

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR**

COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2013

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, 2013

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STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2013

AGENCY OFFICIALS

Director	Mr. Robert F. Flider (11/28/12 – Current) Mr. Robert F. Flider, Acting (2/15/12 – 11/27/12) Mr. H.W. Devlin, Acting (12/17/11 – 2/14/12) Mr. James Larkin, Acting (10/19/11 – 12/16/11) Mr. Thomas Jennings (10/8/08 – 10/18/11)
Chief Fiscal Officer	Ms. Laura A. Cadagin
General Counsel	Mr. Raymond Watson (2/1/13 – Current) Ms. Shari West (11/3/11 – 11/15/12) Ms. Shari West, Acting (4/1/11 – 11/2/11) Vacant (10/1/11 to 11/1/11)
Chief Internal Auditor	Mr. Ted Tracy
Fair Manager	Mr. Shannon Woodworth (2/14/14 – Current) Vacant (1/18/14 – 2/13/14) Mr. John Rednour, Jr. (Through 1/17/14)

Department offices are located at:

State Fairgrounds
801 E. Sangamon Ave.
Springfield, IL 62702

DuQuoin State Fair offices are located at:

655 Executive Drive
DuQuoin, IL 62832-3850



MANAGEMENT ASSERTION LETTER

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

April 3, 2014

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, 2013. Based on this evaluation, we assert that during the years ended September 30, 2013 and September 30, 2012, 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

Robert F. Flider, Director, Department of Agriculture

Jared Thornley, Chief of Staff, Department of Agriculture

Shannon Woodworth, Fair Manager, DuQuoin State Fair

Laura Cadagin, CPA, Chief Fiscal Officer, Department of Agriculture

Raymond Watson, General Counsel, Department of Agriculture

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- 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,

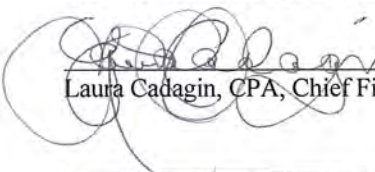
DuQuoin State Fair



Robert F. Flider, Director, Department of Agriculture

Jared Thornley, Chief of Staff, Department of Agriculture

Shannon Woodworth, Fair Manager, DuQuoin State Fair



Laura Cadagin, CPA, Chief Fiscal Officer, Department of Agriculture

Raymond Watson, General Counsel, Department of Agriculture

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 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 Accountants' 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 Report</u>	<u>Prior Report</u>
Findings	9	5
Repeated findings	4	0
Prior recommendations implemented or not repeated	1	2

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2013-001	9	Expenditures charged to incorrect line item	Noncompliance and Significant Deficiency
2013-002	10	Failure to reconcile grandstand ticket sales	Noncompliance and Significant Deficiency
2013-003	11	Inadequate controls over parking admissions	Noncompliance and Significant Deficiency
2013-004	13	Inadequate controls over space rentals	Noncompliance and Significant Deficiency

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2013-005	15	Inadequate controls over camping revenues and permits	Noncompliance and Significant Deficiency
2013-006	16	Noncompliance with Illinois Horse Racing Act of 1975	Noncompliance and Significant Deficiency
2013-007	17	Failure to comply with State Fair Act	Noncompliance and Significant Deficiency
2013-008	18	Failure to publish professional and artistic contracts	Noncompliance and Significant Deficiency
2013-009	19	Inadequate controls over contracts	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

- | | | |
|----|----|--|
| A. | 21 | Lack of written policies and procedures for distribution of grandstand complimentary tickets |
|----|----|--|

EXIT CONFERENCE

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

Responses to the recommendations were provided by Laura Cadagin in correspondence dated April 2, 2014.

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

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, 2013. 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, 2013. 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 2013-001 through 2013-009.

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 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 2013-001 through 2013-009, that we considered 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, 2013 and September 30, 2012 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, 2013 and September 30, 2012 and 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, 2011 accompanying supplementary information in Schedules 1 through 3 and 5 through 8 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and DSF management and is not intended to be and should not be used by anyone other than these specified parties.

Sitich LLP

Springfield, Illinois
April 3, 2014

2013-001 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 \$881 and \$31,034 of DSF costs for the 2012 and 2013 DSFs 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. Those costs included fair related activities for printing, advertising, entertainment, and telecommunications.

The Department of Agriculture’s fiscal year 2012, 2013, and 2014 appropriation bills, Public Act 97-0057, Article 1, Section 120; Public Act 97-0727, 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 that use of non-fair appropriations for fair expenditures was due to oversight.

