behalf of the State or held in trust by the Fair have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,  
DuQuoin State Fair

**SIGNED ORIGINAL ON FILE**

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Raymond Poe, Director, Department of Agriculture

**SIGNED ORIGINAL ON FILE**

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Kevin Gordon, Fair Manager, DuQuoin State Fair

**SIGNED ORIGINAL ON FILE**

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Tibretta Reiman, Assistant Fair Manager, DuQuoin State Fair

**SIGNED ORIGINAL ON FILE**

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Tyler P. White, Chief Fiscal Officer, Department of Agriculture

**SIGNED ORIGINAL ON FILE**

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Craig Sondgeroth, General Counsel, Department of Agriculture

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
COMPLIANCE EXAMINATION  
For the Two Years Ended September 30, 2015

**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 or disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	10	9
Repeated findings	6	4
Prior recommendations implemented or not repeated	3	1

**SCHEDULE OF FINDINGS**

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2015-001	10	Noncompliance with the Illinois Horse Racing Act	Noncompliance and Significant Deficiency
2015-002	12	Noncompliance with the State Comptroller Act	Noncompliance and Significant Deficiency
2015-003	13	Inadequate controls over complimentary grandstand tickets	Noncompliance and Significant Deficiency

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2015-004	15	Inadequate controls over paid and nonpaid parking admissions	Noncompliance and Significant Deficiency
2015-005	17	Inadequate controls over space rentals	Noncompliance and Significant Deficiency
2015-006	19	Inadequate controls over recording camping revenue and monitoring camping permits	Noncompliance and Significant Deficiency
2015-007	21	Weaknesses in contract administration associated with the DuQuoin State Fair	Noncompliance and Significant Deficiency
2015-008	24	Inadequate monitoring of sponsorship agreements and failure to ensure sponsorship agreements provided an overall benefit to the DuQuoin State Fair	Noncompliance and Significant Deficiency
2015-009	26	Weaknesses in reconciliation preparation	Noncompliance and Significant Deficiency
2015-010	27	Expenditures charged to incorrect line item	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	28	Failure to reconcile grandstand ticket sales
B	28	Failure to comply with the State Fair Act
C	28	Failure to publish professional and artistic contracts

## **EXIT CONFERENCE**

The Department of Agriculture, DuQuoin State Fair did not request an exit conference.

Responses to the recommendations were provided by Gary Shadid in correspondence dated November 17, 2016.



INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Agriculture, DuQuoin State Fair's (DSF) 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, during the two years ended September 30, 2015. The management of the DSF is responsible for compliance with these requirements. Our responsibility is to express an opinion on the DSF's compliance based on our examination.

- A. The DSF 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 DSF 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 DSF has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the DSF are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the DSF on behalf of the State or held in trust by the DSF have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with 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 DSF'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 DSF's compliance with specified requirements.

In our opinion, the DSF complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended September 30, 2015. However, the results of our procedures disclosed instances 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 and which are described in the accompanying schedule of findings as items 2015-001 through 2015-010.

### **Internal Control**

Management of the DSF 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 DSF'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 DSF's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the DSF'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 a 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2015-001 through 2015-010, that we consider to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The DSF's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the DSF's responses and, accordingly, we express no opinion on the responses.

### **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 September 30, 2015 and September 30, 2014 in Schedules 1 through 8 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 September 30, 2015 and the September 30, 2014 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the September 30, 2013 accompanying supplementary information in Schedules 1 through 8 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 agency management and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
November 17, 2016

## SCHEDULE OF FINDINGS

### CURRENT FINDINGS – State Compliance

#### **2015-001** FINDING (Noncompliance with the Illinois Horse Racing Act)

The DuQuoin State Fair (DSF) was not in compliance with the Illinois Horse Racing Act of 1975 (Act).

During testing of all races held at the DSF in 2015 and 2014, we noted the following:

- The nominating, sustaining and starting fee of \$300 to be paid by an entrant exceeded 2% of the purse for 20 of 25 (80%) races in 2015 and 17 of 30 (57%) races in 2014. The nominating, sustaining and starting fee exceeded 2% of the purse by 0.2% to 19.4% for the races held at the 2015 DSF and 1.8% to 5.5% for the races held at the 2014 DSF.

The Illinois Horse Racing Act of 1975 (Act) (230 ILCS 5/31(j)) requires the Department of Agriculture to provide by rule, with the assistance and advice of the Illinois Standard Breeders Fund Advisory Board, for the payment of nominating, sustaining and starting fees for racing promoting the sport of harness races and for the races to be conducted at the State Fair provided that the nominating, sustaining and starting payment required from an entrant shall not exceed 2% of the purse of such race. All nominating, sustaining and starting payments shall be held for the benefit of entrants and shall be paid out as part of the respective purses for such races.

- The DSF is required to provide at least a 5-day racing program to be conducted at the State Fair each year; however, the DSF provided a 2-day racing program in 2015 and a 3-day racing program in 2014. The Act requires the Department of Agriculture to provide at least a 5-day racing program at the State Fair each year. The Act (230 ILCS 5/31(j)(3)) requires the Department of Agriculture to provide at least a 5 day racing program at the State Fair each year, which the program shall include at least the following races limited to Illinois conceived and foaled horses: (a) a two year old Trot and Pace, and Filly Division of each; (b) a three year old Trot and Pace, and Filly Division of each; (c) an aged Trot and Pace, and Mare Division of each.

In the prior year examination, DSF officials indicated they will comply with provisions of the Illinois Horse Racing Act or seek legislative remedy to assist its compliance. Regarding the ongoing exceptions, DSF officials stated the nominating, sustaining and starting fee of \$300 to be paid by an entrant exceeded 2% of the purse of races in 2014 due to the purses for the Championship races greatly declining over the years due to less appropriations for purses. Therefore, if current budget circumstances continue, the ISF will be unable to comply with the Horse Racing Act of 1975 as it is currently written. The issue in 2015 was due to the State not having a budget; therefore, there were no additional State dollars added to any of the purses, resulting in the nominating and entry fees being a substantial part of the overall purse. ISF management stated, in regards to the 5-day racing program, with no State funds added to the purses, there were not enough Illinois conceived and foaled (ICF) horses to hold a 5-day program. Cards were written for aged Trot and Pace, and Mare division for ICF horses, but these races were not filled due to a lack of horses.

Failure to comply with the provisions of the Act represents noncompliance with State law.  
(Finding Code No. 2015-001, 2013-006, 11-3)

**RECOMMENDATION**

We recommend the DSF comply with provisions of the Illinois Horse Racing Act or seek legislative remedy to assist its compliance.

**DSF RESPONSE**

DSF agrees with the finding and will continue to strive to comply while legislative remedies are being sought.

