

McGladrey & Pullen

Certified Public Accountants

State of Illinois Illinois Department of Agriculture Illinois State Fair

Compliance Examination
For the Two Years Ended September 30, 2005

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

State of Illinois
Illinois Department of Agriculture
Illinois State Fair

Compliance Examination
For the Two Years Ended September 30, 2005

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AGENCY OFFICIALS

Director	Mr. Charles A. Hartke
Assistant Director	Mr. Tom Jennings (Current) Ms. Lisa Groesch (10/01/03 to 03/01/04)
Chief Fiscal Officer	Ms. Laura Lanterman (Current) Mr. Tyrone O. Pace (10/01/03 to 02/02/04)
General Counsel	Ms. Margaret van Dijk (Current) Ms. Cynthia Ervin (10/01/03 to 07/31/04)
Fair Manager	Ms. Amy Bliefnick (Current) Mr. Mark Kolaz (10/01/03 to 7/31/04)

Agency offices are located at:

P.O. Box 19281
State Fairgrounds
Springfield, IL 62794-9281

P.O. Box 19427
Springfield, IL 62794-9427



217/782-6661
217/524-6858 (TTY)
217/782-9115 (Fax)

December 14, 2005

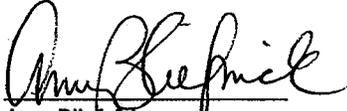
McGladrey & Pullen, LLP
Certified Public Accountants
20 North Martingale Road, Suite 500
Schaumburg, Illinois 60173

Ladies and Gentlemen:

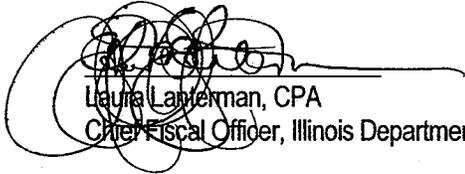
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Department of Agriculture, Illinois State Fair. We are responsible for and we have 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, 2005. Based on this evaluation, we assert that during the years ended September 30, 2005 and September 30, 2004, the Department has materially complied with the assertions below.

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

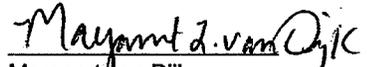
Yours very truly,



Amy Bliemick
Director, Illinois State Fair



Laura Lanterman, CPA
Chief Fiscal Officer, Illinois Department of Agriculture



Margaret J. van Dijk
General Counsel, Illinois Department of Agriculture

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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.

Auditors' Reports

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>This Report</u>	<u>Prior Report</u>
Findings	9	10
Repeated findings	3	2
Prior recommendations implemented or not repeated	7	1

Details of findings are presented in a separately tabbed report section.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
05-1	8	Inadequate Control of Camping Revenues and Permits
05-2	10	Proof of Insurance Not Obtained
05-3	11	Contracts Not Signed Timely
05-4	12	Inadequate Control Over Gate and Parking Admissions
05-5	15	Improper Processing of Competitive Event Entries
05-6	16	Processing of Incomplete Non-Paid Credentials Requests
05-7	17	Pari-Mutuel Wagering Reports Not Reviewed
05-8	18	No Supporting Documents for All-Access Pass
05-9	19	Inadequate Segregation of Duties Over Non-Fair Space Rental

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COMPLIANCE REPORT (Continued)

Schedule of Findings (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
05-10	20	Inadequate Control of Cash Receipts
05-11	20	Receipts Not Timely Deposited
05-12	20	The Space Rental Department Lacks Monitoring Controls
05-13	21	Weaknesses in Timekeeping Noted
05-14	21	Criminal Background Investigations Not Performed
05-15	21	Vendor Paid Without Documentation
05-16	22	No Board of State Fair Advisor Meetings Conducted

Exit Conference

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 1, 2006. Attending were:

Illinois Department of Agriculture

Charles Hartke	Director
Tom Jennings	Assistant Director
Laura Lanterman	Chief Fiscal Officer
Amy Bliefnick	State Fair Manager
Marcy Mitchell	Accounting Manager
Margaret van Dijk	General Counsel

Office of the Auditor General

Jon Fox	Audit Manager
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McGladrey & Pullen, LLP

Joseph Evans	Partner
Derek Brown	Manager
Jennifer Santos	Partner (E. C. Ortiz & Co., LLP)

Responses to the recommendations were provided by Ms. Laura Lanterman, Chief Fiscal Officer in a letter dated May 15, 2006.

McGladrey & Pullen

Certified Public Accountants

Independent Accountants' 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 State of Illinois, Illinois Department of Agriculture, Illinois State Fair's (Fair) 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, 2005. The management of the Fair is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Fair's compliance based on our examination.

- 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. The 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.

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 Fair's compliance with those requirements 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 Fair's compliance with specified requirements.

In our opinion, the Fair complied, in all material respects, with the aforementioned requirements during the two years ended September 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those 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 State findings as findings 05-1, 05-2, 05-3, 05-4, 05-5, 05-6, 05-7, and 05-8.

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

Internal Control

The management of the Fair is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Fair's internal control over compliance with the aforementioned requirements in order to determine our examination procedures 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.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control 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 State findings as findings 05-1, 05-2, 05-3, 05-4, 05-5, 05-6, 05-7, 05-8 and 05-9.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and 2004 Supplementary Information for State Compliance Purposes, except for information on the Miscellaneous Operating Statistics on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

McGladrey & Pullen, LLP

Schaumburg, Illinois
December 14, 2005

Schedule of Findings

Current Findings – State Compliance

05-1 Finding: Inadequate Control of Camping Revenues and Permits

The Department of Agriculture (Department) did not maintain adequate controls over camping revenue and permits at the Illinois State Fair (Fair) to ensure all revenues for camping were received.