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. 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.

DEPARTMENT RESPONSE

The DuQuoin State Fair agrees with the finding and will ensure that DuQuoin Buildings & Grounds and DuQuoin State Fair costs are charged correctly to their respective appropriations.

2013-002 FINDING (Failure to reconcile grandstand ticket sales)

The DuQuoin State Fair (DSF) does 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).

The DSF collected a total of \$296,265 and \$267,875 for grandstand shows during the 2012 and 2013 DSFs, respectively. The DSF contracts with Ticketmaster to provide the ticket selling equipment and the ticket sales reporting system for all grandstand shows. We noted the DSF failed to reconcile total grandstand ticket sales reported by Ticketmaster to total ticket sales recorded by the DSF ticket office. As a result, the sales reported by Ticketmaster were not reconciled to the total grandstand deposits recorded by the Comptroller. The unreconciled difference for the 2012 DSF indicated the sales reported by Ticketmaster exceeded sales recorded by the DSF ticket office by \$785. The unreconciled difference for the 2013 DSF indicated that sales reported by Ticketmaster exceeded sales recorded by the DSF ticket office by \$1,605.

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. The Statewide Accounting Management System (SAMS) (Procedure 25.40.20) requires a monthly reconciliation of receipts to receipt account records maintained by the Comptroller to ensure early detection and correction of errors.

In response to the finding from the previous engagement, the DSF stated it would perform a monthly reconciliation of grandstand ticket sales reported by Ticketmaster to the Fair's ticket office receipts. DSF officials stated that failure to implement the recommendation was due to staff turnover.

Failure to reconcile ticket sales reported by Ticketmaster to DSF records could lead to a loss of revenue and inaccurate financial reporting. (Finding Code No. 2013-002, 11-2)

RECOMMENDATION

We recommend the DuQuoin State Fair perform a monthly reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts, which then are reconciled to the grandstand deposits recorded by the Comptroller.

DEPARTMENT RESPONSE

The DuQuoin State Fair agrees with the finding and will perform a monthly reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts and further reconcile that to the grandstand deposits recorded by the Comptroller.

2013-003 FINDING: (Inadequate controls over parking admissions)

The DuQuoin State Fair (DSF) did not have adequate controls over parking admissions at the 2013 and 2012 DSFs.

The DSF collected a total of \$227,613 and \$257,303 for parking admissions during the 2012 and 2013 DSF, respectively. DSF had 2 gates where cash was received for parking. In addition to performing a reconciliation of paid and non-paid passes distributed before the start of the DSF, we examined 4 daily parking pass reconciliations during the 2012 and 2013 DSFs and noted the following:

- The DSF distributed 3 non-paid parking passes instead of 3 paid parking passes for 1 parking lot during the 2012 DSF.
- The DSF distributed 30 non-paid parking passes during the 2012 DSF to a group of performers, although no agreement existed allowing for the free parking passes.
- The DSF could not provide records indicating the sale or distribution of 3 paid passes and 128 non-paid passes following the end of the 2013 DSF.

Additionally, for the 2013 DSF, a separate series of non-paid parking passes was printed and distributed, free of charge, to participants in free entertainment events such as the horse pull competition, rodeo, and demolition derby. As pre-entry or registration was not required for many of these events, the non-paid passes were distributed to participants at the gate upon their arrival. However, the DSF failed to document to whom these non-paid passes were distributed at the gate.

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.

In addition, the State Records Act (5 ILCS 160/8) requires records of the Department be maintained and preserved to document the decision and activities of the Department.

For the exceptions noted related to the 2012 DSF, management indicated the issuance of three non-paid instead of paid parking passes was due to oversight. The performers who received free passes had a verbal agreement to receive them in the past. Their request to receive them again was honored as they had not been notified otherwise. Related to the exceptions noted during the 2013 DSF, DSF officials stated that failure to account for credentials was due to employee turnover and oversight.

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

RECOMMENDATION

We recommend the DuQuoin State Fair improve training procedures to address the importance of the proper distribution and record keeping of parking passes.

DEPARTMENT RESPONSE

The DuQuoin State Fair agrees with the finding and will improve training procedures to address the importance of proper distribution and recordkeeping of parking passes.

2013-004 FINDING (Inadequate controls over space rentals)

The DuQuoin State Fair (DSF) did not have adequate controls in place to ensure all space rental permits were properly displayed at the DSF and that vendors were charged properly. In addition, the DSF did not accurately verify carnival concession measurements during the 2013 and 2012 DSFs.