**2015-002 FINDING** (Noncompliance with the State Comptroller Act) ISF 2015-001

The DuQuoin State Fair (DSF) was not in compliance with the State Comptroller Act (Act) concerning timeliness of reimbursement to the Illinois Office of the Treasurer (Treasurer) for funds provided to operate an imprest account for making change for DSF activities.

The State Comptroller Act (15 ILCS 405/21) states the “Comptroller may provide in his or her rules and regulations for periodic transfers, with the approval of the State Treasurer, for use in accordance with the imprest system, subject to the rules and regulations of the Comptroller . . . as follows: (c) To the Department of Agriculture for the purpose of making change for activities at each State Fair, not to exceed \$200,000, to be returned within 5 days of the termination of such activity.”

The 2015 Fair ended September 7, 2015; however, a reimbursement check was not returned to the Treasurer until September 17, 2015, 3 business days late. The 2014 Fair ended September 1, 2014; however, a reimbursement check was not returned to the Treasurer until September 12, 2014, 4 business days late.

The reimbursements were taken to the Treasurer as they were received. DSF management attributed the exceptions to oversight.

Failure to return funds provided by the Treasurer within 5 days represents noncompliance with State law. (Finding Code No. 2015-002)

**RECOMMENDATION**

We recommend the DSF adopt policies to ensure the Treasurer is reimbursed within 5 days of the termination of the DSF.

**DSF RESPONSE**

DSF agrees with the finding. Procedures were implemented making employees aware of the importance of processing deposits in an efficient manner within the statutory deadline.

**2015-003 FINDING** (Inadequate controls over complimentary grandstand tickets)

The DuQuoin State Fair (DSF) did not demonstrate adequate controls over complimentary grandstand tickets at the 2015 and 2014 Fairs.

During our testing of complimentary tickets provided to grandstand events at the 2015 and 2014 Fairs, we noted the following weaknesses:

*2015 Fair:*

- The DSF reserved the right to distribute no more than 125 grandstand complimentary tickets per performance as a part of each performer's contract at no cost to the DSF. The DSF exceeded this amount for 9 shows.
- The DSF issued 78 more complimentary tickets valued at approximately \$1,950 (\$25 per ticket) to corporate sponsors than indicated in the sponsorship agreements.
- The DSF failed to identify the recipients of 4,708 complimentary tickets on 23 complimentary ticket request sheets. The purposes of the complimentary tickets were listed as "media promotions" or "promotional."
- The DSF failed to provide documentation of complimentary ticket requests for an additional 283 tickets. The persons who received these tickets and the justification for issuing them were provided by the DSF.

*2014 Fair:*

- The DSF reserved the right to distribute no more than 250 grandstand complimentary tickets per performance as a part of each performer's contract at no cost to the DSF. The DSF exceeded this amount for 1 show. A total of 485 complimentary tickets, excluding those reserved for the band, were issued for this show, exceeding DSF's contractual limit by 235 tickets. Of those 485 tickets, the DSF issued 300 complimentary tickets to a group of individuals without receiving any benefit in return.
- The DSF issued 48 complimentary tickets valued at approximately \$1,200 to a corporate sponsor in return for promotional activities; however, the sponsorship agreement indicated only 32 complimentary tickets (4 tickets for 8 shows) valued at approximately \$800 were to be issued. The DSF improperly issued an additional 16 tickets valued at approximately \$400.
- The DSF failed to identify the recipients of 299 complimentary tickets on 40 complimentary ticket request sheets. The purpose of the complimentary tickets was listed as "media promotions."
- The DSF failed to provide documentation of complimentary ticket requests for an additional 161 tickets. The persons who received these tickets and the justification for issuing them could not be provided by the DSF.

The Illinois Administrative Code (Code) (8 Ill. Adm. Code 270.370) states the Department may barter or exchange tickets for services, advertising, marketing, promotions, donations or any other contribution for the benefit of the fairs. A record of the distribution of tickets that are bartered or exchanged and the benefit to the fairs of that barter or exchange shall be maintained by the Department. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the DSF to establish and maintain a system or systems of internal fiscal and administrative controls that provides assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Additionally, the State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the agency designed to protect the legal and financial rights of the State and of persons directly affected by the agency's actions.

DSF management stated tickets were granted through the artist and promoter for each show. Lack of documentation to those provided complimentary tickets were due to poor ticket sales, which initiated an effort to give away more tickets to increase attendance at both the fair as well as the entertainment act.

Complimentary tickets, in general, have a higher inherent risk for misappropriation. Failure to adequately monitor the issuance of complimentary tickets could result in misuse of grandstand complimentary tickets. The distribution of complimentary tickets without a record of the recipients represents noncompliance with State statute and rules. (Finding Code No. 2015-003)

### **RECOMMENDATION**

We recommend the DSF limit the issuance of complimentary grandstand tickets to the amounts outlined in contractual and sponsorship agreements. In addition, we recommend the DSF maintain a record of the distribution of complimentary grandstand tickets as required by the Code.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.



**2015-004 FINDING** (Inadequate controls over paid and nonpaid parking admissions)

The DuQuoin State Fair (DSF) did not have adequate controls over paid and nonpaid parking admissions at the 2015 and 2014 DSFs.

The DSF collected a total of \$254,741 and \$222,085 for parking admissions at the 2015 and 2014 Fairs, respectively. Parking passes are distributed before and during the Fair. DSF personnel record the pre-numbered passes on issuance sheets to document the distribution of the passes. At the end of 2015 and 2014 Fairs, we tested to ensure issuance sheets existed for all parking admission passes not in inventory. At the conclusion of the 2015 DSF, out of a sample of 11 types of paid and non-paid passes, the DSF could not provide records indicating the sale or distribution of 75 parking passes. At the conclusion of the 2014 DSF, out of a sample of 24 types of paid and non-paid passes, the DSF could not provide records indicating the sale or distribution of 267 parking passes.

For the 2015 Fair, the DSF ceased selling parking passes at Gate 8 since horse racing events had been reduced to 2 days. However, vehicles were still allowed to use this gate for limited purposes including service vehicles, carnival workers, and horse racing team members. All vehicles were to have pre-issued parking passes. During our observations, we noted two vehicles were allowed to enter without pre-issued parking passes. The drivers stated they were with horse racing teams. The DSF employee instructed them to obtain parking passes from the horse racing office and have them displayed in their vehicles. During subsequent observations of vehicles parked near gate 8, we noted 2 of 10 vehicles (20%) observed did not have parking passes displayed.

We also noted weaknesses concerning the issuance of nonpaid parking passes at the 2015 and 2014 DSFs. At the 2015 DSF, we noted 2 of 30 (7%) Request for Permits forms, which provided 35 parking passes, did not have a received signature indicating the recipient for which they were authorized accepted the passes. One of those two forms also did not include the purpose the pass was needed. At the 2014 DSF, 2 of 30 (7%) Request for Permits forms, which provided 13 parking passes, did not include a DSF personnel approval signature. We also noted 1 of 30 (3%) Request for Permits form, for which 20 parking passes were provided, did not include the purpose the pass was needed.