The Department rents campsites at the fairgrounds during the time of the fair. Total camping revenue for the 2004 and 2005 Fairs was \$84,070 and \$76,810, respectively. During our sample testing of 30 camping permits during the 2004 Fair, we noted that the Department did not receive the proper amount of camping revenue from 6 campers (20%) resulting in overcharges to campers of \$50. During our sample testing of 32 camping permits during the 2005 Fair, we noted that the Department did not receive the proper amount of camping revenue from 13 campers (41%) resulting in a loss to the Fair of \$175.

During our sample testing of 30 camping permits during the 2004 Fair, we noted that the Department did not properly complete 11 camping permits (37%) resulting in an identifiable loss of \$75. During our sample testing of 32 camping permits during the 2005 Fair, we noted that the Department did not properly complete 7 of the camping permits (22%). The problems noted with the permits included missing information, inconsistent dates, and miscalculations of the number of days camped. We also noted 7 permits were not properly displayed on the camper during the 2005 Fair. The amount of lost revenue from the improperly displayed permits in 2005 could not be identified.

The Department entered into a special agreement with a vendor during the 2004 Fair that allowed the vendor 10 complimentary camping spaces. We noted that the vendor had a total of 16 camping spaces. However, the Department did not charge the vendor for the 6 additional camping spaces, resulting in a loss to the Fair of \$1,800.00 in camping revenues. The credentials manager was new at the time and did not attempt to collect the additional amounts due from the contractor.

The camping superintendent maintains a manual master control sheet of the campground sites during the time of the Fair. Prior to the opening of the Fair campgrounds the accounting for the campsite rentals is maintained on the Fair Management System (FMS). During the 2004 Fair we noted the Department had not updated the FMS master control sheet since June 24, 2004, six weeks prior to the beginning of the Fair.

Good internal controls would require the Department collect the proper camping revenue for the number of days that campsites are rented and that camping permits be properly completed and displayed. Department procedures require the proper completion of camping permits, including consistent and accurate dates and that the Department maintain an accurate master control sheet of the campgrounds on the FMS system prior to the beginning of the Fair.

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Schedule of Findings

Current Findings – State Compliance

05-1 Finding: Inadequate Control of Camping Revenues and Permits (continued)

Department officials indicated in those instances where the proper amount of camping revenue was not received, the difference may have resulted from counting number of nights instead of days; improper completion of the forms and inadequate maintenance of the FMS system prior to the 2004 Fair was due to an oversight. In its response to the 2003 finding the Department indicated it would implement stricter measures to monitor camping revenues. Department officials indicated that they did not change policies and procedures for managing the camping revenue because of change in personnel but did give more extensive training to camping employees during the 2005 Fair.

Inadequate controls over camping receipts, improper completion and monitoring of camping permit forms, and inadequate maintenance of the camping master control sheet increases the risk of loss of camping revenue. (Finding Code No. 05-1, 03-3)

Recommendation:

We recommend Department improve control procedures over camping revenue and receipts. Further the Department should improve controls over the completion and monitoring of camping permits.

Agency Response:

The agency agrees with the finding. The agency will review its procedures for camping revenue and receipts and make changes as necessary. The agency will also more strictly implement its procedures.

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Schedule of Findings

Current Findings – State Compliance

05-2 Finding: Proof of Insurance Not Obtained

The Department did not obtain proof of insurance from Illinois State Fair vendors, as required by terms of their contract for the 2005 Fair.

The Department entered into contractual agreements with vendors to provide services at the Fair. During the 2005 Fair, the Department did not obtain proof of insurance from 10 of 30 contracts sampled (33%) as required by the terms of their contracts.

Good internal control procedures and management practices would require the Department to obtain proof of insurance from vendors prior to the Department entering into the contract to prevent the exposure of liability to the State.

Department personnel stated that the information was overlooked because of the large volume of contracts that are executed for the Fair within a short period of time. A vendor frequently does not have the necessary insurance at the time the contract is executed. The contract requires the vendor to have insurance to perform contract services. The large number of vendors checking in at the beginning of the fair makes obtaining proof of insurance at that time more difficult.

When required, proof of insurance should be obtained before service contracts are submitted to the Director for signature. The lack of proper insurance by a vendor could expose the State to liability and result in unnecessary expenses. (Finding Code No. 05-2, 03-7)

Recommendation:

We recommend the Department implement procedures to ensure contracts are not signed by the Department until proof of insurance is obtained from the vendor.

Agency Response:

The agency agrees that vendors must be required to submit proof of insurance. The agency will ensure that all vendors provide proof of insurance at check-in and that no one is allowed to set up without having provided it.

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Schedule of Findings

Current Findings – State Compliance

05-3 Finding: Contracts Not Signed Timely

The Department did not have signed contracts in place with Illinois State Fair vendors prior to the vendors performing service at the 2004 Illinois State Fair.

The Department entered into contractual agreements with vendors to provide services at the Illinois State Fair (Fair). During the fiscal year ended September 30, 2004, 7 of 25 contracts tested (28%) had either not been signed (6) before the vendor performed services at the Fair or were not dated (1).

Good business practices would require the Department reduce contracts to writing and that contracting parties sign the contracts prior to the contractor commencing services.

Department personnel stated that the lack of timeliness of contracts was because of the large volume of contracts that are executed for the Fair within a short period of time.

Contracts should be negotiated and obtained in a timely manner. The lack of properly signed contracts could expose the Department to additional risk and liability and could result in unnecessary expense. (Finding Code No. 05-3, 03-8)

Recommendation:

We recommend the Department set up a contract tracking system to ensure contractors return contracts to the Department for signature before the contractor begins services.

Agency Response:

The agency agrees with the finding. The agency will ensure that contracts are executed by vendors before the contractor begins services.