The DSF collected a total of \$520,747 and \$597,931 for space rentals during the 2012 and 2013 DSFs, respectively. We toured the fairgrounds and selected a sample of concessionaires/exhibitors for testing.

At the 2012 DSF we noted the following:

- Three of 30 (10%) vendors did not properly display their contract number.
- One of 30 (3%) vendors used 2 ½ feet more space than agreed upon in the contract.
- Two of 30 (7%) vendors were contracted and charged for space rental at \$10 less per square foot than the amounts noted in the established rate schedule. This error resulted in the vendors being undercharged a total of \$600.
- Nine of 30 (30%) contracts were considered “gratis”, meaning the entity was not charged a fee for exhibiting on the fairgrounds. One of 9 (11%) “gratis” contracts should not have been provided free of charge because the entity provided sales to the public on the fairgrounds. This action was not consistent with the Illinois Administrative Code allowance for entities not charged for space provided on the fairgrounds.

At the 2013 DSF we noted the following:

- Two of 30 (7%) vendors did not properly display their contract number.
- One of 30 (3%) vendors used 5 feet more space than agreed upon in the contract.

In addition, at the 2012 and 2013 DSFs, DSF officials failed to identify calculation errors in the carnival concession vendor’s concession list, which excluded 4 carnival concessions in 2012 and 5 in 2013, from the total footage calculation. Total footage was understated by the vendor by 79 feet in 2012 and 102 feet in 2013. Other corrections noted at the time of the measurement review, in addition to the understatement of the carnival concession total, resulted in the carnival vendor owing the DSF \$3,160 and \$2,620, respectively, according to the terms of the space rental agreements in effect for those 2012 and 2013 DSFs.

Upon notification by the accountants each year, the DSF addressed the calculation errors with the vendor and initiated collection of the additional amounts due. The additional amount owed to the DSF for 2013 was collected on September 3, 2013. However, the

DSF was not able to demonstrate collection efforts for the additional amount due for 2012 DSF had ever commenced. The balance due from the 2012 DSF was reported as an account receivable from the vendor as of December 31, 2013.

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. Adm. Code 270.105) specifically dictate how space is to be measured for space rental contracts on the fairgrounds. The Illinois Administrative Code (Ill. Adm. Code 270.65) also allows the Department of Agriculture to provide space free to exhibitors without monetary charge provided that the exhibits fit into the general theme of the State Fair, space is available, and no direct sales to the public are made on the fairgrounds.

Further, good internal control procedures require that vendors be charged a consistent rate of front footage that is found in the space rental rates schedule and dictate the DSF review the mathematical accuracy of all schedules provided by vendors to verify amounts due to or from the DSF.

For exceptions noted in both the 2012 and the 2013 DSFs, officials stated the failures to display the contract cards were due to a loss of the cards by vendors over the ten days. Other exceptions were due to oversight. Fair officials also stated that it is virtually impossible to monitor all vendors for the duration of the fair.

Inadequate controls over space rental contracts results in noncompliance with the Illinois Administrative Code. Failure to verify calculations presented by vendors and pursue collections could result in the loss of revenue to the DuQuoin State Fair. (Finding Code No. 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. In addition, we recommend the DSF check the mathematical accuracy of vendor statements, including the carnival concession list, to ensure proper amounts are received or paid by the DSF. Finally, we recommend the DSF seek reimbursement of the amount owed to it related to the 2012 DSF carnival space rental agreement.

DEPARTMENT RESPONSE

The DuQuoin State Fair agrees with the finding and will more closely monitor space rental contracts to ensure compliance with the terms of the contracts and established rate schedules. In addition, the DSF will check the mathematical accuracy of vendor statements, including the carnival concession list, to ensure proper amounts are received or paid by the fair.

2013-005 FINDING (Inadequate controls over camping revenues and permits)

The DuQuoin State Fair (DSF) did not have adequate controls over camping permits to ensure all revenues for camping were received.

The DSF rents campsites at the fairgrounds during the time of the DSF. DSF collected \$77,640 and \$86,610 for the 2012 and 2013 DSFs, respectively. During our testing of camping permits during the 2012 and 2013 DSFs, we noted the following:

- During the 2012 DSF, 2 of 30 (7%) permits issued were not properly displayed on the camper.
- During the 2013 DSF, 26 of 30 (87%) camping permits, totaling \$4,420, were not entered into the Fair Management System (FMS) timely. The permits were entered 2 to 25 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 26 camping permits, we noted the deposits for these camping rentals were made on the same day the fees were entered into FMS.