The Illinois Administrative Code (8 Ill. Adm. Code 270.310) requires a vehicle parking permit to be purchased before admission of motor vehicles onto the State Fairgrounds. Good internal controls would include the proper training of individuals selling passes as to the various types of pass tickets as well as establishing procedures to ensure that parking passes are only distributed to authorized individuals. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the DSF to establish and maintain a system or systems of internal fiscal and administrative controls that provides assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. The State Records Act (5 ILCS 160/8) requires records of the Department be maintained and preserved to document the decisions and activities of the Department.

In response to this finding from the previous examination, the DSF stated it will improve training procedures to address the importance of proper distribution and recordkeeping of parking passes. DSF was under different management and did not address the importance of proper distribution and recordkeeping of parking passes. Weaknesses noted in the current examination include inadequate staffing and a lack of oversight of parking passes. Additionally, management failed to properly train staff to use the “received stamp” requirement on the credentials request.

Failure to have adequate controls in place over parking admissions could result in the loss of revenue to the State. (Finding Code No. 2015-004, 2013-003)

### **RECOMMENDATION**

We recommend the DSF improve training procedures to address the importance of the proper distribution and recordkeeping of parking passes.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and install appropriate internal controls.

**2015-005 FINDING** (Inadequate controls over space rentals)

The DuQuoin State Fair (DSF) did not have adequate controls in place to ensure that all space rental permits were properly displayed at the DSF and that vendors were charged properly.

The DSF collected a total of \$536,428 and \$484,491 for space rentals during the 2015 and 2014 DSFs, respectively. We toured the fairgrounds and selected a sample of concessionaires/exhibitors for testing. We noted the following:

*2015 Fair:*

- Three of 30 (10%) vendors did not properly display their contract number.
- Four of 30 (13%) vendors used more space than agreed upon in the contract.
- Three of 30 (10%) vendors were charged less than amounts noted in the established rate schedule. One vendor was charged at \$20 less per foot, another vendor was charged at \$10 less per foot, while another vendor was not charged for electricity. These errors resulted in the vendors being undercharged a total of \$820. The DSF did not request payment for the amounts undercharged from the vendors.

*2014 Fair:*

- Six of 30 (20%) vendors did not properly display their contract number.

Additionally, during the 2015 DSF, the DSF failed to perform adequate monitoring of compliance with the carnival contract. Under that contract, the carnival vendor is allowed up to 700 feet of concessions and is required to pay to the DSF \$40 per foot in excess of that amount. As a result of auditor observations with the carnival vendor, it was determined the carnival had 893 feet of concessions resulting in an amount due to the DSF of \$7,720. The carnival vendor self reported and paid this amount. However, absent the external auditor procedures, the DSF would not have known this amount was due from the carnival vendor. The DSF had not performed its own concessions measurement review as of September 2, 2015, and was not able to demonstrate it had performed such a review before the conclusion of the 2015 Fair.

The Illinois Administrative Code (8 Ill. Adm. Code 270.120) requires each lessee to display the concession or exhibit number in a conspicuous place near the front of the stand or place of business. The “Measuring Space” rules in the Illinois Administrative Code (8 Ill. Admin. Code 270.105) specifically dictate how space is to be measured for space rental contracts on the fairgrounds. Good internal control procedures require that vendors be charged consistent rates found in the space rental rate schedules and dictate the DSF monitor contractual compliance of its vendors to verify amounts due to or from the DSF.

In response to this finding from the previous examination, the DSF stated it would more closely monitor space rental contracts to ensure compliance with the terms of the contracts and established rate schedules. In addition, the DSF would check the mathematical accuracy of vendor statements, including the carnival concession list, to ensure proper amounts are received or paid by the DSF. Related to the exceptions noted during the current examination, DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures.

Inadequate controls over space rental contracts results in noncompliance with the Illinois Administrative Code and could result in the loss of revenue to the State. (Finding Code No. 2015-005, 2013-004)

### **RECOMMENDATION**

We recommend the DSF more closely monitor space rental contracts to ensure compliance with the terms of the contracts and established rate schedules. We also recommend the DSF seek reimbursement for the amount owed to it from the 2015 DSF.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and install appropriate internal controls.

**2015-006 FINDING** (Inadequate controls over recording camping revenue and monitoring camping permits)

The DuQuoin State Fair (DSF) did not exercise adequate controls over recording camping revenue and monitoring camping permits.

The DSF rents campsites at the fairgrounds during the time of the DSF. DSF collected \$77,580 and \$79,150 for the 2015 and 2014 DSFs, respectively. During our testing of camping permits during the 2015 and 2014 DSFs, we noted the following:

*2015 Fair:*

- One of 30 (3%) receipts was unable to be located by DSF staff. As such, the 1 of 30 camping (3%) permits selected for testing was not supported by a camping receipt or Fiscal Management Receipt (FMR). DSF staff were unable to provide a copy of the receipt showing the permit had been paid for nor were they able to provide documentation showing the receipt had been recorded in the Fair Management System (FMS). The value of this permit was \$240.
- Twenty-nine of 29 (100%) remaining camping permits, totaling \$7,520, were not entered into the Fair Management System (FMS) timely. The permits were entered 17 to 46 days after the arrival of the camper on the fairgrounds, which is the day the DSF distributes the camping permit and receives the camping rental from the camper. For these 29 camping permits, we noted the deposits for these camping rentals were made on the same day or 1 day after the fees were entered into FMS.

*2014 Fair:*

- Three of 30 (10%) permits were not supported by camping receipts or Fiscal Management Receipts (FMRs). DSF staff were unable to provide copies of receipts showing these permits had been paid for nor were they able to provide documentation showing the receipts had been recorded in the Fair Management System (FMS). The value of these permits was at least \$520. The actual value could not be determined as one permit did not properly indicate the dates in which it was in effect.
- Twenty-two of 27 (81%) camping permits, totaling \$3,720, were not entered into the Fair Management System (FMS) timely. The permits were entered 4 to 16 days after the arrival of the camper on the fairgrounds, which is the day the DSF distributes the camping permit and receives the camping rental from the camper. For these 22 camping permits, we noted the deposits for these camping rentals were made on the same day the fees were entered into FMS.
- Other weaknesses noted included:
  - One of 30 (3%) permits issued was not properly displayed on the camper.
  - Three of 30 (10%) permits did not have unpaid dates blocked out.
  - One of 30 (3%) receipt numbers did not match the permit number.
  - Two of 30 (7%) receipts were unable to be located by DSF staff.

- Two of 30 (7%) receipts showed money received that did not match the number of days stayed as indicated on the permit.

