



**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

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

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

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**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
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AGENCY OFFICIALS

Director	Jerry Costello II, Acting (02/28/20 to Present) Jeremy Flynn, Acting (01/13/20 to 02/27/20) John Sullivan (04/12/19 to 01/12/20) John Sullivan, Acting (01/21/19 to 04/11/19) Warren Goetsch, Acting (01/01/19 to 01/20/19) Raymond Poe (through 12/31/18)
Chief Fiscal Officer	Johanna Helm (12/16/19 to Present) Tyler White (through 12/15/19)
General Counsel	John Teefey (04/16/19 to Present) Tess Little (Acting) (10/22/18 to 04/15/19) Craig Sondgeroth (through 10/21/18)
Chief Internal Auditor	Vacant (10/17/17 to Present) Gary Shadid (through 10/16/17)
Fair Manager	Kevin Gordon (04/03/19 to Present) Vacant (02/01/19 through 04/02/19) Luke Sailer (01/01/18 through 01/31/19) Kevin Gordon (through 12/31/17)
Assistant Fair Manager	Vacant (01/01/18 to Present) Luke Sailer (through 12/31/17)

State Fair offices are located at:

State Fairgrounds
801 East Sangamon Avenue
Springfield, Illinois 62702

MANAGEMENT ASSERTION LETTER

April 9, 2020

Adelfia LLC
Certified Public Accountants
400 East Randolph Street
Suite 700
Chicago, Illinois 60601

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, Department of Agriculture, Illinois 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 specified requirements during the two-year period ended September 30, 2019. Based on this evaluation, we assert that during the years ended September 30, 2018, and September 30, 2019, the Fair has materially complied with the specified requirements listed 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 truly,

Illinois State Fair

SIGNED ORIGINAL ON FILE

Mr. Jerry Costello II, Acting Director

Yours truly,

Illinois State Fair

SIGNED ORIGINAL ON FILE

Ms. Johanna Helm, Chief Fiscal Officer

Yours truly,

Illinois State Fair

SIGNED ORIGINAL ON FILE

Mr. John Teefey, General Counsel

Yours truly,

Illinois State Fair

SIGNED ORIGINAL ON FILE

Mr. Kevin Gordon, Fair Manager

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2019**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	3	3
Repeated findings	3	1
Prior recommendations implemented or not repeated	-	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last</u> <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	12	2017	Weakness in receipt reconciliations	Noncompliance and Significant Deficiency
2019-002	14	2017	Noncompliance with the Illinois Horse Racing Act	Noncompliance and Significant Deficiency
2019-003	15	2017	Weaknesses in contract administration associated with the Illinois State Fair	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

None noted.

EXIT CONFERENCE

The Fair waived an exit conference in a correspondence from Tess Little, Assistant General Counsel, on March 10, 2020. The responses to the recommendations were provided by Tess Little, Assistant General Counsel, in a correspondence dated March 19, 2020.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Agriculture, Illinois State Fair (Fair) with the specified 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, 2019. Management of the Fair is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Fair’s compliance with the specified requirements based on our examination.

The specified requirements are:

- 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.

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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Fair complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Fair complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Fair's compliance with the specified requirements.

In our opinion, the Fair complied with the specified requirements during the two years ended September 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-001 through 2019-003.

The Fair's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Fair's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Fair is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Fair's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Fair's compliance with the specified requirements and to test and report on the Fair's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Fair's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fair's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2019-001 through 2019-003 that we consider to be significant deficiencies.

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

The Fair's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Fair's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Fair's compliance with the specified requirements. The accompanying supplementary information for the years ended September 30, 2018, and September 30, 2019, in Schedules 1 through 7 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Fair management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended September 30, 2018, and September 30, 2019, in Schedules 1 through 7. We have not applied procedures to the accompanying supplementary information for the year ended September 30, 2017, in Schedules 1, 2, and 4 through 7 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 7 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
April 9, 2020

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

2019-001 **FINDING** (Weakness in receipt reconciliations)

The Illinois State Fair (ISF) did not properly reconcile its financial records.