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. Good business practice dictates standard procedures are established and provided to employees to ensure that camping proceeds are recorded and deposited in a timely manner.

In addition, 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.

Regarding the exceptions noted for the 2012 DuQuoin State Fair, DSF officials stated that although frequent tours through the campgrounds are performed, it is virtually impossible to make every camper post their permits. DSF officials attributed the exceptions noted during the 2013 DuQuoin State Fair to staff turnover.

Inadequate monitoring of camping permits and recording of revenue may result in the loss of camping revenue and an increased risk of misappropriation to the DSF. (Finding Code No. 2013-005)

RECOMMENDATION:

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

DEPARTMENT RESPONSE:

The DuQuoin State Fair agrees with the finding and will improve its controls over the monitoring of camping permits and recording camping revenue.

2013-006 FINDING: (Noncompliance with the Illinois Horse Racing Act of 1975)

The DuQuoin State Fair (DSF) was not in compliance with the Illinois Horse Racing Act of 1975 (Act) concerning the number of days of its racing program and the nominating, sustaining and starting fees exceeding 2% of the purse for certain races.

The DSF held only 3 days of horse racing events in 2012 and 2013. During testing of all races held at the DSF in 2012 and 2013, it was noted that the nominating, sustaining and starting fee of \$300 to be paid by an entrant exceeded 2% of the purse for 18 of 30 (60%) races in 2012 and 17 of 29 (59%) of races in 2013. The nominating, sustaining and starting fee exceeded 2% of the purse by 1.8% to 5.5% for the races held at the 2012 DSF and 1.3% to 5.5% for the races held at the 2013 DSF.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/31(j) 3 and 4) requires the Department of Agriculture to provide by rule, with the assistance and advice of the Illinois Standardbred Breeders Fund Advisory Board, that at least a 5 day racing program shall be conducted at the State Fair each year, and for the payment of nominating, sustaining and starting fees for races promoting the sport of harness racing 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.

In response to the finding from the previous engagement, the DSF stated it would comply with the provisions of the Illinois Horse Racing Act. Regarding the ongoing exceptions, DSF officials indicated that although the nominating payment fees for the State Fairs have not changed, the appropriation used for purses has decreased. From fiscal year 2010 to fiscal year 2011, the appropriation decreased over \$200,000. This led to reduced purses. DSF officials further stated the races cited as not meeting the 2% requirement are what are known as consolation or prelims and will by definition have smaller purses. Additionally, five years ago, DSF officials stated the World Trotting Derby was removed from the race calendar. When that race was no longer held, the number of horses that nominated to race at DuQuoin also began to decline. With current purse levels, there are not enough horses to fill 5 days of racing at DuQuoin.

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

RECOMMENDATION:

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

DEPARTMENT RESPONSE:

The DuQuoin State Fair agrees with the finding and will comply with provisions of the Illinois Horse Racing Act or seek legislative remedy to assist its compliance.

2013-007 FINDING: (Failure to comply with State Fair Act)

The DuQuoin State Fair (DSF) has not developed or adopted an official plan for the operation of the DSF and its fairgrounds and facilities.

In addition, the DSF has not developed and adopted or presented to the public an official long range plan regarding the operations and building use of the DSF and its fairgrounds. The DSF maintained a perpetual document of capital project requests and needs, but this was not included in an official long range plan.

The State Fair Act (Act) (20 ILCS 210/11) requires the Department of Agriculture to develop and adopt a plan for the operation of each State Fair and the State Fairgrounds and its facilities. This plan shall include operational factors as well as an evaluation of present structures, the maintenance of present structures and the razing of those structures no longer safe to the public or not functional. A long range operational and building use program shall be developed. The general operational and building plan shall be presented to the public at a public hearing and adopted as the official plan for the State Fairgrounds. This operational and building plan is not to be construed as a restriction on day-to-day operations or minor use changes.

In response to this finding from the previous engagement, the DSF stated it would develop, adopt and present to the public a plan for the operation of the DSF and its fairgrounds and facilities in accordance with the Act. Regarding the ongoing exceptions, DSF officials stated that an Analysis of Operations/Division Functions and Planning Program has been developed, but the entire Plan of Operation for the fair and fairgrounds has not been completed.

Sound management practices require appropriate short and long range planning. By not preparing such plans, the DSF is not in compliance with the Act. (Finding Code No. 2013-007, 11-4)

RECOMMENDATION:

We recommend the DuQuoin State Fair develop, adopt and present to the public a plan for the operation of the DSF and its fairgrounds and facilities in accordance with the Act.

