

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

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

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, 2011

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials .....	1
Management Assertion Letter .....	2
Compliance Report	
Summary .....	4
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes .....	6
Schedule of Findings	
Current Finding – State Compliance .....	9
Supplementary Information for State Compliance Purposes	
Summary .....	16
Fiscal Schedules and Analysis	
Comparative Schedule of Revenues and Expenditures .....	17
Notes to Comparative Schedule of Revenues and Expenditures .....	18
Analytical Review of Revenues and Expenditures .....	21
Reconciliation of State Fair Revenues to Deposits Remitted to the Comptroller .....	22
Detail Schedule of Revenues .....	23
Pari-Mutuel Wagering Receipts and Expenditures .....	24
Grandstand Shows Revenues and Expenditures .....	25
Competitive Events Revenues and Expenditures .....	26
Analysis of Operations	
Division Functions and Planning Program .....	27
Number of Employees .....	30
Miscellaneous Operating Statistics (Not Examined) .....	31

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

**AGENCY OFFICIALS**

Executive Director	Mr. Robert F. Flider, Acting (2/15/12 - Current) Mr. H.W. Devlin, Acting (12/17/11 – 2/14/12) Mr. James Larkin, Acting (10/19/11 – 12/16/11) Mr. Thomas Jennings (10/8/08 - 10/18/11)
Chief Fiscal Officer	Ms. Laura A. Lanterman
General Counsel	Ms. Shari West (11/3/11 - Current) Ms. Shari West, Acting (4/1/11 - 11/2/11) Mr. Dominic Saebeler (1/1/10 - 3/31/11) Ms. Margaret Vandijk (6/1/09 - 12/31/09)
Chief Internal Auditor	Mr. Ted Tracey, Acting (8/1/10 - Current)
Fair Manager	Ms. Amy Bliefnick

Illinois State Fair offices are located at:

801 East Sangamon Avenue  
State Fairgrounds  
Springfield, IL 62702



**Pat Quinn, Governor**  
**Robert F. Flider, Acting Director**

**Office of the Director**

State Fairgrounds P.O. Box 19281 Springfield, IL 62794-9281 217/782-2172 TDD 217/524-6858 Fax 217/785-4505

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

May 4, 2012

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

Ladies and Gentlemen:

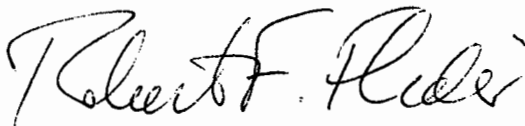
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Agriculture, Illinois State Fair (ISF). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the ISF's compliance with the following assertions during the two-year period ended September 30, 2011. Based on this evaluation, we assert that during the years ended September 30, 2011 and September 30, 2010, the ISF has materially complied with the assertions below.

- A. The ISF 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 ISF 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 ISF has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

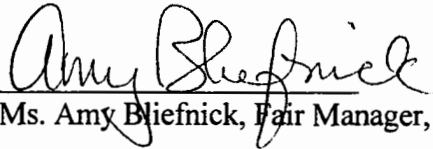
- D. State revenues and receipts collected by the ISF are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
  
- E. Money or negotiable securities or similar assets handled by the ISF on behalf of the State or held in trust by the ISF have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

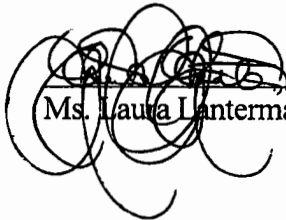
Illinois Department of Agriculture, Illinois State Fair



Mr. Robert F. Flider, Acting Director



Ms. Amy Bliefnick, Fair Manager, Illinois State Fair



Ms. Laura Lanterman, CPA, Chief Fiscal Officer

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

**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.

**ACCOUNTANTS' REPORT**

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

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	6	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	3