The Illinois Administrative Code (8 Ill. Adm. Code 270.330) requires camping stickers to be prominently displayed near the entrance to the living quarters or on the vehicles. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the DSF to establish and maintain a system or systems of internal fiscal and administrative controls that provides assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. The State Records Act (5 ILCS 160/8) states the head of each agency shall preserve records containing adequate and proper documentation of the agency designed to protect the legal and financial rights of the State and of persons directly affected by the agency's actions. The State Officers and Employees Money Disposition Act (30 ILCS 230/2) requires the DSF to deposit with the State treasury accumulations of receipts of \$10,000 or more within 24 hours of physical receipt and accumulations of receipts of \$500 but less than \$10,000 within 48 hours of physical receipt.

In response to this finding from the previous examination, the DSF management stated it would improve its controls over the monitoring of camping permits and recording camping revenue. Related to the exceptions noted during the current examination, DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures.

Inadequate controls over camping revenues and permits may result in the loss of camping revenue and an increased risk of misappropriation to the DSF. (Finding Code No. 2015-006, 2013-005)

### **RECOMMENDATION**

We recommend the DSF improve controls over recording camping revenue and monitoring of camping permits.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.

**2015-007 FINDING** (Weaknesses in contract administration associated with the DuQuoin State Fair)

Weaknesses were noted concerning the administration of contracts related to the 2015 and 2014 DuQuoin State Fairs (DSF).

During our testing of contracts related to the 2015 and 2014 Fairs, we noted the following exceptions:

- The DSF did not publish all professional and artistic contracts on the Illinois Procurement Bulletin as required by the Illinois Procurement Code (Code) (30 ILCS 500/35-35). The DSF published 59 and 77 professional and artistic contracts totaling \$164,700 and \$135,745 for the 2015 and 2014 Fairs, respectively. The DSF failed to submit all professional and artistic contracts (10 in 2014 totaling \$43,000) exempt from the procurement process to the chief procurement officer for the 2014 DSF to be published in the Illinois Procurement Bulletin.

The DSF published 2 and 1 professional and artistic contracts totaling \$15,500 and \$2,000 for the 2015 and 2014 Fairs, respectively, that were not included on the all contract listing resulting in an incomplete all contract listing. In addition, the DSF was unable to provide dollar amounts for 4 contracts in 2014, which results in being unable to tell if the contracts should have been included within the Illinois Procurement Bulletin.

The Code allows for professional and artistic contracts that are nonrenewable, one year or less in duration, and have a value of less than \$20,000 to be exempt from the competitive request for proposal process outlined in 30 ILCS 500/35-30 of the Code. The Code further states all exceptions granted under 30 ILCS 500/35-35 are to be submitted to the chief procurement officer and the names of the responsible procurement decision-maker, the State agency letting the contract, the successful respondent, a contract reference, and a value of the contract are to be published in the next volume of the Illinois Procurement Bulletin.

- During our testing of 47 contracts (30 contracts and 17 non-gratis space rental agreements, which were contracts) from the 2015 Fair, we noted the following weaknesses:
  - Three (6%) contracts were missing a Taxpayer Identification Number.
  - Thirteen (28%) vendors did not disclose whether or not they were required to register with the State Board of Elections.
  - Eighteen (38%) contracts did not disclose the Illinois Department of Agriculture as an additional insured party.
  - Eight (17%) entertainers did not provide a Certification of Liability Insurance, nor was the Insurance waived per contract.

- During our testing of 47 contracts (30 contracts and 17 non-gratis space rental agreements, which were contracts) from the 2014 fair, we noted the following weaknesses:
  - Seven (15%) contracts were only signed by a representative from DSF management and not from the Illinois Department of Agriculture.
  - Seventeen (36%) contracts were missing a response as to whether or not the contractor was required to file with the State Board of Elections.
  - Four (9%) contracts were missing a Federal Taxpayer Identification Number.
  - Thirty-five (74%) required liability insurance. Five of those 35 (14%) contracts did not provide proof of liability insurance. Sixteen (53%) of the remaining 30 contracts that provided proof of insurance did not specifically identify the Illinois Department of Agriculture as an additional insured party on the Certificate of Insurance.

According to the Illinois Procurement Code (30 ILCS 500/20-160(b)), “Every bid submitted to and every contract executed... shall contain (1) a certification by the bidder or contractor that either (i) the bidder or contractor is not required to register as a business entity with the State Board of Elections or (ii) the bidder or contractor has registered as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration...” Further, the Statewide Accounting Management System (SAMS) Procedure 15.20.50 requires contracts to be supported by documentation, which must include the Federal Taxpayer Identification Number. Good internal controls requires contracts to be fully completed, signed and dated, the amounts within properly calculated, and proof of insurance provided to the DSF prior to commencing services.

In response to this finding from the previous year, DSF management stated it would ensure its contractual agreements contain all required elements and that compensation is correctly calculated. Related to the noncompliance noted in the current examination, DSF management stated the exceptions noted in the 2014 DSF, the proper template was not received until after the contracts were signed. The fact the contractors did not file with the State Board of Elections and contracts missing a Federal Tax Identification Number was attributed to oversight. DSF management stated they were not trained on the proper contractual language concerning insurance.

Related to the exceptions noted in the 2015 DSF, DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures. The stated errors related to failure to publish required contracts in the Illinois Procurement Bulletin were due to a misunderstanding of the procurement requirements.



Failure to follow the Code represents noncompliance with State statute and hinders transparency in the procurement process. Publishing professional and artistic procurement exemptions in the Illinois Procurement Bulletin helps to notify future potential parties of interest in fair activities. Inadequate controls over contracts may expose the State to unnecessary legal risks and could result in unnecessary expense. (Finding Code No. 2015-007, 2013-007, 2013-009)

### **RECOMMENDATION**

We recommend the DSF review procedures and implement controls to ensure all required professional and artistic contracts are published in the Illinois Procurement Bulletin. We also recommend the DSF ensure all required elements of the contracts are retained.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.

**2015-008 FINDING**

(Inadequate monitoring of sponsorship agreements and failure to ensure sponsorship agreements provided an overall benefit to the DuQuoin State Fair)

The DuQuoin State Fair (DSF) did not monitor the sponsorship agreements created to ensure the DSF and the sponsors delivered on the agreed upon terms. In addition, the DSF failed to ensure the sponsorship agreements created provided an overall benefit to the DSF.