Schedule of Findings

Current Findings – State Compliance

05-4 Finding: Inadequate Control Over Gate and Parking Admissions

The Department did not have adequate control over gate/parking admissions at the Illinois State Fair (Fair).

The Department sells parking space at the Fair each year. Total gate admissions revenue for the 2004 and 2005 fairs was \$943,612 and \$958,353, respectively.

During the gate observations in 2004 Fair, the following exceptions were noted:

- One gate was unmanned for over 30 minutes. The Gate and Parking contractors' policy was to allow volunteers to leave the gate when their shift was done, whether security had come to lock the gate or not.
- Unsold tickets were left unattended.
- A volunteer at one gate was observed taking cash from two different groups of pedestrians for the purchase of a ticket, however, they were not tearing off a ticket and placing it in the appropriate collection box.
- A visitor was observed entering a gate without having to purchase a ticket or offering the proper credentials. The ticket takers were busy with vehicles entering the fairgrounds and the pedestrian walked on by the ticket takers.
- Four gates were understaffed causing the volunteer to sell and take tickets.
- Campers were admitted into the park without verification from the camping office whether there were available spaces.

During the 2004 Fair, we also made the following observations:

- During detail testing of the entire gate admissions process, it appeared that the contractor did not have adequate controls over ticket sales and gate admissions. It appeared the contractor underestimated the staffing requirement needed to provide adequate supervision, adequate staff at the gates, and still perform the required cash and ticket reconciliations and reporting of those daily amounts in a timely manner.
- The contractor did not have adequate volunteer staff in place to properly sell and take tickets and control admission during peak hours. The contractor also failed to have adequate supervision in order to oversee the volunteers at the gates. Supervisors were often performing basic admission duties and parking cars instead of performing required cash and ticket reconciliations and reporting. The following issues were noted during observations: (a) pedestrians entering the fairgrounds without purchasing tickets; (b) volunteers receiving cash without issuing tickets; and (c) one gate was repeatedly left unattended. It was also noted that the contractor did not perform daily reconciliations in a timely manner.

Schedule of Findings

Current Findings – State Compliance

05-4 Finding: Inadequate Control Over Gate and Parking Admissions (continued)

- The contractor did not make up any shortages of gate and parking revenues as required by the contract. The contractor deposited \$3,608 less than what should have been deposited in admission revenue based on unsold tickets. The contract terms held the contractor as responsible for shortages after tickets were audited. Fair management stated that there was a mutual agreement between fair officials and the contractor that the contractor would not be held responsible for any shortages “within reason” on August 3, 2004. Fair management also stated that when the final financial figures were mutually agreed upon, it was decided that the \$3,608 shortage was “within reason” and would not be collected from the contractor.
- During the daily admission and gate reconciliation, it was noted that the internal auditor performed an independent count of unsold admission tickets and parking passes daily. These totals were then compared to the contractor’s amounts. However, if there was a large discrepancy between the internal auditor’s count versus the contractor’s count of the unsold tickets, the contractor used the auditor’s numbers instead of recounting the unsold tickets. It was also noted that an individual from the Fair did not perform independent reconciliations and did not observe either count to determine whether the gate revenue deposited by the contractor was the correct amount.

During the gate observations in 2005 Fair, the following exceptions were noted:

- Non-paid credentials were not collected.
- One gate was undermanned causing the volunteer to sell and take tickets from pedestrians.
- Parking permits for vehicles were checked but passengers were not checked if they have valid admission tickets.
- One gate had two volunteers selling tickets to pedestrians and not verifying whether cars entering the gate had proper parking passes displayed.
- All vehicles entering the fairgrounds must have either an employee parking pass or a purchased pass. However, we noted parked vehicles with no parking passes (employee or purchased pass) displayed in their cars.

The contractor’s guide, “State Fair Parking and Admissions”, lists the duties and responsibilities associated with parking and admissions. It states that people admitted to the Fair, both in their vehicles and on foot, with some exceptions, are required to pay for admission, as well as for parking.

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Current Findings – State Compliance

05-4 Finding: Inadequate Control Over Gate and Parking Admissions (continued)

Fair officials indicated that the gate and parking admissions were contracted to a new vendor beginning the 2004 Fair. Volunteers man the gates. Orientations were held to familiarize the volunteers on gate and parking procedures. Areas for improvements were noted during the 2004 Fair and addressed in 2005 Fair.

Inadequate control over gate and parking admissions may result in loss of state revenue. (Finding Code No. 05-4)

Recommendation:

We recommend the Department enhance its controls over gate and parking admissions.

Agency Response:

The agency agrees with the finding. The agency's controls were substantially improved in 2005, and the agency will review procedures with the gate/parking contractor to ensure that gate and parking admissions are handled with maximum accuracy.

Schedule of Findings

Current Findings – State Compliance

05-5 Finding: Improper Processing of Competitive Event Entries

The Department did not properly process competitive event entries during the 2004 and 2005 Fairs.

During the 2004 Fair, 24 entry forms for competitive events were tested. The following exceptions were noted:

- 2 forms (8%) were received after the deadline, one was 6 days past due while the other was 11 days past due.
- 6 forms (25%) did not have the date of receipt, thus, timely submission could not be determined.

During the 2005 Fair 30 entry forms for competitive events were tested and 7 forms (23%) did not have the date of receipt, thus, timely submission could not be determined.

Fair Competitive Events Department's procedures require that exhibitors must complete the entry form and exhibitor's card and enclose the applicable entry fees. Entry forms and fees must be returned to the Competitive Events Department before the stated entry closing dates.

Fair officials indicated that exceptions noted are due to oversight on the part of temporary employees who are hired for the summer to process the entry forms. These summer employees were not fully aware of the Department's procedures concerning the processing of entry forms and fees.