**SCHEDULE OF FINDINGS**

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
11-1	9	Lack of written policies and procedures for distribution of grandstand complimentary tickets	Noncompliance and Significant Deficiency
11-2	11	Noncompliance with the Illinois Horse Racing Act of 1975	Noncompliance and Significant Deficiency
11-3	12	Failure to comply with State Fair Act	Noncompliance and Significant Deficiency

11-4	13	Inadequate controls over temporary employee timesheets	Noncompliance and Significant Deficiency
11-5	14	Contracts not signed timely	Noncompliance and Significant Deficiency
11-6	15	Failure to publish professional and artistic contracts	Noncompliance and Significant Deficiency

**EXIT CONFERENCE**

The Department waived an exit conference in correspondence dated March 9, 2012.

Responses to the recommendations were provided by Laura Lanterman in correspondence dated March 16, 2012.



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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 the State of Illinois, Department of Agriculture, Illinois State Fair's (ISF) 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, 2011. The management of the ISF is responsible for compliance with these requirements. Our responsibility is to express an opinion on the ISF's compliance based on our examination.

- A. The ISF 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 ISF 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 ISF 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 ISF 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 ISF on behalf of the State or held in trust by the ISF have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 ISF's compliance with those requirements listed in the first paragraph of this



report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the ISF's compliance with specified requirements.

In our opinion, the ISF complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended September 30, 2011. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 11-1 through 11-6.

### **Internal Control**

Management of the ISF is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the ISF's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the ISF's internal control over compliance.

*A deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 11-1 through 11-6. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

**Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information 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 2011 and 2010 Supplementary Information for State Compliance Purposes, except for information on 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 2009 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 the ISF management, and is not intended to be and should not be used by anyone other than these specified parties.

*Smith LLP*

Springfield, Illinois  
May 4, 2012

**11-1**      **FINDING:**    (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, including maintaining documentation regarding which individuals/entities received the grandstand complimentary tickets and how the sale, barter or exchange of the tickets was necessary for the success of the ISF.

The ISF reserves the right to receive and distribute no more than 250 grandstand complimentary tickets per performance as a part of each performer's contract at no cost to the ISF. The grandstand complimentary tickets are used for advertising, barter or exchange, incentives, VIP's and special requests and are issued at the discretion of the ISF Fair Manager. Of the 2,250 authorized grandstand complimentary tickets, 1,997 tickets, with a retail value of \$54,352, were distributed to various parties during the 2010 and 2011 Illinois State Fair. Of the 1,997 grandstand complimentary tickets distributed, 1,412 (71%), 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 (29%) grandstand complimentary tickets, with a retail value of \$15,512, were distributed to various individuals including the Department of Agriculture Director, the Fair Manager, and the Governor's Office. The ISF failed to maintain a detailed accounting and justification for the distribution of these tickets.

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 (20%) 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.

The State Fair Act (Act) (20 ILCS 210/6) requires the Department of Agriculture to set policies and procedures for the sale, barter, or exchange of tickets and for ticket refunds for cancelled events. The Act (20 ILCS 210/12) further requires that these policies be established by rule, in accordance with the Illinois Administrative Procedure Act. No portions of the Act address the distribution of tickets to advisory board members, charitable organizations, fundraisers, or State employees. In addition, the ISF did not have rules as prescribed by the Act.

ISF officials indicated that not having formal policies and procedures developed and established by rule was due to oversight. ISF officials further stated the distribution of the tickets has been left to the Fair Manager's discretion to strive for the most benefit to the fair in the form of advertising, marketing and promotions.

Complimentary tickets, in general, have a higher inherent risk for misappropriation. Failure to have policies and procedures and documented justifications in place over grandstand complimentary tickets could result in misuse of grandstand complimentary tickets. (Finding Code No. 11-1)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

The Fair agrees with the finding and will develop and implement rules, in accordance with the Illinois Administrative Procedure Act, for the sale, barter or exchange of grandstand complimentary tickets in accordance with the State Fair Act.