Corporate entities are provided the opportunity to showcase their products on the fairgrounds and receive other benefits in the form of advertising, free parking admission, and various other benefits in return for a monetary contribution to the DSF. We requested a listing of the sponsorship agreements in effect during the 2015 and 2014 fairs. In both instances, we were provided with 3 documents identifying sponsors at each fair containing numerous inconsistencies between them. From these documents, we identified a list of 26 potential sponsors of the 2015 DSF and 47 potential sponsors of the 2014 DSF. We judgmentally selected 5 sponsorship agreements from each DSF and noted the following weaknesses in the DSF's administration of sponsorship agreements:

*2015 Fair:*

- Four of the 5 (80%) agreements tested called for the sponsors to be listed on the Thank You Page of the Daily Event Schedule. Per review of the Daily Event Schedule, the booklet did not have a Thank You Page.
- One agreement called for the sponsor to provide \$2,000. The DSF was unable to provide any evidence \$2,000 in advertising was provided to DSF by the sponsor.
- One agreement called for the sponsor to provide a detailed list of \$2,000 in advertising that includes \$1,000 purchased and \$1,000 in-kind. The DSF could not provide evidence the advertising, purchased or in-kind, was provided as of January 19, 2016.

*2014 Fair:*

- One agreement called for the sponsor to purchase \$25,000 of grandstand show tickets and in return the sponsor received an additional 10 tickets per grandstand show, 4 backstage passes per show, 20 gate/parking passes, and 40 feet of exhibit space. Because the sponsor's payment was specifically for the \$25,000 purchase of grandstand tickets, there was no benefit to the DSF commensurate with the additional tickets, backstage passes, Gate 1 passes, and exhibit space provided to the sponsor. The excess benefit to the sponsor was estimated at approximately \$7,400.
- One agreement called for the sponsor to purchase \$9,000 of grandstand show tickets and in return the sponsor received 20 feet of vendor space, 8 additional tickets to each grandstand show, and 24 season gate/parking passes. The DSF did not receive a benefit commensurate with the additional vendor space, additional grandstand tickets, or parking passes. The excess benefit to the sponsor was estimated at \$4,540.

- One agreement called for the vendor to provide \$15,000 in advertising. The DSF was unable to provide evidence the sponsor satisfied its obligation. Items with a direct and measureable value provided to the sponsor by the DSF totaled \$3,445 and included 4 tickets per grandstand show, 22 season gate/parking passes, 15 feet of vendor space, and 2 golf cart passes.

The Illinois Administrative Code (Code) (8 Ill. Adm. Code 270.370) states the Department may barter or exchange tickets for services, advertising, marketing, promotions, donations or any other contribution for the benefit of the fairs. Additionally, the State Records Act (5 ILCS 160/8) states the head of each agency shall preserve records containing adequate and proper documentation of the agency designed to protect the legal and financial rights of the State and of persons directly affected by the agency's actions. Furthermore, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures. Issues noted were due to oversight.

Failure to maintain proper controls over sponsorship agreements results in agreements which are detrimental to the DSF and the failure to ensure sponsors satisfy their obligations. (Finding Code No. 2015-008)

### **RECOMMENDATION**

We recommend the DSF create a process to monitor the sponsorship agreements created to ensure the DSF and the sponsors deliver on the agreed upon terms within the sponsorship agreements. In addition, we recommend the DSF ensure it creates sponsorship agreements which provide an overall benefit to the DSF. A final review should be performed of the agreement by a member of DSF management before the agreement is executed to ensure the DSF receives an overall benefit from the sponsorship arrangement.

### **DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.

**2015-009 FINDING** (Weaknesses in reconciliation preparation)

The DuQuoin State Fair (DSF) had weaknesses in their performance of reconciliations.

The DSF did not reconcile the cash receipts related to the 2015 and 2014 DuQuoin State Fairs in the Fair Management System (FMS) to the Illinois Department of Agriculture (Department) records. During the engagement, the auditors noted the DSF had not performed any reconciliations between FMS and the Department's Receipting System since February 2014. DSF personnel went back and performed the reconciliations for the previous months once auditors brought the issue to their attention. However, there were two instances in fiscal year 2015 totaling \$107,190 and one instance in fiscal year 2014 totaling \$400 where the DSF failed to reconcile receipts per FMS to the Department's Receipting System.

Additionally, the DSF was unable to reconcile the Department's records to the Illinois Office of the Comptroller (IOC) in fiscal year 2015. As a result, a \$15,229 irreconcilable difference existed at September 30, 2015 between receipts per DSF records and IOC records.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) (Act) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures. Issues were due to improper training of DSF staff and oversight by DSF management.

The weaknesses in reconciliations could lead to the loss of revenue and represents noncompliance with the Act. (Finding Code No. 2015-009)

**RECOMMENDATION**

We recommend the DSF implement procedures to ensure reconciliations are performed accurately and within 30 days of the end of the month.

**DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.

**2015-010 FINDING** (Expenditures charged to incorrect line item)

The DuQuoin State Fair (DSF) did not follow appropriate methodology for charging fair costs among line items.

The DSF incorrectly charged \$60 and \$1,000 of DSF costs for the 2015 and 2014 to a line item appropriated for activities at the DuQuoin State Fairgrounds other than the DuQuoin State Fair, or a “non-fair activity” line item. The costs included Fair entertainment and campground rental refunds.

The Department of Agriculture’s fiscal year 2015 and 2014 appropriation bills, Public Act 98-0679, Article 1, Section 115 and Public Act 98-0064, Article 1, Section 110, respectively, state, “The sum of \$750,000, or so much thereof as may be necessary, is appropriated from the Agricultural Premium Fund to the Department of Agriculture to conduct activities at the Illinois State Fairgrounds at DuQuoin other than the Illinois State Fair, including administrative expenses. No expenditures from the appropriation shall be authorized until revenues from fairgrounds uses sufficient to offset such expenditures have been collected and deposited into the Agricultural Premium Fund.”

DSF management stated DSF was under different management and did not address the importance of training and following policies and procedures.

The failure to charge expenditures to the correct line item as defined in the appropriation bills circumvents the appropriation process and results in appropriations not being used in accordance with legislative intent. (Finding Code No. 2015-010, 2013-001)

**RECOMMENDATION**

We recommend the DSF develop and adhere to a methodology for charging fair costs among line items as specified in the Department of Agriculture’s appropriation.

**DSF RESPONSE**

DSF agrees with the above finding. The Department is implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings and installing appropriate internal controls.

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Failure to reconcile grandstand ticket sales)

During the previous examination, the DuQuoin State Fair (DSF) did not perform a reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts or to the total grandstand deposits recorded by the Illinois Office of the Comptroller (Comptroller).

During the current examination, the DSF performed these reconciliations and the differences noted were reasonable considering the volume of activity processed. As a result, this finding was not repeated. (Finding Code No. 2013-001, 11-2)

B. **FINDING** (Failure to comply with the State Fair Act)

During the previous examination, the DuQuoin State Fair (DSF) did not develop or adopt an official plan for the operation of the State Fair and the State Fairgrounds and its facilities.

During the current examination, the DSF developed an official plan for the operation of the State Fair and the State Fairgrounds and its facilities. The DSF presented the plan at a public hearing during the examination period. As a result, this finding was not repeated. (Finding Code No. 2013-007, 11-4)

C. **FINDING** (Failure to publish professional and artistic contracts)

During the previous examination, the DuQuoin State Fair (DSF) did not publish a complete listing of all professional and artistic contract exceptions in the Illinois Procurement Bulletin as required by the Illinois Procurement Code (Code) (30 ILCS 500/35-35).