The ISF was unable to properly reconcile the 2019 and 2018 Fair receipts in the Fair Management System (FMS) to the Illinois Department of Agriculture (Department) Receipting System. The Department's monthly Deposit and Cash reconciliations have not been completed or balanced. Therefore, ISF was unable to provide supporting documentation for Fiscal Years 2019 and 2018 adjustments entered in the Department's Receipting System to ensure entries were correct and adequately supported.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires agencies must reconcile their records to the SAMS system on a monthly basis. In addition, agencies should compare its internal records with those of the Comptroller's to ensure both parties that the SAMS system is functioning properly and dealing with accurate information. Agencies must notify the Comptroller's Office of any unreconcilable differences so the necessary corrective action can be taken to locate the difference and correct the accounting records.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls to 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.

During the previous engagement period, ISF management stated the Fair could not agree the adjustments entered in the Department Receipting System were accurate because Department reconciliations were not completed due to significant staff shortages and the inability to replace staff due to a hiring freeze. In the current engagement period, ISF Management stated the responsibility of monthly reconciliations is the Bureau of Budget and Fiscal Services, and the condition was due to staff turnover and the failure to communicate required duties to employees in that Bureau.

Failure to properly reconcile monthly financial information and the inability to locate the differences could lead to inaccurate financial reporting, noncompliance with SAMS and FCIAA. (Finding Code No. 2019-001, 2017-001)

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

RECOMMENDATION

We recommend the ISF ensure reconciliations are performed in a manner which allows employees to identify the source and reason for the differences.

ISF RESPONSE

ISF accepts this finding and has communicated its reconciliation needs to the Bureau of Budget and Fiscal Services.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

2019-002 **FINDING** (Noncompliance with the Illinois Horse Racing Act)

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

During testing of statutory mandates, we noted the ISF provided only a 4 day racing program in both Fiscal Years 2018 and 2019. The Illinois Horse Racing Act (Act) (230 ILCS 5/31(j)(3)) requires at least a 5 day racing program be conducted at the State Fair each year.

ISF management stated, as they did in the previous engagement, with the diminishing number of Illinois conceived and foaled horses being born in, and racing in, Illinois, there were not enough horses to hold a 5 day racing program.

Failure to provide a 5 day horse racing program resulted in a failure to perform a mandated duty. (Finding Code No. 2019-002, 2017-002, 2015-002, 2013-001, 11-2)

RECOMMENDATION

We recommend the ISF hold a 5 day racing program or seek legislative remedy.

ISF RESPONSE

ISF accepts this finding and notes that legislative remedy was obtained when 230 ILCS 5/31(j)(3) was amended by PA101-157.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

2019-003 **FINDING** (Weaknesses in contract administration associated with the Illinois State Fair)

The Illinois State Fair (ISF) did not maintain adequate controls over contractual agreements.

During our review of contractual agreements, we noted the following exceptions:

2019 Fair:

- For two of 60 (3%) contracts tested, totaling \$6,275, the payments did not agree with the contract amount, resulting in an underpayment of \$3,003 to ISF.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the ISF to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation

2018 Fair:

- Two of 60 (3%) contracts did not fully list director, officers, and employees in insurance certificate.
- Two of 60 (3%) contracts did not have a vendor signature date.
- One of 60 (2%) contracts had a vendor signature date after the contract period.
- One of 60 (2%) contracts was not properly signed and dated before the start of the contract.
- One of 60 (2%) contracts had a change in contract amount but was not countersigned by ISF.

Good business practice requires contracts to be fully completed, signed and dated prior to commencing services.

- For one of 60 (2%) contracts tested, the payment did not agree with the contract amount resulting in an underpayment of \$120 to the vendor.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the ISF to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

- Five of 60 (8%) contracts lacked a disclosure stating whether a subcontractor was to be utilized.

The Illinois Procurement Code (Code) (30 ILCS 500/20-120(a) and 30 ILCS 500/35-40) states any contract granted under this Code shall state whether the services of a subcontractor will be used.

- Ten of 60 (17%) contracts lacked one or more of the required contractual clauses such as Appropriation Contingency, Bid-Rigging/Bid Rotating, Bribery, Debt Delinquency, Drug Free Workplace, Education Loan, Environment Protection, Felons, Prohibited Bidders, Illinois Use Tax, International Anti-Boycott, Access to and Right to Audit Records, Subcontractor Utilization Statement, Child Labor, Forced Labor, Prevailing Wage, and Conflict of Interest.

The Code (30 ILCS 500/20-60(b)) requires all contracts made or entered be contingent upon and subject to availability of appropriations and funds.