DEPARTMENT RESPONSE:

The DuQuoin State Fair agrees with the finding and will develop, adopt, and present to the public a plan for the operation of the DSF and its fairgrounds and facilities in accordance with the Act.

2013-008 FINDING (Failure to publish professional and artistic contracts)

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).

We noted the DSF failed to publish a complete listing of professional and artistic contracts that were non-renewable, had a value of less than \$20,000, and duration of 1 year or less in the Procurement Bulletin during the 2012 DSF. We noted 15 contracts, totaling \$35,600, during the 2012 Fair that should have been filed with the chief procurement officer for inclusion in the Illinois Procurement Bulletin.

The Illinois Procurement Code (Code) (30 ILCS 500/35-35) allows for sole source, 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. All exceptions granted under 30 ILCS 500/35-35 are to be submitted to the chief procurement officer and published in the Illinois Procurement Bulletin and shall name the authorizing chief procurement officer or State purchasing officer, and shall include a brief explanation of the reason for the exception.

In response to the finding from the previous examination, the DSF stated it would implement procedures to ensure professional and artistic contracts are published on the Illinois Procurement Bulletin as required by the Illinois Procurement Code. Failure to publish a complete list in 2012 was due to oversight and staff turnover.

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 and establishes a mechanism for achieving the most cost-effective price for such contracts. (Finding Code No. 2013-008, 11-5)

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.

DEPARTMENT RESPONSE

The DuQuoin State Fair agrees with the finding and will ensure all required professional and artistic contracts are published in the Illinois Procurement Bulletin.

2013-009 FINDING: (Inadequate controls over contracts)

The DuQuoin State Fair (DSF) did not have adequate controls in place over DSF contracts.

The DSF entered into contractual agreements with vendors to provide services at the 2013 and 2012 DSFs. During our testing of 41 contracts related to each DSF, we noted the following:

- For the 2012 DSF, 4 of 41 (10%) contracts were not signed by the DSF before the vendor performed services, including one contract that was never signed. The remaining 3 contracts were signed between 4 and 10 days late.
- For the 2012 and 2013 DSFs, 9 of 41 (22%) and 4 of 41 (10%) contracts, respectively, were missing a response as to whether or not the contractor was required to file with the State Board of Elections.
- For the 2012 and 2013 DSFs, 2 of 41 (5%) and 2 of 41 (5%) contracts, respectively, were missing a Federal Taxpayer Identification Number.
- For the 2012 and 2013 DSFs, 61 of 82 (74%) contracts tested required liability insurance. Of those 61 contracts, 25 (12 relating to 2012 and 13 relating to 2013) did not specifically identify the Illinois Department of Agriculture as an additional insured party on the Certificate of Insurance.
- For the 2013 DSF, 20 of the 41 (49%) contracts tested were compensation based in which the DSF paid the contractor for performing a duty at the DSF. The compensation in 1 of 20 (5%) compensation based contracts was originally calculated incorrectly. The error was corrected by the DSF prior to when the payment was made to the contractor.

Good business practice requires contracts to be fully completed, signed and dated, and proof of insurance provided to the DSF prior to commencing services. 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 (Procedure 15.20.50) requires contracts to be supported by documentation, which must include the Federal Taxpayer Identification Number. 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 expenditures are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

DSF officials attributed the exceptions noted in the contracts to employee oversight and the large volume of contracts processed in a short period of time.

Inadequate controls over contracts may expose the State to unnecessary legal risks and could result in unnecessary expense. (Finding Code No. 2013-009)

RECOMMENDATION:

We recommend the DSF implement procedures to ensure its contractual agreements contain all required elements and compensation is calculated correctly.

DEPARTMENT RESPONSE:

The DuQuoin State Fair agrees with the finding and will ensure that its contractual agreements contain all required elements and that compensation is correctly calculated.

PRIOR FINDINGS NOT REPEATED

- A. **FINDING** (Lack of written policies and procedures for distribution of grandstand complimentary tickets)

During the prior examination, the DuQuoin State Fair (DSF) had not developed formalized written policies and procedures for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair Act.