Entry forms processed beyond the deadline may lead to ineligible contestants being awarded as winners of competitive events. (Finding Code No. 05-5)

Recommendation:

We recommend Fair Competitive Events Department only process entry forms received by the deadline. Further, the Department should document the receipt date to support timely filing issues.

Agency Response:

The agency agrees with the finding. The agency will review procedures with temporary employees to ensure that all entries are stamped with the receipt date and that entries received after the deadline are not accepted.

Schedule of Findings

Current Findings – State Compliance

05-6 Finding: Processing of Incomplete Non-Paid Credentials Requests

The Department did not require proper completion of non-paid credentials requests during the 2005 Fair.

During our sample testing of 30 requests forms for non-paid credentials, we noted the following:

- 3 forms (10%) did not indicate the person requesting the form or the department for which the request was for, thus, we were not able to determine reasonableness of the request.
- 21 forms (70%) were not properly completed, with missing information such as Department/Event Exhibit, Location of Exhibit/Event, Phone Number of Person Requesting Credentials, and Explanation for the Request.
- 22 forms (73%) did not document the Fair Manager's approval by signature.
- 25 forms (83%) did not properly document acknowledgment of receipt of the non-paid credentials.

Fair Credentials Department's procedures require that the non-paid credentials form be reviewed and approved by the appropriate individual to ensure credentials are only issued to appropriate individuals. In addition, when admission passes and parking permits are picked up, the customer's signature should be obtained.

Fair officials indicated that the exceptions noted are due to temporary employees who are hired for the summer not being adequately trained in the procedures for processing non-paid credentials.

Without proper completion of the request forms, non-paid credentials may be issued to ineligible individuals or organizations. This may result to potential loss of State revenues. (Finding Code No. 05-6)

Recommendation:

We recommend Fair Credentials Department process only properly completed non-paid credentials request forms.

Agency Response:

The agency agrees with the finding. The agency will review procedures with temporary employees to ensure that only properly completed non-paid credentials request forms are processed

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Current Findings – State Compliance

05-7 Finding: Pari-Mutuel Wagering Reports Were Not Reviewed

The Department did not review pari-mutuel wagering reports, which includes income and expenses related to the racing programs held during the 2005 Fair.

The Fair had entered into an \$80,000 contract with a vendor to operate the harness and quarter horse racing programs including pari-mutuel wagering at the 2005 Fair. This agreement leases the grandstand, track, and paddock areas to the contractor to conduct the races. The testing of the controls over pari-mutuel wagering or the pari-mutuel payouts is the responsibility of the Illinois Racing Board whereas the Fair is only responsible for compliance with its contract. However, this contract requires the vendor to submit income and expense reports to the Fair for review.

Good internal control procedures would require that the Department review the income and expense reports submitted by the pari-mutuel contractor to monitor the income and expense to the Fair associated with this contract.

Fair officials indicated it had been their understanding that the vendor would be submitting these reports to the Fair automatically. The vendor did not timely submit income and expense reports to the Fair, but they were ultimately submitted and reviewed.

Failure to review the contract may result in unallowable expenses being charged to the program. (Finding Code No. 05-7)

Recommendation:

We recommend the Department obtain and review the pari-mutuel wagering reports to determine propriety of income received and expenses charged to the program.

Agency Response:

The agency agrees with the finding. The agency will request the income and expense reports from the vendor in a timely manner after the fair and ensure they are received and reviewed.

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Schedule of Findings

Current Findings – State Compliance

05-8 Finding: No Supporting Documents for All-Access Pass

The Department did not have supporting documents for recipients of the All-Access Pass issued during the 2005 State Fair.

During the 2005 Fair, 147 All-Access Passes were distributed to various individuals at the discretion of the Fair Manager and the Fair did not keep supporting documentation to indicate individuals issued passes and the purpose for issuing the passes. Additionally, per review of the All-Access Passes, we noted that no documentation was presented detailing any limitations, if any, on the use of these passes and whether these limitations had been communicated to the recipients.

Department officials described the intent behind the All Access Pass was to allow employees, high level Fair officials and special dignitaries access anywhere on the fairgrounds, without hassle. That said, there was never a hard and fast definition or policy. It was always at the discretion of the State Fair manager.

Good business practice requires that supporting documents be maintained for All-Access Pass and limitations on its use to individuals be documented and clearly communicated to the recipient.

Fair officials indicated that distribution of All-Access Pass was based on previous year's practices. Beginning with the 2006 Fair, there will not be any All-Access Passes distributed.

Without supporting documentation of All-Access Pass and written limitations attached on its use, the passes may be subjected to inconsistent interpretation and/or application and may result in lost revenue to the State. (Finding Code 05-8)

Recommendation:

We recommend Fair personnel document the issuance of non-paid All-Access Passes and clearly communicate the use/limitation of such passes in writing to the recipient.

Agency Response:

The agency agrees with the finding. Beginning with the 2006 Fair, there will not be any All-Access Passes distributed.

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Schedule of Findings

Current Findings – State Compliance

05-9 Finding: Inadequate Segregation of Duties Over Non-Fair Space Rental:

The Department did not have adequate segregation of duties in its Non-Fair Space Rental Division.

During the 2005 Fair examination, we noted that one person in the Non-Fair Space Rental Division is responsible for entering revenue accounting information into Fair Management System (FMS) for Non-Fair rentals, and processing and depositing cash receipts. Non-fair space rentals totaled \$1,015,211 in fiscal year 2005.

Good internal control procedures require that responsibilities for maintaining accounting records be segregated from responsibilities with access to cash or other assets

Department officials indicated that the small number of personnel makes it difficult to establish adequate segregation of duties; however, the Department's accounting department performs a monthly reconciliation of cash receipts and FMS Non-Fair rentals.