The Criminal Code of 2012 (720 ILCS 5/33E-11) requires vendor certification that it has not been convicted of the offense of bid rigging or bid rotating.

The Code ((30 ILCS 500/50-5(d)) requires vendor certification that it has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has the vendor made an admission of guilt of such conduct that is a matter of record.

The Code (30 ILCS 500/50-11(b)) requires vendor certification that it and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and the vendor and its affiliates acknowledge the State may declare the contract void if this certification is false.

The Drug Free Workplace Act (30 ILCS 580/4) requires vendor certification that it will provide a drug free workplace.

The Education Loan Default Act (5 ILCS 385/3) requires vendor certification that it is not in default on an educational loan.

The Code (30 ILCS 500/50-14(c)) requires vendor certification that it has not been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection

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ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

Act within the last five years, and is therefore not barred from being awarded a contract.

The Code (30 ILCS 500/50-10(b)) requires vendor certification that if it has been convicted of a felony, that at least five years have passed from the completion of the sentence for that felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business.

The Code (30 ILCS 500/50-10.5 (b)) requires vendor certification that it is not barred from being awarded a contract and acknowledges that the contract shall be declared void if the certification is false.

The Code ((30 ILCS 500/50-12(b)) requires vendor certification that it and all its affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act and acknowledges that failure to comply can result in the contract being declared void.

The International Anti-Boycott Certification Act (30 ILCS 582/5) requires vendor certification that neither the vendor nor any of its substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce (30 ILCS 582).

The Code (30 ILCS 500/20-65(b)) states every contract and subcontract shall provide that all books and records required to be maintained shall be available for review and audit by the Auditor General, chief procurement officer, internal auditor, and the purchasing agency. Every contract and subcontract shall require the contractor and subcontractor, as applicable, to cooperate fully with any audit.

The Code (30 ILCS 500/20-120(a)) requires any contract granted under the Code to state whether the services of a subcontractor will be used.

The Child Labor Act (30 ILCS 584/10) requires vendor certification that no foreign-made equipment, materials, or supplies furnished to the State have been produced in whole or in part by the labor or any child under the age of 12.

The State Prohibition of Goods from Forced Labor Act (30 ILCS 583/10) requires vendor certification that no foreign-made equipment, materials, or

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2019**

supplies furnished to the State have been or will be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction.

The Prevailing Wage Act (820 ILCS 130/1) requires vendors to pay its employees prevailing wages when required by law.

The Code (30 ILCS 500/50-13) requires the vendor to disclose conflicts of interest. The Code (30 ILCS 500/50-35) also requires disclosure of financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit the vendor from having or continuing the contract.

During the previous engagement period, ISF management stated exceptions were due to lack of proper transition for staff turnover, competing priorities, and employee oversight. ISF management stated the current year's condition resulted from vendors leaving the Fairgrounds without paying and employee oversight.

Failure to obtain proper approval, and not including required clauses and information within the contractual obligations, results in noncompliance with the Illinois Procurement Code and increases the risk that a potential conflict may not be detected timely. In addition, failure to collect revenues results in potential loss of interest and investment income to the State. (Finding Code No. 2019-003, 2017-003)

RECOMMENDATION

We recommend the ISF ensure all contracts and related disclosure forms are properly completed, approved and executed prior to the start of the services or lease terms and payments are collected in full.

ISF RESPONSE

ISF accepts this finding and has had conversations with legal and the Bureau of Budget and Fiscal Services to evaluate options for non-paying vendors.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended September 30, 2019**

None noted.

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
For the Years Ended September 30, 2019, 2018, and 2017