During the current examination, the DSF addressed the lack of written policies and procedures for the distribution of complimentary grandstand tickets by amending the Illinois Administrative Code (8 Ill. Adm. Code 270.370) to allow for the bartering and exchange of 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 related benefit to the fairs for what was bartered or exchanged must be maintained. Our testing of the distribution of complimentary tickets to grandstand shows at the 2013 DSF noted the DSF kept a record of complimentary tickets as required by the amendment to the Illinois Administrative Code. (Finding Code No. 11-1)

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 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:

- Comparative Schedule of Revenues and Expenditures
- Notes to Comparative Schedule of Revenues and Expenditures
- Analytical Review of Revenues and Expenditures
- Reconciliation of State 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, 2013 and September 30, 2012 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
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
For the Years Ended September 30, 2013, 2012 and 2011

Schedule 1

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:			
Tickets	\$611,788	\$601,518	\$733,911
Space rental	597,931	520,747	582,029
Entry	18,694	19,800	17,338
Sponsorship	2,500	33,500	14,290
	<u>1,230,913</u>	<u>1,175,565</u>	<u>1,347,568</u>
Expenditures:			
Personal services	711,469	561,065	503,607
Contractual payroll employees	-	-	7,857
Contributions - social security	54,297	42,817	43,806
Contractual services	341,925	467,743	490,178
Travel	1,210	709	-
Commodities	13,260	6,693	23,824
Printing	2,921	9,057	4,989
Equipment	-	4,371	950
Telecommunications	24,413	25,099	28,152
Operation of automotive equipment	450	40	-
Fair entertainment	633,536	636,024	579,819
Awards and premiums	42,026	50,467	35,534
Interest	293	689	-
Refunds	-	1,440	-
	<u>1,825,800</u>	<u>1,806,214</u>	<u>1,718,716</u>
Deficiency of revenues under expenditures	<u>(\$594,887)</u>	<u>(\$630,649)</u>	<u>(\$371,148)</u>

See notes to comparative schedule of revenues and expenditures.

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
NOTES TO COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
For the Two Years Ended September 30, 2013

Schedule 2

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 based 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 2013 are for the fair held in August 2013, but consist of activity from the State fiscal years 2013 and 2014.

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 after 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 after 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.

DUQUOIN STATE FAIR
 NOTES TO COMPARATIVE SCHEDULE OF REVENUES AND 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 Agricultural Premium 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 Agricultural Premium Fund for fiscal years ended September 30 were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues	\$ 659,209	\$ 643,839	\$ 692,833
Expenditures	<u>447,081</u>	<u>230,542</u>	<u>524,962</u>
Excess of revenues over expenditures	<u>\$ 205,128</u>	<u>\$ 413,297</u>	<u>\$ 167,871</u>

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
ANALYTICAL REVIEW OF REVENUES AND EXPENDITURES
For the Two Years Ended September 30, 2013

Schedule 3

The DuQuoin State Fair's (DSF) explanations for significant fluctuations in revenue items which vary by 10% or more and \$10,000 from the prior year, and expenditure items which vary by 20% or more and \$15,000 from the prior year are detailed below.

Revenues

Ticket revenue decreased from fiscal year 2011 to 2012 because the auto races were cancelled and attendance was down due to 4 days of rain during the 2012 DSF.

Space rental revenue decreased from fiscal year 2011 to 2012 because, in fiscal year 2011, some sponsorship revenue was coded as space rental revenue. However, in fiscal year 2012, most sponsorship revenue was coded individually as sponsorship revenue. Additionally, there were several days of rain during the 2012 DSF, causing attendance to decrease from that of the 2011 DSF. As a result, the carnival's gross receipts, which are reported as space rental, were less for the 2012 DSF than for the 2011 DSF. Space rental revenue increased from 2012 to 2013 because new DSF personnel in fiscal year 2013 coded some sponsorship payments as space rental revenue, rather than as sponsorship revenue. Additionally, the days of the 2013 DSF were without rain, which increased the 2013 DSF attendance from the previous year and carnival receipts. These factors increased space rental revenue for fiscal year 2013.

Sponsorship revenue increased from fiscal year 2011 to 2012 because sponsorship payments were reported as sponsorship revenue in fiscal year 2012; however, in fiscal year 2011, sponsorship payments had been coded as space rental revenue. Sponsorship revenue decreased from 2012 to 2013 because new DSF personnel in fiscal year 2013 coded the sponsorship payments as space rental revenue rather than as sponsorship revenue as was done previously. For comparison purposes, in fiscal year 2012, \$11,000 of advertising and \$22,500 of sponsorship revenue was received, for the total \$33,500 sponsorship revenue reported in Schedule 1. In fiscal year 2013, \$2,500 of advertising revenue was received and reported on sponsorship revenue line in Schedule 1. An additional \$29,700 of sponsorship revenue was received in fiscal year 2013 and recorded as space rental revenue.