During the current examination, exceptions were noted regarding the DSF's failure to publish professional and artistic contracts again. The exceptions were included in Finding Code No. 2015-007. (Finding Code No. 2013-008, 11-5)

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
COMPLIANCE EXAMINATION  
For the Two Years Ended September 30, 2015

**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:
  - Comparative Schedule of Revenues and Expenditures
  - Notes to Comparative Schedule of Revenues and Expenditures
  - Analytical Review of Revenues and Expenditures
  - Reconciliation of State Fair and Non Fair Revenues to Deposits Remitted to the  
Comptroller
  - Detail Schedule of Revenues
  - Pari-Mutuel Wagering Receipts and Expenditures
  - Grandstand Shows Revenues and Expenditures
  - Competitive Events Revenues and Expenditures
  
- Analysis of Operations (Not Examined):
  - Division Functions and Planning Program (Not Examined)
  - Number of Employees (Not Examined)
  - Miscellaneous Operating Statistics (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the September 30, 2015 and September 30, 2014 accompanying information in Schedules 1 through 8. 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.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR

Schedule 1

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**

For the Years Ended September 30, 2015, 2014, and 2013

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>			
Tickets	\$ 576,732	\$ 659,865	\$ 611,788
Space Rental	536,428	484,491	597,931
Entry	20,166	19,615	18,694
Sponsorship	38,800	-	2,500
 Total Revenues	 1,172,126	 1,163,971	 1,230,913
 <b>Expenditures:</b>			
Personal services (1)	579,195	254,458	711,469
Extra help	1,469	-	-
Contractual payroll employees	11,630	2,436	-
Contributions - social security	44,924	20,623	54,297
Contractual services	420,463	456,175	341,925
Travel	1,759	51	1,210
Commodities	2,960	2,063	13,260
Printing	3,767	6,586	2,921
Telecommunications	20,649	26,891	24,413
Operation of automotive equipment	-	-	450
Fair entertainment	584,450	633,869	633,536
Awards and premiums	55,318	56,485	42,026
Interest	-	-	293
Refunds	-	973	-
 Total Expenditures	 1,726,584	 1,460,610	 1,825,800
 Deficiency of revenues under expenditures	 \$ (554,458)	 \$ (296,639)	 \$ (594,887)

Footnotes:

(1) Amount does not include the DSF and Illinois State Fair (ISF) Manager's \$49,342 salary. The manager was compensated by ISF appropriations.

See Schedule 2 for additional notes to comparative schedule of revenues and expenditures.



STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR

Schedule 2

**NOTES TO COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
For the Two Years Ended September 30, 2015

**1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES:**

The accompanying schedule of revenues and expenditures (Schedule 1) presents activity directly related to the operations of the DuQuoin State Fair (DSF). It includes activity in the Agricultural Premium Fund – 0045 and the General Revenue Fund – 0001.

Revenues and expenditures are reported on a fair year, October 1 to September 30, and contain activity from more than one State fiscal year. For example, revenues and expenditures for 2015 are for the fair held in August 2015, but consist of activity from the State fiscal years 2015 and 2016.

Revenues consist of fair related receipts deposited with the State Comptroller from October 1 to September 30 plus accrued receivables at September 30 of the current year related to the current year's fair less accrued receivables at September 30 of the prior year related to the prior year's fair.

Expenditures consist of fair related expenditures from appropriated accounts from October 1 through September 30, plus accrued expenditures at September 30 of the current year related to the current year's fair less accrued expenditures at September 30 of the prior year related to the prior year's fair.

The Schedule does not include all Department of Agriculture (Department) expenses related to fair activity (i.e., Department officials' payroll expenses for work pertaining to the fairs, administrative overhead expenses relating to the fairs incurred by divisions other than the Division of Fairs and Horseracing, and capital improvements made to the fairgrounds from appropriations to the Department of Agriculture and the Capital Development Board) due to management's difficulty of ascertaining, estimating, and allocating these expenses.

Revenue and expenditures for non-fair activities held at the DuQuoin State fairgrounds are excluded from Schedule 1. See Note 3.

Revenues and expenditures relating to pari-mutuel wagering are presented separately and are not included in Schedule 1. However, the cost of the pari-mutuel contract is included in contractual services expenditures.

**2. FISCAL SCHEDULES AND ANALYSIS OF OTHER SPECIAL REVENUE FUNDS:**

The fiscal schedules and analysis of other special revenue funds, including the Illinois Standardbred Breeders Fund – 0708 and the Illinois Thoroughbred Breeders Fund – 0709, relating to the DuQuoin State Fair are not included in this report. The fiscal schedules and analysis of these funds are included in the compliance examination of the Department of Agriculture.

### 3. NON-FAIR REVENUES AND EXPENDITURES

Non-fair expenditures from the DuQuoin State Fair Fund for each June 30 fiscal year are limited to non-fair revenues for the preceding fiscal year ended June 30 plus any unspent balances from preceding periods, not exceeding the amount appropriated. Non-fair revenues and expenditures from the DuQuoin State Fair Fund for fiscal years ended September 30 were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues	\$ 580,876	\$ 503,164	\$ 652,209
Expenditures	<u>474,885</u>	<u>367,965</u>	<u>447,081</u>
Excess of revenues over expenditures	<u>\$ 105,991</u>	<u>\$ 138,199</u>	<u>\$ 205,128</u>

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**ANALYTICAL REVIEW OF REVENUES AND EXPENDITURES**  
For the Two Years Ended September 30, 2015

Schedule 3

The DuQuoin State Fair (DSF) explanations for significant fluctuations in revenue items which vary by 20% or more and \$15,000 from the prior year, and expenditure items which vary by 20% or more and \$15,000 from the prior year, as presented in the Comparative Schedule of Revenues and Expenditures, are detailed below:

Revenues

Ticket revenue increased in 2014 compared to 2013 due to an increase in grandstand sales revenue in the 2014 DSF. However, ticket revenues decreased from 2014 to 2015 due to a decrease in grandstand ticket sales revenue for the 2015 DSF.

Space rental revenue decreased in 2014 compared to 2013 due to decreases in all facets of space rental: fees and commissions from exhibits, concessions and other contractors; carnival; and beer concessions. Space rental revenue increased in 2015 compared to 2014 to 2015 due to increased revenues in carnival and beer concessions in 2015.

Advertising/Sponsorships revenue decreased in 2014 from 2013 due to an equal amount of “in-kind” trading with Advertisers/Sponsors during the 2014 DSF. Advertising/Sponsorship revenues increased in 2015 from 2014 due to a higher amount of sponsorship activity.