**11-2**      **FINDING:**    (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 (Act) concerning the nominating, sustaining and starting fees exceeding 2% of the purse for certain races.

The nominating, sustaining, and starting fees of \$135,510 paid by the entrants for the Illinois State Fair in 2011 amounted to 21% of the \$659,000 purses and exceeded the 2% limit outlined by the Act by approximately \$122,330.

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

ISF officials indicated that the noncompliance with the statute is caused by purses having declined due to budget constraints while nominating fees have not changed.

Failure to comply with the provisions of the Horse Racing Act of 1975 represents noncompliance with State law. (Finding Code No. 11-2)

**RECOMMENDATION:**

We recommend the Illinois State Fair comply with the provisions of the Illinois Horse Racing Act.

**DEPARTMENT RESPONSE:**

The Fair agrees with the finding and will comply with the provisions of the Illinois Horse Racing Act.

**11-3**      **FINDING:**    (Failure to comply with State Fair Act)

The Illinois State Fair (ISF) has not developed or adopted an official plan for the operation of the State Fair and the State Fairgrounds and its facilities.

In addition, the ISF has not developed and adopted or presented to the public an official long range plan regarding the operations and building use of the State Fair and State Fairgrounds.

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

The ISF did have documents for long term capital requests, but these were not part of a “formal” plan which was presented to the public at a public hearing.

ISF officials stated that failure to develop, adopt, and present a plan for the operations of the ISF and its fairgrounds and facilities was due to oversight.

Sound management practices require appropriate short and long range planning. By not preparing such plans, the ISF is not in compliance with the Act. (Finding Code No. 11-3)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

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

**11-4 FINDING:** (Inadequate controls over temporary employee timesheets)

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

During our testing at the 2011 Fair, 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 shift, instead of indicating when the employee arrived for the shift.

Current ISF procedures generally require that a temporary employee sign in and sign out when beginning and ending a shift. Employee supervisors did not ensure these procedures were always followed.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) requires State employees to submit time sheets documenting the time spent each day on official State business; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for a means of compliance with this requirement.

ISF management stated that exceptions were due to temporary employees' not understanding the timekeeping procedures.

Failure to properly complete timesheets could lead to an increased risk of the State compensating employees for time not actually spent at work. (Finding Code No. 11-4)

**RECOMMENDATION:**

We recommend the Illinois State Fair implement additional controls to ensure employee attendance is documented properly on a daily basis.

**DEPARTMENT RESPONSE:**

The Fair agrees with the finding and will implement additional controls to ensure employee attendance is documented properly on a daily basis.

**11-5**      **FINDING:**    (Contracts not signed timely)

The Illinois State Fair (ISF) did not have signed and dated contracts in place with State Fair vendors prior to the vendors performing services at the 2011 Fair.

The ISF entered into contractual agreements with vendors to provide services at the 2010 and 2011 State Fairs. During the fiscal year ended September 30, 2011, we noted 2 out of 30 (7%) contracts tested were not signed and dated before the start of the contract. The contracts were signed between 34 and 38 days late.

The Illinois Procurement Code (30 ILCS 500/20-80(d)) requires that all contracts be reduced to writing and signed by all necessary parties before the services are rendered.

ISF officials stated that failure to execute contracts prior to the start date of the contract is due to the large volume of services procured in a very short time and not having staff available to assign solely to contracts.

Failure to have the contractual agreements signed prior to the performance of services may result in exposing the State to unnecessary legal risks and could result in unnecessary expense. (Finding Code No. 11-5, 09-1)

**RECOMMENDATION:**

We recommend the Illinois State Fair implement procedures to ensure contracts are properly signed and dated before services are rendered.

**DEPARTMENT RESPONSE:**

The Fair agrees with the finding and will implement procedures to ensure contracts are properly signed and dated before services are rendered.



11-6

**FINDING:** (Failure to publish professional and artistic contracts)

The Illinois State Fair (ISF) did not publish professional and artistic contract exceptions in the Illinois Procurement Bulletin as required by the Illinois Procurement Code (Code) (30 ILCS 500/35-35).