Expenditures

Personal services expenditures increased from fiscal year 2012 to 2013 due to the way the Department of Agriculture (Department) received its appropriation for personal services expenditures in State fiscal years 2012, 2013, and 2014. State fiscal year 2013 was the first year in several that the Department received a personal services appropriation specifically for the DSF. Prior to then, the Department received its personal services appropriation as a large General Revenue Fund lump sum to the Division of Administrative Services or to specific

bureaus, but not to the Bureau of DuQuoin State Fair. For the 2012 DSF, employees were paid out of the Bureau of Buildings and Grounds – DuQuoin. Because many of the employees perform fair and non-fair responsibilities, and the lump sum appropriation provided to the Bureau of Buildings and Grounds – DuQuoin does not prohibit the payment of non-fair activities, it was more difficult for the DSF to delineate the employees’ payroll costs in fiscal year 2012. The receipt of specific appropriations for personal services in fiscal year 2013 allowed the DSF to record fair employees’ payroll to the Bureau of DuQuoin State Fair, and decreased the use of the Bureau of Buildings and Grounds – DuQuoin line item for fair employees’ payroll costs.

Contractual services expenditures decreased from fiscal year 2012 to 2013 because a statistical services bill was not paid from the DSF appropriation in 2013, as had been done in the past.

Commodity expenditures decreased from fiscal year 2011 to 2012 because several commodity expenditures incurred in fiscal year 2011 were not needed in fiscal year 2012. Examples of the major expenditures incurred in fiscal year 2011 that were not incurred in fiscal year 2012 were diesel fuel, saw dust, and straw. Additionally, ribbons for competitive events were recorded as printing expenditures in fiscal year 2012, but included as commodities in fiscal year 2011.

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
RECONCILIATION OF STATE FAIR REVENUES
TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended September 30, 2013 and 2012

Schedule 4

Total 2013 DuQuoin State Fair Revenues	<u>\$ 1,230,913</u>
Add:	
Deposits in transit, beginning of period 10/1/2012	22,138
Adjustments	4,388
Previous fair year money	<u>24,920</u>
	<u>51,446</u>
Deduct:	
Deposits in transit, end of period 9/30/13	-
Revenue received after 9/30/13	460
Receivables	<u>594</u>
	<u>1,054</u>
Cash Receipts per Comptroller	<u><u>\$ 1,281,305</u></u>
Total 2012 DuQuoin State Fair Revenues	<u>\$ 1,175,565</u>
Add:	
Deposits in transit, beginning of period 10/1/11	4,585
Adjustments	40,718
Previous fair year money	<u>10,204</u>
	<u>55,507</u>
Deduct:	
Deposits in transit, end of period 9/30/12	22,138
Revenue received after 9/30/12	24,920
Receivables	<u>5,170</u>
	<u>52,228</u>
Cash Receipts per Comptroller	<u><u>\$ 1,178,844</u></u>

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
DETAIL SCHEDULE OF REVENUES
For the Years Ended September 30, 2013, 2012, and 2011

Schedule 5

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Ticket revenues:			
Parking admissions	\$257,303	\$227,613	\$287,339
Grandstand shows	267,875	296,265	367,960
Camping	86,610	77,640	78,612
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$611,788</u>	<u>\$601,518</u>	<u>\$733,911</u>
Space rental revenues:			
Fees and commissions from exhibits, concessions, and other contractors	\$364,756	\$332,794	\$352,317
Carnival	206,894	164,246	196,903
Beer concessions	26,281	23,707	32,809
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$597,931</u>	<u>\$520,747</u>	<u>\$582,029</u>
Entry revenues:			
Regular entry	<u>\$18,694</u>	<u>\$19,800</u>	<u>\$17,338</u>
Sponsorship revenues:			
Sponsorship	<u>\$2,500</u>	<u>\$33,500</u>	<u>\$14,290</u>

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
PARI-MUTUEL WAGERING RECEIPTS AND EXPENDITURES
For the Years Ended September 30, 2013, 2012, and 2011

Schedule 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts (net of commissions)	\$33,487	\$30,546	\$39,607
Expenditures	<u>(127,011)</u>	<u>(116,742)</u>	<u>(120,329)</u>
Deficiency of receipts under expenditures	<u><u>(\$93,524)</u></u>	<u><u>(\$86,196)</u></u>	<u><u>(\$80,722)</u></u>

Note: The DuQuoin State Fair contracted with Maywood Park Trotting Association in 2013, 2012, and 2011 to conduct the pari-mutuel wagering operations at the DuQuoin State Fair. Maywood collected receipts and paid expenditures associated with pari-mutuel wagering in 2013, 2012, and 2011. The DuQuoin State Fair paid Maywood \$93,524, \$86,196 and \$80,722 for losses on the 2013, 2012, and 2011 contracts, respectively.