	2019	2018	2017
Revenues			
Tickets	\$ 4,715,396	\$ 3,989,704	\$ 4,442,820
Space Rental	1,105,776	1,095,422	1,063,956
Entry	382,819	448,182	329,704
Promotions	375,091	232,286	250,507
	<u>6,579,082</u>	<u>5,765,594</u>	<u>6,086,987</u>
Total Revenues			
Expenditures			
Personal services	159,784	116,301	-
Employee Retirement - State Paid	-	-	94
Extra Help	-	32,097	239,601
Contractual Payroll Employees	829,735	349,881	21,779
Contributions - Employee Retirement	-	77,246	126,495
Contributions - Social Security	-	13,944	19,995
Group Insurance	-	9,978	-
Contractual Services	4,952,168	4,212,230	4,184,443
Travel	6,109	4,269	5,422
Commodities	61,631	76,342	38,636
Printing	53,130	25,860	76,240
Equipment	2,348	12,699	7,973
Telecommunications	73,462	66,377	78,625
Operation of Automotive Equipment	-	-	653
Interest	1,823	-	164,714
Prizes, Premiums, and Awards	-	-	250
Awards and premiums:			
Livestock Breeding Awards and Premiums	221,500	216,664	221,500
Awards and Premiums - Other	368,872	460,153	421,416
Refunds	11,261	292,258	9,374
Allocated Costs	1,668,262	1,695,820	2,041,830
	<u>8,410,085</u>	<u>7,662,119</u>	<u>7,659,040</u>
Total Expenditures			
Deficiency of Revenues under Expenditures	<u>\$ (1,831,003)</u>	<u>\$ (1,896,525)</u>	<u>\$ (1,572,053)</u>

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
NOTES TO COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
For the Two Years Ended September 30, 2019**

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES:

The accompanying schedule of revenues and expenditures (Schedule 1) presents activities directly related to the operations of the Illinois State Fair (ISF) and the fairgrounds. It includes activities in the General Revenue Fund – 0001 and Illinois State Fair Fund – 0438.

Revenues and expenditures are reported on a fair year, October 1 to September 30, and contain activities from more than one State fiscal year. For example, revenues and expenditures for 2019 are for the Fair held in August 2019 but consist of activities from the State Fiscal Years 2019 and 2020.

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

Expenditures consist of fair related expenditures from appropriated accounts from October 1 through September 30, plus accrued expenditures at September 30 of the current year related to the current year's fair less accrued expenditures at September 30 of the prior year related to the prior year's fair. The following is a breakdown of expenditures paid from appropriated accounts during the years ended September 30, 2019, 2018, and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Illinois State Fair Fund:			
Fair	\$ 6,919,923	\$ 5,966,299	\$5,617,208
Non-Fair	<u>560,631</u>	<u>490,420</u>	<u>1,223,293</u>
Totals	<u>\$ 7,480,554</u>	<u>\$ 6,456,719</u>	<u>\$ 6,840,501</u>

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 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 State of 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 appropriation by the General Assembly for the operation of the Illinois State Fair.

4. NON-FAIR REVENUES AND EXPENDITURES:

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

	2019	2018	2017
Revenues	\$ 1,110,187	\$ 966,775	\$ 854,654
Expenditures	560,631	490,420	1,223,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 549,556	\$ 476,355	\$ (368,639)

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
RECONCILIATION OF STATE FAIR AND NON-FAIR REVENUES
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Years Ended September 30, 2019 and 2018**

Total 2019 Illinois State Fair Revenues	<u>\$ 6,579,082</u>
Add:	
Deposits in Transit, Beginning of Period, Fair and Non-Fair	148,539
Adjustments	(3,958)
Current Non-Fair Revenues	1,110,187
Previous Fair Year Event Money	343,588
	<u>1,598,356</u>
Deduct:	
Fair Fund Deposits in Transit, End of Period	122,074
Fair Event Revenue Reconciled After End of Period	98,276
Non-Fair Event Revenue Reconciled After End of Period	-
Receivables	157,529
	<u>377,879</u>
Cash Receipts per State Comptroller	<u><u>\$ 7,799,559</u></u>
Total 2018 Illinois State Fair Revenues	<u>\$ 5,765,594</u>
Add:	
Deposits in Transit, Beginning of Period, Fair and Non-Fair	101,970
Adjustments	(1,470)
Current Non-Fair Revenues	966,775
Previous Fair Year Event Money	416,463
	<u>1,483,738</u>
Deduct:	
Deposits in Transit, End of Period, Fair and Non-Fair	148,539
Fair Event Revenue Reconciled After End of Period	166,021
Receivables	162,955
	<u>477,515</u>
Cash Receipts per State Comptroller	<u><u>\$ 6,771,817</u></u>