Without an adequate segregation of duties it increases the risk of loss of funds from fraud or theft. (Finding Code No. 05-9)

Recommendation:

We recommend Fair personnel allocate the resources necessary to segregate duties over the fiscal operations of the Non-Fair Space Rental.

Agency Response:

The agency agrees with the finding. The agency will review current procedures and establish new procedures to ensure there is an adequate separation of duties.

Schedule of Findings

Prior Findings Not Repeated – State Compliance

05-10 Finding: Inadequate Control of Cash Receipts

During the prior examination period, the Grandstand Ticket Office failed to maintain adequate records for cash deposits made for a lessee. The Office performed daily cash drawer reconciliations but the total box office ticket sales recorded in the ledger were not reconciled with the contractor's sales reports and the total amount deposited. The Office utilized a contractor to make sales through outside locations and to collect money for grandstand events, but the remittance received from the contractor were not reviewed for accuracy or propriety. (Finding Code No. 03-1, 01-3)

During the current examination period, we noted the Department maintained records for cash deposits of lessees and implemented new procedures to address control problems over cash receipts from contractors. Our sample testing of cash receipts indicated the Department reconciled Grandstand ticket sales with the related deposits, the total amount of box office ticket sales recorded in the ledger were reconciled with the contractor's sales reports and the total amount deposited and the remittance received from the contractor was reviewed for accuracy.

Status: Implemented

05-11 Finding: Receipts Not Timely Deposited

During the prior examination period, non-fair space rental receipts in excess of \$10,000.00 were not deposited in a timely manner. (Finding Code No. 03-2)

During the current examination period, sample testing indicated receipts in excess of \$10,000.00 were deposited in a timely manner.

Status: Implemented

05-12 Finding: The Space Rental Department Lacks Monitoring Controls

During the prior examination period, the Department did not have controls in place to monitor vendors to ensure they were within the space allotted in their contract and that they had a valid contract. (Finding Code No. 03-4)

During the current examination period, our sample testing did not disclose any instances where vendors were not in compliance with space rental contract terms.

Status: Implemented

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Schedule of Findings

Prior Findings Not Repeated – State Compliance

05-13 Finding: Weaknesses in Timekeeping Noted

During the prior examination period:

- Fair temporary employees used time clocks that printed the wrong date when the employee “punched in” or “punched out”;
- Temporary employees were not required to use a time clock to substantiate how many hours they worked;
- There were no procedures to require the employees to sign their time cards or timesheets prepared by the supervisors to certify accuracy;
- Temporary employees used one time card for the entire Fair instead of using a new card each pay period; and changes were made on time sheets without documentation supporting the change or approval of such change. (Finding Code No. 03-5)

During the current examination period, the Department reviewed and developed procedures to strengthen controls over temporary employee payroll. Our sample testing did not disclose the exceptions noted in the prior examination period.

Status: Implemented

05-14 Finding: Criminal Background Investigations Not Performed

During the prior examination period, Human Resources Department did not request criminal background investigations prior to employment, which resulted to employees being terminated once the criminal background investigation results were received. (Finding Code No. 03-6)

During the current examination period, our sample testing indicated that the Department requested and received criminal background investigations prior to employment.

Status: Implemented

05-15 Finding: Vendor Paid Without Documentation

During the prior examination period, the Grandstand Ticket Office (Office) paid a vendor without proper documentation to support the payment. (Finding Code No. 03-9)

During the current examination period, our sample testing indicated the Department processed payments to vendor with proper supporting documentation.

Status: Implemented

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Schedule of Findings

Prior Findings Not Repeated – State Compliance

05-16 Finding: No Board of State Fair Advisor Meetings Conducted

During the prior examination period, no meetings of the Board State Fair Advisors (Board) were conducted prior to the Illinois State Fair (Fair). (Finding Code No. 03-10)

During the current examination period, we examined minutes of meetings of the Board State Fair Advisors (Board) that were conducted prior to the Illinois State Fair (Fair).

Status: Implemented

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 Statement of Revenues and Expenditures
 - Notes to Comparative Statement of Revenues and Expenditures
 - Analytical Review of Revenues and Expenditures
 - Reconciliation Schedule of State Fair Revenues to Deposits Remitted to the State Comptroller
 - Detail Schedule of Revenues
 - Pari-mutuel Wagering Receipts and Expenditures
 - Grandstand Shows Revenues and Expenditures
 - Competitive Events Revenues and Expenditures

- Analysis of Operations:
 - Division Functions and Planning Program
 - Number of Employees
 - Miscellaneous Operating Statistics (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Miscellaneous Operating Statistics. However, the auditors do not express an opinion on the supplementary information.

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COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
 For the Years Ended September 30, 2005, 2004 and 2003

	2005	2004	2003
Revenues:			
Tickets	\$ 2,342,697	\$ 1,773,055	\$ 2,185,714
Space Rental	1,106,249	1,136,993	1,146,213
Entry	304,104	309,377	241,326
Promotions	387,864	338,490	280,598
Total Revenues	<u>4,140,914</u>	<u>3,557,915</u>	<u>3,853,851</u>
Expenditures:			
Personal Services	514,361	500,374	489,037
Employee Retirement - State Paid	2,536	1,526	12,393
Extra Help	186,052	191,523	161,555
Contractual Payroll Employees	61,489	15,665	12,283
Contributions - Employee Retirement System	87,494	102,618	75,017
Contributions - Social Security	56,869	53,323	49,898
Group Insurance	103,720	95,393	76,907
Contractual Services	2,494,863	2,172,218	2,425,797
Travel	7,879	7,188	1,106
Commodities	42,944	62,637	43,943
Printing	61,965	50,633	36,800
Equipment	399	190,844	20,172
Telecommunications	55,714	121,901	85,654
Operation of Automotive Equipment	647	397	2,652
Promotions	31,659	198,217	15,663
Awards and Premiums:			
Harness Racing	183,652	136,722	193,100
Livestock Breeding	200,544	320,067	253,621
Other	416,192	398,814	507,186
Refunds	130,589	8,247	10,629
Allocated Costs	2,815,150	2,721,948	2,628,746
Total Expenditures	<u>7,454,718</u>	<u>7,350,255</u>	<u>7,102,159</u>
Deficiency of Revenues under Expenditures	<u>\$ (3,313,804)</u>	<u>\$ (3,792,340)</u>	<u>\$ (3,248,308)</u>

See notes to comparative statement of revenues and expenditures.