Receipts (net of 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, 2013, 2012, and 2011

Schedule 7

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:			
Ticket sales	<u>\$267,875</u>	<u>\$296,265</u>	<u>\$367,960</u>
Expenditures:			
Entertainment	328,420	323,000	388,700
Sound and light	55,350	55,350	51,300
Stagehands	60,120	52,645	50,972
Catering	20,030	19,000	6,036
Transportation	1,300	1,560	901
Ushers	5,800	5,654	4,566
Turnstiles	1,596	804	1,516
Backstage coordinator	4,000	3,500	2,700
Security	-	-	6,315
Information booths	-	-	1,568
Interpreters	-	-	2,778
Announcer	-	-	1,500
Total expenditures	<u>476,616</u>	<u>461,513</u>	<u>518,852</u>
Deficiency of revenues under expenditures	<u>(\$208,741)</u>	<u>(\$165,248)</u>	<u>(\$150,892)</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.

In 2011, the expenditures for information booths, interpreters, and announcers were listed as being grandstand related. However, when preparing this schedule for the current examination, accountants noted these expenditures were not necessarily exclusive to grandstand shows.

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPETITIVE EVENTS REVENUES AND EXPENDITURES
For the Years Ended September 30, 2013, 2012, and 2011

Schedule 8

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:			
Entry fees	<u>\$18,694</u>	<u>\$19,800</u>	<u>\$17,338</u>
Expenditures:			
Contractual services	13,528	12,933	10,840
Extra help	16,688	14,394	16,296
Commodities	2,631	2,118	1,319
Awards and premiums	<u>42,026</u>	<u>50,846</u>	<u>34,288</u>
Total expenditures	<u>74,873</u>	<u>80,291</u>	<u>62,743</u>
Deficiency of revenues under expenditures	<u><u>(\$56,179)</u></u>	<u><u>(\$60,491)</u></u>	<u><u>(\$45,405)</u></u>

The above represents direct revenues and expenditures related to competitive events held during the 2013, 2012, and 2011 DuQuoin State Fairs. Entry fees include fees directly related to the Fair 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
ANALYSIS OF OPERATIONS
DIVISION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended September 30, 2013
(Not Examined)

General

The DuQuoin State Fair (DSF) is an operating entity 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 Robert F. Flider. 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, 2013, 2012, and 2011
(Not Examined)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average Full-Time Employees:			
Department:			
Administration	3	3	4
	<u>Oct - June*</u>	<u>July**</u>	<u>August - Sept***</u>
Temporary Employees:			
State Fair - Approximate Number of Employees (2013)	3	13	289
State Fair - Approximate Number of Employees (2012)	3	16	221
State Fair - Approximate Number of Employees (2011)	4	16	178
Bureau of Buildings and Grounds Approximate Number of Employees (2013)	8	38	45
Bureau of Buildings and Grounds Approximate Number of Employees (2012)	18	33	63
Bureau of Buildings and Grounds Approximate Number of Employees (2011)	16	36	86

* 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

*** Aug-Sept – number used the highest of these pay periods

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
MISCELLANEOUS OPERATING STATISTICS
For the Years Ended September 30, 2013, 2012, and 2011
(Not Examined)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% Increase (Decrease) 2013/2012</u>	<u>% Increase (Decrease) 2012/2011</u>
Number of Contracts:					
Concessions	90	128	158	(29.7) %	(19.0) %
Exhibits	65	42	20	54.8	110.0
Contractual Services	14	20	13	(30.0)	53.8
Entertainment	57	33	25	72.7	32.0
Sponsorships	33	28	20	17.9	40.0
Tickets Sold:					
Parking Fees - Tickets	28,114	22,496	27,477	25.0	(18.1)
Grandstand Shows - Tickets	16,260	12,907	20,613	26.0	(37.4)
Miscellaneous Statistics:					
Estimated Attendance	350,000	258,000	351,000	35.7	(26.5)
Amount of Beer Sold - Kegs	23	22	260	4.5	(91.5)
Amount of Beer Sold - Cases	2,254	2,045	2,081	10.2	(1.7)
Number of Camping - Permits	909	996	1,084	(8.7)	(8.1)
Number of Parking - Permits	6,136	4,005	7,718	53.2	(48.1)

The estimated attendance was calculated by DuQuoin State 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.