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
DETAIL SCHEDULE OF REVENUES
For the Years Ended September 30, 2019, 2018, and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ticket Revenues:			
Gate Admissions	\$ 1,553,718	\$ 1,596,604	\$ 1,757,790
Grandstand Shows	2,631,883	1,878,039	2,184,995
Mega Pass	288,585	292,666	313,770
Camping	241,210	222,395	186,265
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 4,715,396</u>	<u>\$ 3,989,704</u>	<u>\$ 4,442,820</u>
Space Rental Revenues:			
Fees and Commissions from Exhibits, Concessions, and Other Contractors	\$ 809,728	\$ 824,758	\$ 898,859
Carnival	187,515	162,095	52,589
Beer Concessions	108,533	108,569	112,508
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 1,105,776</u>	<u>\$ 1,095,422</u>	<u>\$ 1,063,956</u>
Entry Revenues:			
Regular Entry	\$ 179,825	\$ 185,415	\$ 135,381
Western Horse Shows	36,423	37,260	35,129
Society Horse Shows	55,945	60,405	61,726
Miscellaneous	110,626	165,102	97,468
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 382,819</u>	<u>\$ 448,182</u>	<u>\$ 329,704</u>
Promotion Revenues:			
Sponsorships	\$ 375,091	\$ 232,286	\$ 244,639
Promotions	-	-	5,868
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 375,091</u>	<u>\$ 232,286</u>	<u>\$ 250,507</u>
GRAND TOTAL OF REVENUES	<u>\$ 6,579,082</u>	<u>\$ 5,765,594</u>	<u>\$ 6,086,987</u>

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
PARI-MUTUEL WAGERING RECEIPTS AND EXPENDITURES
For the Years Ended September 30, 2019, 2018, and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts (Net Commissions)	\$29,941	\$22,287	\$27,175
Expenditures	<u>(126,070)</u>	<u>(119,436)</u>	<u>(119,436)</u>
Deficiency of Receipts under Expenditures	<u><u>(\$96,129)</u></u>	<u><u>(\$97,149)</u></u>	<u><u>(\$92,261)</u></u>

Note: The Illinois State Fair contracted with vendors to conduct the pari-mutuel wagering operations at the fair. The Illinois State Fair paid expenditures associated with pari-mutuel wagering. In addition, the Illinois State Fair paid the contracted vendors for the losses on the contracts.

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

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
GRANDSTAND SHOWS REVENUES AND EXPENDITURES
For the Years Ended September 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Ticket Sales	\$ 2,631,883	\$ 1,878,039	\$ 2,184,995
Expenditures:			
Entertainment	2,315,527	1,953,883	2,077,665
Sound/Light/Video	85,050	77,220	77,220
Booking Agent	44,000	40,000	44,000
Stagehands	76,896	67,741	79,390
Ushers/Merchandise Sellers	5,500	5,500	5,500
Catering	34,586	29,508	30,032
Equipment Rental	21,445	18,235	26,402
Grandstand Roof and Backdrop	25,000	25,000	25,000
Transportation	1,243	1,045	1,007
Sign Interpreter for Concert	1,300	2,000	-
Cancelled Event Insurance	58,646	53,964	57,001
Cancelled Event Refunds	10,840	60,668	-
Total Expenditures	<u>2,680,033</u>	<u>2,334,764</u>	<u>2,423,217</u>
Deficiency of Revenues under Expenditures	<u>\$ (48,150)</u>	<u>\$ (456,725)</u>	<u>\$ (238,222)</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:

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

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPETITIVE EVENTS REVENUES AND EXPENDITURES
For the Years Ended September 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Entry Fees	\$ 179,825	\$ 185,415	\$ 135,381
Expenditures:			
Extra Help	48,886	26,416	46,663
Contractual Services	162,198	167,458	208,247
Commodities	75,099	65,064	51,726
Awards and Premiums	<u>510,777</u>	<u>536,647</u>	<u>530,419</u>
Total Expenditures	<u>796,960</u>	<u>795,585</u>	<u>837,055</u>
Deficiency of Revenues under Expenditures	<u>\$ (617,135)</u>	<u>\$ (610,170)</u>	<u>\$ (701,674)</u>

The above represents direct revenues and expenditures related to competitive events held during the 2019, 2018 and 2017 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.
- Portable stall rentals for fairgrounds
- Veterinarian services

Awards & premiums amount does include horse show premiums and special events premiums.

Contractual services does not include judges for horse shows or special events.

Commodities does not include trophies, ribbons, etc. for horse shows or special events (unless noted).