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NOTES TO COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

The accompanying statement of revenues and expenditures (Statement) presents activity directly related to the operations of the Illinois State Fair (Fair) and the Fairgrounds. It includes activity in the General Revenue Fund - 001, the Illinois State Fair Fund - 438, and the State Fair Promotion Fund - 835.

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 2003 are for the Fair held in August 2003, but consist of activity from the State fiscal years 2003 and 2004.

Revenues consist of Fair related receipts deposited with the State Comptroller into the State Fair Fund from October 1 to September 30 plus accrued receivables at September 30 of the current year 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 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 following is a breakdown of expenditures paid from appropriated accounts during the years ended September 30, 2005, 2004, and 2003:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
State Fair Fund:			
Fair	\$ 4,024,320	\$ 3,837,350	\$ 3,849,425
Non-fair	475,592	990,052	1,228,345
General Revenue Fund:	583,590	592,740	608,325
Promotion Fund:	31,658	198,217	15,663
Total	<u>\$ 5,115,160</u>	<u>\$ 5,618,359</u>	<u>\$ 5,701,758</u>

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NOTES TO COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (continued)

Allocable costs consist of both direct expenses, primarily from the General Revenue Fund buildings and grounds appropriations, not included in the expenditures above and indirect costs from administrative services and electronic data processing related to the Fair. The allocated costs included in the statement for 2005 and 2003 are based on a cost study performed by an independent contractor hired by the Department to ascertain an estimate of such costs. There was no cost study performed in 2004. The amounts presented for 2004 are based on the average of 2005 and 2003 amounts. A summary of these allocated costs follows:

	2005	2004	2003
Buildings and Grounds Direct Costs	\$2,519,476	\$2,377,194	\$ 2,234,912
Other Bureau Direct Costs	47,909	49,619	51,329
Indirect Costs	247,765	295,135	342,505
Total	<u>\$2,815,150</u>	<u>\$2,721,948</u>	<u>\$ 2,628,746</u>

Revenue and expenditures for non-fair activities held at the State Fairgrounds are excluded from the comparative statement even though both fair and non-fair activities are appropriated and expended within the same fund - Fund 438, Illinois State Fair Fund.

Revenues and expenditures relating to pari-mutuel wagering are presented separately and are not included in the Statement.

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 - 708 and the Illinois Thoroughbred Breeders Fund - 709, relating to the Illinois State Fair are not included in this report. The fiscal schedules and analysis of these funds are included in the compliance examination of the Illinois Department of Agriculture.

3. ILLINOIS STATE FAIR FUND

The State Fair Act (20 ILCS 210/10) states that effective July 1, 1994, "All revenues from the operation and use of any facilities of the Illinois State Fair at Springfield and the Springfield State Fairgrounds shall be deposited in the Illinois State Fair Fund." It further states, "All funds in the Illinois State Fair Fund shall be used by the Department of Agriculture in accordance with the appropriation by the General Assembly for the operation of the Illinois State Fair."

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NOTES TO COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

4. NON-FAIR REVENUES AND EXPENDITURES

Non-fair expenditures from the 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 for preceding periods, not exceeding the amount appropriated. Non-fair revenues and expenditures from the State Fair Fund for fiscal years ended September 30 were as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues	\$ 1,115,242	\$ 880,465	\$ 947,843
Expenditures	<u>475,592</u>	<u>990,052</u>	<u>1,228,345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 639,650</u>	<u>\$ (109,587)</u>	<u>\$ (280,502)</u>

ANALYTICAL REVIEW OF REVENUES AND EXPENDITURES

The scope of the analytical review explains any increase or decrease of revenue or expenditure items which vary by 20% or more that are also \$15,000 more or less than the prior year.

Revenues

The increase from 2004 to 2005 for ticket sales was due to a better grandstand lineup and increased ticket sales.

The increase from 2003 to 2004 for promotions was due to the Fair selling souvenirs for the first time.

Expenditures

Contractual payroll costs increased from 2004 to 2005 due to the hiring of part-time camping personnel and horseracing personnel.

Retirement costs decreased from 2005 to 2004 due to the fact the retirement percentage went from 16.107 in fiscal year 2004 to 7.792 in fiscal year 2005.

Group insurance costs increased from 2003 to 2004 due to an increase in insurance premium.

Equipment increased from 2003 to 2004 due to the purchase of golf carts and decreased from 2004 to 2005 due to no equipment purchases needed.

Promotions increased from 2003 to 2004 and decreased from 2004 to 2005 due to the purchase of golf carts in 2004 and not in 2003 or 2005.

The significant changes noted in Commodities, Telecommunications, and Awards and Premiums were all due to timing issues because of reporting on a fair year basis which crosses two State fiscal years.

Refunds increased from 2004 to 2005 due to cancellation of Lynyrd Skynyrd concert.