Expenditures

Personal services decreased in 2014 from 2013 due to a number of vacant positions. These vacant positions are also responsible for the decrease in Social Security in 2014 from 2013. Personal services increased in 2015 from 2014 due to additional personnel being hired. These additional personnel being hired also contributed to an increase in Social Security in 2015 from 2014.

Contractual services increased in 2014 from 2013 due to hiring extra people to cover vacant positions. This amount decreased in 2015 from 2014 due to permanent staff being hired.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR

Schedule 4

**RECONCILIATION OF STATE FAIR AND NON FAIR REVENUES  
TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Years Ended September 30, 2015 and 2014

Total 2015 DuQuoin State Fair Revenues	\$ 1,172,126
Add:	
Deposits in transit, beginning of period, Fair and Non Fair, 10/1/14	416,134
Adjustments *	(107,190)
2015 Non-Fair revenues	580,876
Previous fair year event money	4,930
	894,750
Deduct:	
Deposits in transit, end of period, 9/30/15	179,993
Revenue received after 9/30/15	(77,544)
	102,449
Cash Receipts	1,964,427
Cash Receipts per Comptroller (Fair and Non Fair)	1,979,656
Difference (See Finding Code No. 2015-010)	\$ 15,229
Total 2014 DuQuoin State Fair Revenues	\$ 1,163,971
Add:	
Deposits in transit, beginning of period, Fair and Non Fair, 10/1/13	57,437
Adjustments *	400
2014 Non-Fair revenues	503,164
Previous fair year event money	9,473
	570,474
Deduct:	
Deposits in transit, end of period, 9/30/14	416,134
Revenue received after 9/30/14	10,670
Receivables (as of 3/8/16)	900
	427,704
Cash Receipts	1,306,741
Cash Receipts per Comptroller (Fair and Non Fair)	1,306,749
Difference (Immaterial)	\$ 8

Note: In the previous report, the DSF reconciled only Fair receipts to the Comptroller. In this report, the DSF has reconciled both Fair and Non-Fair receipts.

\* Adjustment Comments

**2015**

\$113,490 in track transfers adjustments were inadvertently not entered in the DSF's Fair Management System (FMS) until March 2016; however, the \$113,490 was processed on Treasurer Drafts during the Fair year during August and September 2015. The 113,490 adjustment was made after September 30, 2015 and is included in revenue received after September 30. If the 113,490 adjustment did not occur, revenue after September 30 would have been \$35,946. In addition, a \$6,300 adjustment was on the unreconciled report between the DSF's records and FMS. Due to a system error, the DSF was unable to reconcile this difference. The net adjustment is \$107,190. See Finding Code No. 2015-009.

**2014**

The \$400 adjustment is due to the unreconciled report between the DSF's records and FMS. Because of a system error, DSF was unable to reconcile this difference. See Finding Code No. 2015-009.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR

Schedule 5

**DETAIL SCHEDULE OF REVENUES**

For the Years Ended September 30, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ticket Revenues:			
Parking admissions	\$ 254,741	\$ 222,085	\$ 257,303
Grandstand shows	244,411	358,630	267,875
Camping	<u>77,580</u>	<u>79,150</u>	<u>86,610</u>
Totals	<u>\$ 576,732</u>	<u>\$ 659,865</u>	<u>\$ 611,788</u>
Space Rental Revenues:			
Fees and commissions from exhibits, concessions, and other contractors	\$ 284,225	\$ 299,145	\$ 364,756
Carnival	207,352	164,786	206,894
Beer concessions	<u>44,851</u>	<u>20,560</u>	<u>26,281</u>
Totals	<u>\$ 536,428</u>	<u>\$ 484,491</u>	<u>\$ 597,931</u>
Entry Revenues:			
Regular entry	<u>\$ 20,166</u>	<u>\$ 19,615</u>	<u>\$ 18,694</u>
Sponsorship Revenues:			
Sponsorship	<u>38,800</u>	<u>-</u>	<u>2,500</u>
<b>GRAND TOTAL OF REVENUES</b>	<u><u>\$ 1,172,126</u></u>	<u><u>\$ 1,163,971</u></u>	<u><u>\$ 1,230,913</u></u>

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**PARI-MUTUEL WAGERING RECEIPTS AND EXPENDITURES**  
For the Years Ended September 30, 2015, 2014, and 2013

Schedule 6

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Receipts (Net Commissions)	\$ 24,671	\$ 20,945	\$ 33,487
Expenditures	<u>(106,430)</u>	<u>(122,969)</u>	<u>(127,011)</u>
Deficiency of receipts under expenditures	<u>\$ (81,759)</u>	<u>\$ (102,024)</u>	<u>\$ (93,524)</u>

Note: The DSF contracted with Maywood Park Trotting Association in 2015, 2014, and 2013 to conduct the pari-mutuel wagering operations at the DuQuoin State Fair. Maywood collected receipts and paid expenditures associated with pari-mutuel wagering in 2015, 2014, and 2013.

Receipts (net commissions) are a function of the total on-track wagering (handle) less returns to bettors and privilege tax. Expenditures represent costs paid by the contractor associated with pari-mutuel wagering.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**GRANDSTAND SHOWS REVENUES AND EXPENDITURES**  
For the Years Ended September 30, 2015, 2014, and 2013

Schedule 7

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Ticket sales	\$ 244,411	\$ 358,630	\$ 267,875
Expenditures:			
Entertainment	399,000	355,172	328,420
Sound and light	36,950	36,950	55,350
Stagehands	51,000	53,878	60,120
Catering	17,000	19,900	20,030
Equipment rental	5,805	-	-
Transportation	-	2,400	1,300
Ushers	6,070	7,851	5,800
Merchandise sellers	3,000	-	-
Turnstiles	2,500	1,514	1,596
Backstage coordinator	6,277	8,581	4,000
Booking agent	19,588	-	-
Total expenditures	<u>547,190</u>	<u>486,246</u>	<u>476,616</u>
Deficiency of revenues under expenditures	<u>\$ (302,779)</u>	<u>\$ (127,616)</u>	<u>\$ (208,741)</u>

The above represents direct revenues and expenditures related to the grandstand shows.

This schedule does not include other indirect revenues and expenditures relating to grandstand shows, including but not limited to the following:

- Concessions
- Parking
- Facility costs and overhead
- Fair personnel costs related to Grandstand Ticket Sales, booking and maintenance, and overhead.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**COMPETITIVE EVENTS REVENUES AND EXPENDITURES**  
For the Years Ended September 30, 2015, 2014, and 2013

Schedule 8

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Entry Fees	\$ 20,166	\$ 19,615	\$ 18,694
Expenditures:			
Contractual services	18,033	13,633	13,528
Extra help	23,037	23,610	16,688
Commodities	1,901	1,976	2,631
Awards and premiums	<u>55,318</u>	<u>56,485</u>	<u>42,026</u>
Total expenditures	<u>98,289</u>	<u>95,704</u>	<u>74,873</u>
Deficiency of revenues under expenditures	<u>\$ (78,123)</u>	<u>\$ (76,089)</u>	<u>\$ (56,179)</u>

The above represents direct revenues and expenditures related to competitive events held during the 2015, 2014, and 2013 DuQuoin State Fairs. Entry fees include fees directly related to the DSF and do not include entry fees for special events.