We noted the ISF failed to submit professional and artistic contracts exempt from the procurement process to the chief procurement officer for the 2010 or 2011 Fairs to be published in the Illinois Procurement Bulletin. Many of the exempt contracts were for performers. We noted 22 contracts, totaling \$95,840, and 85 contracts, totaling \$156,994, during the 2010 and 2011 Fairs, respectively, that should have been filed with the chief procurement officer for inclusion in the Illinois Procurement Bulletin.

The Illinois Procurement Code (Code) (30 ILCS 500/35-35) allows for sole source, professional and artistic contracts that are nonrenewable, one year or less in duration, and have a value of less than \$20,000 to be exempt from the competitive request for proposal process outlined in 30 ILCS 500/35-30 of the Code. All exceptions granted under 30 ILCS 500/35-35 are to be submitted to the chief procurement officer and published in the Illinois Procurement Bulletin and shall name the authorizing chief procurement officer or State purchasing officer, and shall include a brief explanation of the reason for the exception.

ISF officials stated that contracts were not published due to the State purchasing officer not being aware that it was necessary.

Failure to follow the Code represents noncompliance with State statute and hinders transparency in the procurement process. Publishing professional and artistic procurement exemptions in the Illinois Procurement Bulletin helps to notify future potential parties of interest in fair activities and establishes a mechanism for achieving the most cost-effective price for such contracts. (Finding Code No. 11-6)

**RECOMMENDATION:**

We recommend the Illinois State Fair implement procedures to ensure professional and artistic contracts are published on the Illinois Procurement Bulletin as required by the Illinois Procurement Code.

**DEPARTMENT RESPONSE:**

The Fair agrees with the finding and will implement procedures to ensure professional and artistic contracts are published on the Illinois Procurement Bulletin as required by the Illinois Procurement Code.

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

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

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

- Analysis of Operations:

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

The accountants' 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 on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
For the Years Ended September 30, 2011, 2010, and 2009

	2011	2010	2009
<b>Revenues:</b>			
Tickets	\$ 3,182,570	\$ 2,590,198	\$ 2,368,949
Space rental	1,155,656	1,127,131	1,152,524
Entry	385,635	348,824	340,830
Promotions	296,379	310,842	347,008
<b>Total revenues</b>	<b>5,020,240</b>	<b>4,376,995</b>	<b>4,209,311</b>
<b>Expenditures:</b>			
Personal services	523,011	426,428	508,957
Extra help	209,066	245,868	177,172
Contractual payroll employees	46,356	88,624	28,121
Contributions - employee retirement system	169,561	197,232	169,633
Contributions - social security	58,069	56,283	53,801
Group insurance	83,098	83,184	99,178
Contractual services	2,900,854	2,112,500	2,458,953
Travel	2,699	1,462	3,377
Commodities	54,193	87,538	51,795
Printing	61,107	37,941	42,110
Equipment	18,385	-	235
Telecommunications	91,343	103,454	116,412
Operation of automotive equipment	1,165	-	-
Interest	-	88	-
Promotions	-	69	34,176
<b>Awards and premiums:</b>			
Harness racing	82,062	184,258	194,315
Livestock breeding	216,035	176,918	204,056
Other	416,831	459,467	470,334
Permanent improvements	35,665	2,221	-
Refunds	12,423	301,622	9,303
Allocated costs	2,811,887	2,111,358	2,371,299
<b>Total expenditures</b>	<b>7,793,810</b>	<b>6,676,515</b>	<b>6,993,227</b>
<b>Deficiency of revenues under expenditures</b>	<b>\$ (2,773,570)</b>	<b>\$ (2,299,520)</b>	<b>\$ (2,783,916)</b>

See notes to comparative schedule of revenues and expenditures.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**NOTES TO COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
For the Two Years Ended September 30, 2011

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES:

The accompanying schedule of revenues and expenditures (Schedule) presents activity directly related to the operations of the Illinois State Fair (ISF) and the fairgrounds. It includes activity in the General Revenue Fund – 0001, the Illinois State Fair Fund – 0438, and the State Fair Promotional Activities Fund – 0835.