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
DIVISION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended September 30, 2019
(Not Examined)**

GENERAL

The Illinois State Fair (ISF) is an operating division of the Illinois Department of Agriculture (Department) and is located at the State Fairgrounds, 801 East Sangamon Avenue, Springfield, Illinois 62794. The Director of the Department is currently vacant. John Sullivan served as Director from January 21, 2019 to January 12, 2020. Jeremy Flynn is currently serving as Acting Director. The Department is responsible for fulfilling the statutory obligation to hold the annual 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. The Department is responsible for developing long-range operational and building use programs.

The State Fair Act establishes the legal responsibility of the Department. The Department further established Administrative Rules which constitutes its rules and policies governing the operations of the ISF.

The ISF is composed of seven functional areas through which the above objectives can be achieved.

- Office of the State Fair Manager
- Office of the Assistant State Fair Manager
- Space Rental
- Credentials
- Special Events/Sponsorship
- Competitive Events
- Grandstand

A description of each functional area follows:

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

Office of the Assistant State Fair Manager – The Assistant State Fair Manager is responsible for initiating, drafting, and editing contracts for the Fair including, but not limited to, invitation for bid and request for proposal bid contracts, personal services contracts, vendor contracts, and rental agreements. The Assistant State Fair Manager is responsible for assisting in the planning and

execution of a comprehensive advertisement program for the Fair. The Assistant State Fair Manager works with ISF personnel and contracted vendors to resolve any issues that may arise, and is also responsible for the enforcement of Administrative Rules and Regulations, along with the development of policies and procedures. The Assistant State Fair Manager oversees the operation and booking of Director's Lawn Events and Receptions.

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

Credentials – The Credentials Manager position encompasses the following duties: receiving, processing and filling of both paid and non-paid gate and parking credentials; receiving, auditing, processing, and placement of all camping units on the fairgrounds beginning August 1st and continuing through the run of the Fair; advertising and selling of carnival Mega Passes commencing in November and continuing until the last weekend of the Fair; receiving, processing, and assigning golf car rentals along with the required operating permits. This position is also responsible for the supervision of up to fifteen (15) part-time staff.

Special Events/Sponsorships – The Special Events/Corporate Sponsorship Manager is responsible for the following: creation, coordination, and supervision of all special events and contests that occur during the Fair; oversight of special one-day events, including the coordination and supervision of the Fair Parade; acquisition of both cash and in-kind Sponsorship amounts, which encompasses maintaining current sponsor relationships, seeking out new sponsors, and creating new and innovative events that could promote new sponsorships. This position is also responsible for the supervision of up to three part-time staff.

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.

Grandstand – The Grandstand Manager initiates, plans, and directs activities associated with entertainment at the grandstand and other locations throughout the fairgrounds; and assists the Fair Manager in selecting, negotiating, and contracting grandstand artists. The Grandstand Manager is responsible for acquiring, selecting, and contracting free stage and roving grounds entertainment acts.

STRATEGIC PLANNING

The mission of the ISF 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 ISF 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 Fair.
- Increase the number of concessionaires.
- Monitor the appearance of the exhibits.
- 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 has developed a strategic plan that reflects its vision and goals. The Fair is a part of the Department's strategic planning process.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
ANALYTICAL REVIEW OF REVENUES AND EXPENDITURES
For the Two Years Ended September 30, 2019 and 2018
(Not Examined)**

The Illinois State Fair's (ISF) explanations for significant fluctuations in revenue items greater than \$15,000 and 20% from the prior year, and expenditure items greater than \$15,000 and 20% from the prior year, as presented in the Comparative Schedule of Revenues and Expenditures (Schedule 1), are detailed below.

Revenues

Entry revenue increased by \$118,478 or 36% in Fiscal Year 2018. During Fiscal Year 2018, competitive events entries and horse shows had more registrants, permits, and usage of golf carts.

Promotions revenue increased by \$142,805 or 61% in Fiscal Year 2019 due to an increase in sponsorships obtained for the 2019 fair.

Expenditures

Personal services increased by \$116,301 or 100% in Fiscal Year 2018 due to the payroll expenditures being reported under this line instead of under extra help which was used previously. Personal services increased by \$43,483 or 37% in Fiscal Year 2019 due to more activities at the Fairgrounds requiring more employees.

Extra help decreased by \$207,504 and \$32,097 or 87% and 100% in Fiscal Years 2018 and 2019, respectively. This was due to employees that used to be classified under extra help were classified as contractual employees.