This schedule does not include other indirect revenues and expenditures relating to competitive events including but not limited to the following:

- Concessions
- Parking
- Facility costs and overhead
- Fair personnel costs related to competitive events, maintenance, and overhead.



STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**DIVISION FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended September 30, 2015  
(Not Examined)

GENERAL

The DuQuoin State Fair (DSF) is an operating division of the Department of Agriculture. The DSF is located at the DuQuoin State Fairgrounds, 655 Executive Drive, DuQuoin, Illinois 62832-3850. The Director of the Department of Agriculture is Raymond Poe. The DSF is held to promote agriculture and the agriculture industry, and to provide for exhibits and activities in the fields of industry, education, arts and crafts, labor, entertainment and other areas of interest to the people of Southern Illinois. The Department of Agriculture is responsible for developing long-range operational and building use programs.

The State Fair Act establishes the legal responsibility of the Department of Agriculture. The Department of Agriculture further established the rules and policies governing the operations of the DSF.

The DSF is composed of three functional areas through which the above objectives can be achieved:

- Office of the DuQuoin State Fair Manager
- Space Rental
- Competitive Events

Operation of the DSF is financed through appropriations approved by the General Assembly and funded from the General Revenue Fund and the Agricultural Premium Fund. A description of each functional area follows:

Office of the DuQuoin State Fair Manager – The State Fair Manager provides centralized management for the DSF and is primarily responsible for its adherence to the provisions of the State Fair Act. The manager promotes the utilization of fairground facilities throughout the year and develops a plan for the operation of the DSF. The manager also plans and provides general management responsibilities to all horse-related events and is responsible for promoting, soliciting, scheduling, and coordinating all programs for the usage of buildings and grounds. Other duties include general responsibility for the initiating, drafting, and executing of all DSF contracts, enforcing Administrative Rules, and developing policies and procedures for the issuance of non-paid credentials.

Space Rental – The Space Rental Manager assists in evaluating, developing, revising, and implementing policies and procedures associated with the operation of the DSF concessions, commercial exhibits, etc. The Space Rental Department is directly charged with the responsibility of collecting and receiving all rental funds and maintaining adequate records of rental activity.

Competitive Events – The Competitive Events Manager directs, develops, and coordinates a program of events for the DSF, and maintains the necessary records for competitive events administration. Prior to the DSF, the Competitive Events Manager determines event premiums and prizes, procures the appropriate prizes, directs the preparation of event entry books, and collects entry fees from competitors. During the DSF, the Competitive Events Manager’s responsibilities include obtaining proper authorization for the awarding of premiums and prizes and determining that winners of the events receive the proper premium or prize.

## STRATEGIC PLANNING

The mission of the DSF is to provide an attractive and entertaining annual fair that promotes family fun and agriculture awareness, supports local business, and optimizes fairground facilities. Additionally, it is the mission of the DSF to promote and contract for non-Fair special events to maximize use of the fairgrounds.

The main goal of the DSF is to provide a safe, entertaining, and educational experience at the fair. In order to accomplish this goal, the following objectives have been set.

- Increase the attendance at the DSF.
- Increase the number of concessionaires.
- Monitor the appearance of the exhibits.
- Increase the number of private sponsorships.
- Update, renovate, and maintain buildings and structures on the fairgrounds to enhance their appearance, ensure their public safety level, and provide additional comfort to fairgoers.
- Provide additional entertainment, exhibits, educational events, and clinics.
- Increase the number of non-Fair events, with the goal of increasing revenue generated by non-Fair events.
- Establish a close working relationship with the County Fairs and horse racing industry of Illinois.

The Department of Agriculture has developed a strategic plan that reflects the vision and goals of the agency. The DSF is a part of the Department of Agriculture’s strategic planning process.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**NUMBER OF EMPLOYEES**  
For the Years Ended September 30, 2015, 2014, and 2013  
(Not Examined)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Average Full-Time Employees:			
Department:			
Administration	<u>2</u>	<u>3</u>	<u>3</u>
	<u>* Oct -</u>	<u>**</u>	<u>*** August -</u>
	<u>June</u>	<u>July</u>	<u>Sept</u>
Temporary Employees:			
State Fair - Approximate			
Number of Employees (2015)	5	20	161
State Fair - Approximate			
Number of Employees (2014)	0	15	154
State Fair - Approximate			
Number of Employees (2013)	3	13	289
Bureau of Buildings and Grounds			
Approximate Number of Employees (2015)	4	42	101
Bureau of Buildings and Grounds			
Approximate Number of Employees (2014)	18	42	97
Bureau of Buildings and Grounds			
Approximate Number of Employees (2013)	8	38	45

\* Oct - June - number used is an average of the total from the 9 months

\*\* July - number used is the highest of the 2 pay periods

\*\*\* August - Sept - number used is the highest of these pay periods

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
DUQUOIN STATE FAIR  
**MISCELLANEOUS OPERATING STATISTICS**  
For the Years Ended September 30, 2015, 2014, and 2013  
(Not Examined)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<b>% Increase (Decrease) 2015/2014</b>	<b>% Increase (Decrease) 2014/2013</b>
Number of Contracts:					
Concessions	84	79	90	6.33 %	(12.22) %
Exhibits	90	94	65	(4.26) %	44.62 %
Contractual services	19	9	14	111.11 %	(35.71) %
Entertainment	93	84	57	10.71 %	47.37 %
Sponsorships	7	32	33	(78.13) %	(3.03) %
Tickets Sold:					
Parking fees - tickets	26,290	21,734	28,114	20.96 %	(22.69) %
Grandstand shows - tickets	22,736	20,460	16,260	11.12 %	25.83 %
Miscellaneous Statistics:					
Estimated attendance	315,808	330,000	350,000	(4.30) %	(5.71) %
Amount of beer sold - kegs	*	20	23	*	(13.04) %
Amount of beer sold - cases	1,769 *	1,517	2,254	16.61 %	(32.70) %
Number of camping - permits	1,528	773	909	97.67 %	(14.96) %
Number of parking - permits	1,044	3,468	6,136	(69.90) %	(43.48) %

The estimated attendance was calculated by Fair officials and is based on the number of paid and unpaid parking passes and an established fair industry standard of 3.7 people per car. This formula has been consistently used every year to calculate estimated attendance.

\* In 2015, the contract for beer sales was changed for the vendor to pay on a gross sales percentage rather than on a per keg and case basis.