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 2011 are for the fair held in August 2011, but consist of activity from the State fiscal years 2011 and 2012.

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

Expenditures consist of fair related expenditures from appropriated accounts from October 1 through September 30, plus accrued expenditures after September 30 of the current year related to the current year's fair less accrued expenditures at September 30 of the prior year related to the prior year's fair. The following is a breakdown of expenditures paid from appropriated accounts during the years ended September 30, 2011, 2010, and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Illinois State Fair Fund:			
Fair	\$ 4,686,093	\$ 4,165,238	\$ 4,154,432
Non-Fair	897,620	1,108,684	1,334,335
General Revenue Fund	295,830	399,850	433,265
Promotional Fund	-	69	34,176
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 5,879,543</u>	<u>\$ 5,673,841</u>	<u>\$ 5,956,208</u>

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 Illinois State Fair. The allocated costs included in the Schedule are based on a cost study performed by an independent contractor hired by the Fair to ascertain an estimate of such costs. A summary of these allocated costs is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Buildings and grounds direct costs	\$ 2,465,793	\$ 1,826,640	\$ 2,088,419
Other bureau direct costs	66,310	56,893	61,165
Indirect costs	279,784	227,825	221,715
Totals	<u>\$ 2,811,887</u>	<u>\$ 2,111,358</u>	<u>\$ 2,371,299</u>

Revenue and expenditures for non-fair activities held at the State fairgrounds are excluded from the Schedule even though both fair and non-fair activities are appropriated and expended within the same fund – Fund 0438, Illinois State Fair Fund.

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

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

The fiscal schedules and analysis of other special revenue funds, including the Illinois Standardbred Breeders Fund – 0708 and the Illinois Thoroughbred Breeders Fund – 0709, relating to the 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 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.”

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 from 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>2011</u>	<u>2010</u>	<u>2009</u>
Revenues	\$ 1,004,998	\$ 1,130,755	\$ 1,296,341
Expenditures	<u>897,620</u>	<u>1,108,684</u>	<u>1,334,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 107,378</u>	<u>\$ 22,071</u>	<u>\$ (37,994)</u>

5. PRIOR YEAR EXPENDITURES

Certain amounts from the 2009 Compliance Examination have been changed to correct for expenditures previously omitted.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**ANALYTICAL REVIEW OF REVENUE AND EXPENDITURES**  
For the Two Years Ended September 30, 2011

The scope of the analytical review explains any increase or decrease of revenue items which vary by 10% or more and \$25,000 from the prior year and expenditure items which vary by 20% or more and \$60,000 from the prior year.

Revenues

Tickets revenues increased \$592,372 (23%) from fiscal year 2010 to 2011 due to a sold out Grandstand show and no show cancellation in 2011.

Entry revenues increased \$36,811 (11%) from fiscal year 2010 to 2011 due to a reclassification of golf cart rental fees from Non-Fair to Fair.

Promotions revenues decreased \$36,166 (10%) from fiscal year 2009 to 2010 as a result of a decrease in sponsorship revenue and souvenirs sold.

Expenditures

Personal services expenditures increased \$96,583 (23%) from fiscal year 2010 to 2011 due to an increase in the number of temporary employees in 2011.

Extra help expenditures increased \$68,696 (39%) from fiscal year 2009 to 2010 due to an increase in the number of temporary employees in fiscal year 2010.

Contractual payroll employees expenditures increased \$60,503 (215%) from fiscal year 2009 to 2010 due to an increase in the number of contractual temporary employees in fiscal year 2010.