Contractual payroll employees increased by \$328,102 and \$479,854 or 1,507% and 137% in Fiscal Year 2018 and 2019, respectively. This was because employees that used to be classified under extra help were classified as contractual employees. In addition, there was a change in funding from the General Revenue Fund to the Agricultural Premium Fund in Fiscal Year 2019.

Contributions – Employee Retirement System decreased by \$49,248 and \$77,246 or 39% and 100%, in Fiscal Years 2018 and 2019, respectively, due to additional contractual employees, resulting in less benefits being paid.

Commodities increased by \$37,706 or 98% in Fiscal Year 2018 due to an increase in registrants and competitions, thus needing more ribbons and trophies.

Printing decreased by \$50,380 or 66% in Fiscal Year 2018. During Fiscal Year 2018, vendors provided more supplies and print shop handled more print requests internally. Printing increased by \$27,270 or 105% in Fiscal Year 2019 due to an increase in packets sent to vendors and more placecards for judging.

Interest decreased by \$164,714 or 100% in Fiscal Year 2018. During Fiscal Year 2018, the budget was passed and bills were paid timely.

Awards and premiums – other decreased by \$91,281 or 20% in Fiscal Year 2019 due to a decrease in the number of paid events during the fair.

Refunds increased by \$282,884 or 3,018% in Fiscal Year 2018 due to the cancellation of a concert and issuing refunds for the tickets sold. Refunds decreased by \$280,997 or 96% in Fiscal Year 2019 due to no major concert cancellation; therefore, less refunds were issued to individuals.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
NUMBER OF EMPLOYEES
For the Years Ended September 30, 2019, 2018, and 2017
(Not Examined)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Full-Time Employees:			
Department:			
Administration	3	3	3
Competitive Events	1	1	1
Fair Activities	3	3	3
	<hr/>	<hr/>	<hr/>
Totals	<u>7</u>	<u>7</u>	<u>7</u>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<u>October* - May</u>	<u>June**</u>	<u>July*** - September</u>
Temporary Employees:			
State Fair - Approximate Number of Employees (2019)	7	31	64
State Fair - Approximate Number of Employees (2018)	5	32	65
State Fair - Approximate Number of Employees (2017)	5	33	155
Bureau of Buildings and Grounds Approximate Number of Employees (2019)	17	53	128
Bureau of Buildings and Grounds Approximate Number of Employees (2018)	14	51	104
Bureau of Buildings and Grounds Approximate Number of Employees (2017)	14	54	116

* October - May - number used is an average of the total from the 8 months

** June - number used is the highest of the 2 pay periods

*** July - September - number used is the highest of these pay periods

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
MISCELLANEOUS OPERATING STATISTICS
For the Years Ended September 30, 2019, 2018, and 2017
(Not Examined)

	2019	2018	2017	% Increase (Decrease) 2019/2018	% Increase (Decrease) 2018/2017
Number of Contracts:					
Concessions	225	222	282	1.35 %	(21.28) %
Exhibits	136	92	98	47.83 %	(6.12) %
Contractual Services	308	78	56	294.87 %	39.29 %
Entertainment	122	123	129	(0.81) %	(4.65) %
Awards and Premiums	14	12	-	16.67 %	100.00 %
Sponsorships	44	24	28	83.33 %	(14.29) %
Tickets Sold:					
Gate Admissions - Tickets	212,064	181,640	207,825	16.75 %	(12.60) %
Grandstand and MPA Shows - Tickets	72,675	52,919	67,365	37.33 %	(21.44) %
Miscellaneous Statistics:					
Estimated Attendance	508,901	369,144	401,648	37.86 %	(8.09) %
Amount of Beer Sold - Kegs	453	418	590	8.37 %	(29.15) %
Amount of Beer Sold - Cases	6,338	6,772	4,833	(6.41) %	40.12 %
Number of Camping - Permits	717	658	599	8.97 %	9.85 %
Number of Parking - Permits	35,706	28,776	36,075	24.08 %	(20.23) %

For 2019, 2018, and 2017, attendance was based on actual numbers for grandstand attendance, concessionaires, exhibitors, and governmental employees. Further estimates were based on vehicles/campers parked on the fairgrounds and perimeter, tickets sold, and revenue generated.