



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE FAIR

**COMPLIANCE EXAMINATION
For the Two Years Ended: September 30, 2011**

Release Date: May 17, 2012

Summary of Findings:

Total this audit:	6
Total last audit:	1
Repeated from last audit:	1

INTRODUCTION

The Illinois State Fair is an operating entity of the Department of Agriculture. The Department is responsible for fulfilling the statutory obligation to hold the annual Illinois State Fair. The Fair 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 the State.

SYNOPSIS

- The Illinois State Fair has not developed formalized written policies and procedures for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair Act.
- The Illinois State Fair collected nominating, sustaining and starting fees in excess of amounts allowed under the Illinois Horse Racing Act of 1975.
- The Illinois State Fair did not exercise adequate controls over temporary employee timesheets.

ILLINOIS DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2011

REVENUE AND EXPENDITURE STATISTICS	2011	2010
Total Revenue.....	\$ 5,020,240	\$ 4,376,995
Tickets.....	\$ 3,182,570	\$ 2,590,198
% of Total Revenue.....	63.4%	59.2%
Space Rental: Fair.....	\$ 1,155,656	\$ 1,127,131
% of Total Revenue.....	23.0%	25.7%
Entry Fees.....	\$ 385,635	\$ 348,824
% of Total Revenue.....	7.7%	8.0%
Sponsorship.....	\$ 296,379	\$ 310,842
% of Total Revenue.....	5.9%	7.1%
Total Expenditures (All Funds).....	\$ 7,793,810	\$ 6,676,515
Personal Services.....	\$ 732,077	\$ 672,296
% of Total Expenditures.....	9.4%	10.1%
Other Payroll Costs (FICA, Retirement).....	\$ 310,728	\$ 336,699
% of Total Expenditures.....	4.0%	5.1%
Contractual Services.....	\$ 2,900,854	\$ 2,112,500
% of Total Expenditures.....	37.2%	31.6%
Allocated Costs.....	\$ 2,811,887	\$ 2,111,358
% of Total Expenditures.....	36.1%	31.6%
Premiums and Awards.....	\$ 714,928	\$ 820,643
% of Total Expenditures.....	9.2%	12.3%
All Other Operations Items *	\$ 323,336	\$ 623,019
% of Total Expenditures.....	4.1%	9.3%
(Deficiency) of Revenues Over Expenditures.....	\$ (2,773,570)	\$ (2,299,520)
* Contractual payroll is included in All Other Operations Items		

SUPPLEMENTARY INFORMATION	2011	2010
Employment Statistics (Approximate)		
Full Time Employees.....	7	7
September through May (Temporary).....	7	7
June (Temporary).....	31	32
July through August (Temporary).....	128	128
Selected Activity Measures		
Gate Admissions - Tickets Sold (Not Examined).....	279,214	255,531
Estimated Attendance (Not Examined).....	817,000	750,000
Grandstand Shows - Tickets Sold (Not Examined).....	58,170	54,858
Grandstand Show Revenues.....	\$ 1,364,257	\$ 932,913
Grandstand Show Expenditures.....	\$ 1,555,467	\$ 1,187,041
Competitive Events		
Competitive Events Revenues.....	\$ 139,827	\$ 138,323
Competitive Events Expenditures.....	\$ 797,266	\$ 770,026
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 117,328	\$ 105,579
Pari-mutuel Wagering Expenditures.....	\$ 200,106	\$ 207,775

AGENCY DIRECTOR
During Examination Period: Tom Jennings
Currently: Robert F. Flider, Acting

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LACK OF WRITTEN POLICIES AND
PROCEDURES FOR DISTRIBUTION OF
GRANDSTAND COMPLIMENTARY TICKETS**

The Illinois State Fair (ISF) has not developed formalized written policies and procedures for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair Act.

Complimentary tickets, valued at \$54,352, issued

The ISF reserves the right to receive and distribute no more than 250 grandstand complimentary tickets per performance as part of each performer's contract at no cost to the ISF. Of the 2,250 authorized grandstand complimentary tickets, the ISF issued 1,997 tickets, with a retail value of \$54,352, to various parties during the 2010 and 2011 Illinois State Fair. Of the 1,997 grandstand complimentary tickets distributed, 1,412 tickets, with a retail value of \$38,840, were given in exchange for advertising, marketing, promotions, in-kind donations and corporate sponsorships, which management stated benefitted the ISF. The remaining 585 tickets, valued at \$15,512, were distributed to various individuals including the Department of Agriculture Director, Fair Manager, and the Governor's Office. The ISF, however, failed to maintain a detailed accounting and justification for the distribution of these tickets.

Tickets valued at \$15,512 were distributed without a detailed accounting or justification for their distribution

While many of these 1,997 grandstand complimentary tickets were distributed for promotional activities or bartering or exchange of services beneficial to the ISF, the grandstand complimentary tickets distributed included 406 tickets distributed to advisory board members, charitable organizations, fundraisers and State employees, which were not supported by any justification as to why the distribution of these tickets was advantageous or beneficial to the operation of the ISF. In addition, the ISF could not always document the specific individual(s) receiving the grandstand complimentary tickets. (Finding 1, pages 9-10)

We recommended the ISF develop and implement rules in accordance with the Illinois Administrative Procedures Act, for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair

Act.

Fair officials agree with auditors

ISF officials agreed with the finding and stated it will develop and implement rules for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair Act.

NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT OF 1975

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

Nominating, sustaining and starting fees amounted to 21% of the purses collected

The nominating, sustaining, and starting fees of \$135,510 paid by the entrants for the ISF's racing events in 2011 amounted to 21% of the purses and exceeded the 2% limit outlined by the Act by approximately \$122,330. (Finding 2, page 11)

We recommended the ISF comply with the provisions of the Illinois Horse Racing Act.

Fair officials agree with auditors

ISF officials agreed with the finding and stated it will comply with the provisions of the Illinois Horse Racing Act.

NEED TO IMPROVE CONTROLS OVER TEMPORARY EMPLOYEE TIMESHEETS

Inadequate controls

The Illinois State Fair (ISF) did not exercise adequate controls over temporary employee timesheets.

Timesheets were incomplete or completed at the end of a shift

During our examination, we noted seven of 30 (23%) timesheets were incomplete or completed at the end of the temporary employee's shift. We noted some timesheets were completed when the auditor attempted to review them. We also noted timesheets were completed at the end of the employee's shift, instead of indicating when the employee arrived for the shift. (Finding 4, page 13)

We recommended the ISF implement additional controls to ensure employee attendance is documented properly on a daily basis.

Fair officials agree with auditors

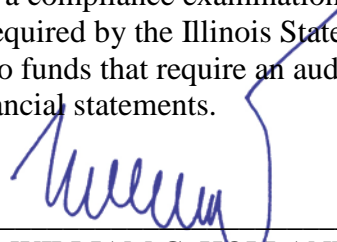
ISF officials agreed with the finding and stated it will implement additional controls to ensure employee attendance is documented properly on a daily basis.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Illinois State Fair. We will follow up on our findings during the next examination of the ISF.

AUDITORS' OPINION

We conducted a compliance examination of the Illinois State Fair as required by the Illinois State Auditing Act. The Fair has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:EVB:rt

SPECIAL ASSISTANT AUDITORS

Sikich, LLP were our Special Assistant Auditors for this engagement.