Contractual services expenditures increased \$788,354 (37%) from fiscal year 2010 to 2011 as a result of entertainment payments and a payment to Maywood Park Trotting Association, which had previously been paid from the General Revenue Fund. Additionally, during 2010 two Grandstand shows had been cancelled, resulting in lower contractual services expenditures.

Harness racing awards and premiums expenditures decreased \$102,196 (55%) from fiscal year 2010 to 2011 as a result of a Maywood Park Trotting Association payment being made from the Contractual Services expenditure line item instead of the Harness Racing awards and premiums line item.

Refunds expenditures decreased \$289,199 (96%) from fiscal year 2010 to 2011 and increased \$292,319 (3,142%) from fiscal year 2009 to 2010 as a result of the cancellation of two Grandstand shows in fiscal year 2010.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**RECONCILIATION OF STATE FAIR REVENUES  
TO DEPOSITS REMITTED TO THE COMPTROLLER**  
For the Years Ended September 30, 2011 and 2010

Total 2011 Illinois State Fair revenues	<u>\$</u>	<u>5,020,240</u>
Add:		
Deposits in transit, beginning of period 09/30/10		57,816
Adjustments		9,365
Previous fair year money		<u>159,277</u>
		<u>226,458</u>
Deduct:		
Deposits in transit, end of period 09/30/11		38,052
Revenue received after 9/30/11		12,583
Receivables		<u>153,095</u>
		<u>203,730</u>
Cash receipts per Comptroller	<u>\$</u>	<u>5,042,968</u>
Total 2010 Illinois State Fair revenues	<u>\$</u>	<u>4,376,995</u>
Add:		
Deposits in transit, beginning of period 09/30/09		37,988
Adjustments		303
Previous fair year money		<u>135,013</u>
		<u>173,304</u>
Deduct:		
Deposits in transit, end of period 09/30/10		57,816
Revenue received after 9/30/10		121,539
Receivables		<u>66,463</u>
		<u>245,818</u>
Cash receipts per Comptroller	<u>\$</u>	<u>4,304,481</u>



STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**DETAIL SCHEDULE OF REVENUES**  
For the Years Ended September 30, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Ticket revenues:</b>			
Gate admissions	\$ 1,355,328	\$ 1,249,104	\$ 1,267,895
Grandstand shows	1,364,257	932,913	718,804
Mega pass	347,025	307,661	274,880
Camping	<u>115,960</u>	<u>100,520</u>	<u>107,370</u>
<b>Totals</b>	<b><u>\$3,182,570</u></b>	<b><u>\$2,590,198</u></b>	<b><u>\$2,368,949</u></b>
 <b>Space rental revenues:</b>			
Fees and commissions from exhibits, concessions, and other contractors	\$ 652,402	\$ 682,918	\$ 701,595
Carnival	366,352	322,986	312,779
Beer concessions	<u>136,902</u>	<u>121,227</u>	<u>138,150</u>
<b>Totals</b>	<b><u>\$ 1,155,656</u></b>	<b><u>\$ 1,127,131</u></b>	<b><u>\$ 1,152,524</u></b>
 <b>Entry revenues:</b>			
Regular entry	\$ 139,827	\$ 138,323	\$ 137,193
Western horse shows	32,460	32,725	33,015
Society horse shows	57,986	64,633	65,909
Miscellaneous	<u>155,362</u>	<u>113,143</u>	<u>104,713</u>
<b>Totals</b>	<b><u>\$ 385,635</u></b>	<b><u>\$ 348,824</u></b>	<b><u>\$ 340,830</u></b>
 <b>Promotion revenues:</b>			
Sponsorships	\$ 290,380	\$ 291,447	\$ 321,871
Promotions	<u>5,999</u>	<u>19,395</u>	<u>25,137</u>
<b>Totals</b>	<b><u>\$ 296,379</u></b>	<b><u>\$ 310,842</u></b>	<b><u>\$ 347,008</u></b>