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RECONCILIATION SCHEDULE OF STATE FAIR REVENUES
 TO DEPOSITS REMITTED TO THE STATE COMPTROLLER

Total 2005 Illinois State Fair Revenues	\$ 4,140,914
Add: Deposits in transit, beginning of period	94,589
Accounts receivable, beginning of period	189,373
	<u>283,962</u>
Deduct: Deposits in transit, end of period	31,960
Accounts receivable, end of period	184,129
	<u>216,089</u>
Cash Receipts per State Comptroller	<u>\$ 4,208,787</u>
Total 2004 Illinois State Fair Revenues	\$ 3,557,915
Add: Deposits in transit, beginning of period	50,136
Accounts receivable, beginning of period	72,150
	<u>122,286</u>
Deduct: Deposits in transit, end of period	94,589
Accounts receivable, end of period	189,373
	<u>283,962</u>
Cash Receipts per State Comptroller	<u>\$ 3,396,239</u>

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DETAIL SCHEDULE OF REVENUES
 For the Years Ended September 30, 2005, 2004, and 2003

	2005	2004	2003
Ticket Revenues:			
Gate Admissions	\$ 958,353	\$ 943,612	\$ 970,720
Grandstand Shows	1,080,899	493,983	850,721
Mega Pass	226,635	250,680	281,220
Camping	76,810	84,780	83,053
Total	<u>\$ 2,342,697</u>	<u>\$ 1,773,055</u>	<u>\$ 2,185,714</u>
Space Rental Revenues:			
Fees and Commissions from Exhibits, Concessions, and Other Contractors	\$ 932,592	\$ 999,253	\$ 1,005,766
Carnival	47,692	52,666	41,447
Beer Concessions	125,965	85,074	99,000
Total	<u>\$ 1,106,249</u>	<u>\$ 1,136,993</u>	<u>\$ 1,146,213</u>
Entry Revenues:			
Regular Entry	\$ 103,765	\$ 100,734	\$ 106,153
Western Horse Shows	30,285	29,710	38,227
Society Horse Shows	72,194	70,963	76,581
Miscellaneous	97,860	107,970	20,365
Total	<u>\$ 304,104</u>	<u>\$ 309,377</u>	<u>\$ 241,326</u>
Promotion Revenues:			
Sponsorships	\$ 355,247	\$ 316,488	\$ 264,017
Promotions	32,617	22,002	16,581
Total	<u>\$ 387,864</u>	<u>\$ 338,490</u>	<u>\$ 280,598</u>

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PARI-MUTUEL WAGERING RECEIPTS AND EXPENDITURES
 For the Years Ended September 30, 2005, 2004, and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts (Net Commissions)	\$ 163,854	\$ 194,091	\$ 201,812
Expenditures	<u>(256,659)</u>	<u>(272,536)</u>	<u>(279,683)</u>
Deficiency of Receipts under Expenditures	<u>\$ (92,805)</u>	<u>\$ (78,445)</u>	<u>\$ (77,871)</u>

The State Fair contracted with Maywood Park Trotting Association and Balmoral Race Club in 2005, 2004, and 2003 to conduct the pari-mutuel wagering operations at the State Fair. Maywood collected receipts and paid expenditures associated with pari-mutuel wagering in 2005, 2004, and 2003. The State Fair paid Maywood \$92,805, \$78,445, and \$77,871 for losses on the 2005, 2004, and 2003 contracts, respectively. These costs were paid from the General Revenue Fund appropriation "Promotion of County Fairs and Horseracing" and are not included in the Comparative Statement of Revenues and Expenditures.

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.

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GRANDSTAND SHOWS REVENUES AND EXPENDITURES
 For the Years Ended September 30, 2005, 2004, and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:			
Ticket Sales	\$ 1,080,899	\$ 493,983	\$ 850,721
Expenditures:			
Entertainment	961,575	723,500	969,902
Ticket Contractor	15,410	18,389	20,000
Sound *	39,298	25,000	46,197
Light	14,680	13,500	15,725
Booking Agent	19,500	19,500	108,022
Stagehands	114,000	111,987	105,725
Ushers	2,500	2,500	2,500
Catering	24,525	24,630	24,263
Equipment Rental	3,415	2,000	3,300
Transportation	2,500	4,615	3,490
Total Expenditures	<u>1,197,403</u>	<u>945,621</u>	<u>1,299,124</u>
Deficiency of Revenues under Expenditures	<u>\$ (116,504)</u>	<u>\$ (451,638)</u>	<u>\$ (448,403)</u>

*All stages included, not only Grandstand.

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:

- Admission to the fairgrounds
- Concessions
- Parking
- Facility costs and overhead
- Fair personnel costs related to grandstand ticket sales, booking, maintenance and overhead

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COMPETITIVE EVENTS REVENUES AND EXPENDITURES
 For the Years Ended September 30, 2005, 2004, and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:			
Entry Fees	\$ 103,765	\$ 100,734	\$ 106,153
Expenditures:			
Extra Help	44,511	42,956	39,506
Contractual Services	265,423	339,450	295,603
Commodities	11,669	10,174	5,408
Printing	768	836	67,344
Awards and Premiums	544,649	620,572	450,648
Total Expenditures	<u>867,020</u>	<u>1,013,988</u>	<u>858,509</u>
Deficiency of Revenues under Expenditures	<u>\$ (763,255)</u>	<u>\$ (913,254)</u>	<u>\$ (752,356)</u>

The above represents direct revenues and expenditures related to competitive events held during the 2005, 2004, and 2003 Illinois State Fairs. Entry fees include fees directly related to the Fair and do not include entry fees for special events such as the Western and Society Horse Shows.

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

- Admission to the fairgrounds
- Concessions
- Parking
- Facility costs and overhead
- Fair personnel costs related to competitive events, maintenance and overhead

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DIVISION FUNCTIONS AND PLANNING PROGRAM

GENERAL

On September 21, 1979, the Illinois State Fair Agency was merged into the Illinois Department of Agriculture.

The State Fair is an operating entity of the Department of Agriculture (Department) and is located at the State Fairgrounds, P.O. Box 19281, Springfield, Illinois 62794-9281. The Director of the Department is Charles Hartke. The Department is responsible for fulfilling the statutory obligation to hold the annual Illinois State Fair (Fair). The Fair is held to promote agriculture and the agriculture industry, and to provide for exhibits and activities in the field of industry, education, arts and crafts, labor, entertainment, and other areas of interest to the people of the State. The Department 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 a printed set of Administrative Rules which constitutes its rules and policies governing the operations of the Illinois State Fair.

The Fair is composed of six functional areas through which the above objectives can be achieved.

- Office of the State Fair Manager
- Space Rental
- Entertainment
- Special Events
- Support Services
- Competitive Events

A description of each functional area follows:

Office of the State Fair Manager - The State Fair Manager provides centralized management for the State Fair and is responsible for its adherence to the provisions of the Illinois State Fair Act. The State Fair Manager develops a plan for the operation of the State Fair. The State Fair Manager has offices in the Emerson Building on the State Fairgrounds, Springfield, Illinois.

Space Rental - The Space Rental Manager assists in evaluating, developing, revising, and implementing policies and procedures associated with the operation of the State Fair 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.

Entertainment - The Entertainment Manager initiates, plans, and directs activities associated with entertainment for the Fair. The Entertainment Manager is responsible for the entertainment activities at the Grandstand and other locations throughout the Fairgrounds. Grandstand activities include the operation and administration of ticket sales in the Grandstand Ticket Office.

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DIVISION FUNCTIONS AND PLANNING PROGRAM

Special Events - The Special Events Manager coordinates activities during the Fair at the Illinois Building, for the Senior Center, and on the Lincoln Stage. The Special Events Manager also coordinates contests during the Fair and the State Fair parade.

Support Services - The Support Services Manager is responsible for initiating, drafting, and editing all contracts for the State Fair including, but not limited to, contracts for personal services, rental agreements, and awards and premiums. Personnel in this functional area also plan, direct, and execute a comprehensive advertisement program for the Fair. Other duties include the enforcement of Administrative Rules and Regulations, the development of policies and procedures for the issuance of non-paid credentials, and the coordination of gate admissions and parking during the Fair.

Competitive Events - The Competitive Events Manager directs, develops, and coordinates a program of events for the Fair, and maintains the necessary records for competitive events administration. Prior to the Fair, 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 Fair, responsibilities include obtaining proper authorization for the awarding of premiums and prizes and determining that winners of events receive the proper premium or prize.

STRATEGIC PLANNING

The mission of the Illinois State Fair 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 Department to promote and contract for non-fair special events to maximize use of the fairgrounds.

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

- Increase the attendance at the fair.
- 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 the fairgoers.
- Provide additional entertainment, exhibits, educational events and clinics.
- Increase the number of non-fair events, which will increase the 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 Illinois State Fair is a part of the Department of Agriculture's strategic planning process. The strategic plan is reviewed on an ongoing basis.

The Department's planning programs for the administration of the Illinois State Fair appeared adequate.

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NUMBER OF EMPLOYEES
 For the Years Ended September 30, 2005, 2004, and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Average Full-Time Employees:			
Department:			
Administration	5	6	5
Competitive Events	1	1	1
Fair Activities	3	4	3
Total	<u>9</u>	<u>11</u>	<u>9</u>

	<u>September- May</u>	<u>June</u>	<u>July - August</u>
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Temporary Employees:			
State Fair - Approximate Number of Employees (2005)	10	51	124
State Fair - Approximate Number of Employees (2004)	10	53	126
State Fair - Approximate Number of Employees (2003)	13	36	116
Bureau of Buildings and Grounds Approximate Number of Employees (2005)	6	92	259
Bureau of Buildings and Grounds Approximate Number of Employees (2004)	10	80	245
Bureau of Buildings and Grounds Approximate Number of Employees (2003)	31	51	314

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MISCELLANEOUS OPERATING STATISTICS (NOT EXAMINED)
 For the Years Ended September 30, 2005, 2004, and 2003

	2005	2004	2003	% Increase (Decrease) 2005/2004	% Increase (Decrease) 2004/2003
Number of Contracts:					
Concessions	342	373	345	(8.31) %	8.12 %
Exhibits	142	148	101	(4.05)	46.53
Contractual Services	119	85	46	40.00	84.78
Entertainment	31	18	26	72.22	(30.77)
Awards and Premiums	5	5	6	0.00	(16.67)
Sponsorships	40	49	41	(18.37)	19.51
Tickets Sold:					
Gate Admissions - Tickets	249,251	246,074	252,201	1.29	(2.43)
Grandstand Shows - Tickets	45,316	29,519	40,850	53.51	(27.74)
Miscellaneous Statistics:					
Estimated Attendance	672,615	671,334	725,000	0.19	(7.40)
Amount of Beer Sold - Kegs	491	331	320	48.34	3.44
Amount of Beer Sold - Cases	6,980	7,208	8,460	(3.16)	(14.80)
Number of Camping - Permits	817	609	609	34.15	0.00
Number of Parking - Permits	32,434	32,721	34,857	(0.88)	(6.13)

For 2005, 2004, and 2003 attendance was based on actual numbers for grandstand attendance, concessionaires, exhibitors, and governmental employees. Further estimates were based on vehicles parked on the fairgrounds and perimeter; Illinois State Police and State Fire Marshal crowd estimations based on their respective observations and experience; past fairs' experiences for a particular day; and revenues generated.