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**PARI-MUTUEL WAGERING RECEIPTS AND EXPENDITURES**  
For the Years Ended September 30, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Receipts (net commissions)	\$ 117,328	\$ 105,579	\$ 113,511
Expenditures	<u>(200,106)</u>	<u>(207,775)</u>	<u>(229,162)</u>
Deficiency of receipts under expenditures	<u>\$ (82,778)</u>	<u>\$ (102,196)</u>	<u>\$ (115,651)</u>

Note: The Fair contracted with Maywood Park Trotting Association in 2011, 2010, and 2009 to conduct the pari-mutuel wagering operations at the Illinois State Fair. Maywood collected receipts and paid expenditures associated with pari-mutuel wagering in 2011, 2010, and 2009. The ISF paid Maywood \$82,778, \$102,196 and \$115,651 for losses on the 2011, 2010, and 2009 contracts, respectively.

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

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**GRANDSTAND SHOWS REVENUES AND EXPENDITURES**  
For the Years Ended September 30, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Ticket sales	\$ 1,364,257	\$ 932,913	\$ 718,804
Expenditures:			
Entertainment	1,217,008	575,055	780,000
Ticket contractor	518	-	-
Sound/light/video	83,250	79,750	43,900
Booking agent	38,250	34,000	19,500
Stagehands	150,000	147,301	135,264
Ushers/merchandise sellers	2,000	4,500	4,500
Catering	27,972	26,047	18,045
Equipment rental	10,430	-	-
Grandstand roof and backdrop	25,000	20,000	19,500
Transportation	1,039	3,211	1,304
Cancelled event refunds	-	297,177	-
Total expenditures	<u>1,555,467</u>	<u>1,187,041</u>	<u>1,022,013</u>
Deficiency of revenues under expenditures	<u>\$ (191,210)</u>	<u>\$ (254,128)</u>	<u>\$ (303,209)</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, booking, maintenance, and overhead.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**COMPETITIVE EVENTS REVENUES AND EXPENDITURES**  
For the Years Ended September 30, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Entry fees	<u>\$ 139,827</u>	<u>\$ 138,323</u>	<u>\$ 137,193</u>
Expenditures:			
Extra help	35,330	35,065	31,688
Contractual services	185,223	182,285	182,976
Commodities	35,847	32,342	25,064
Awards and premiums	<u>540,866</u>	<u>520,334</u>	<u>525,917</u>
Total expenditures	<u>797,266</u>	<u>770,026</u>	<u>765,645</u>
Deficiency of revenues under expenditures	<u><u>\$ (657,439)</u></u>	<u><u>\$ (631,703)</u></u>	<u><u>\$ (628,452)</u></u>

The above represents direct revenues and expenditures related to competitive events held during the 2011, 2010, and 2009 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.

Awards and premiums do not include \$25,000 of expenditures related strictly to the Society & Western horse shows but include other horse show premiums.

Contractual services does not include judges for horse shows.

Commodities does not include trophies, ribbons, etc. for horse shows or special events.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
ANALYSIS OF OPERATIONS  
**DIVISION FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended September 30, 2011

GENERAL

The Illinois State Fair (ISF) is an operating entity of the Department of Agriculture and is located at the State Fairgrounds, 801 East Sangamon Avenue, Springfield, Illinois 62794. The Director (Acting) of the Department of Agriculture is Robert F. Flider. The Department is responsible for fulfilling the statutory obligation to hold the annual ISF. The ISF 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 of Agriculture is responsible for developing long-range operational and building use programs.

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

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

Space Rental – The Space Rental Manager assists in evaluation, developing, revising, and implementing policies and procedures associated with the operation of the ISF 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 ISF. The Entertainment Manager is responsible for the entertainment activities at the grandstand and other location throughout the fairgrounds. Grandstand activities include the operation and administration of ticket sales in the grandstand ticket office.

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

Support Services – the Support Services Manager is responsible for initiating, drafting, and editing all contracts for the ISF 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 ISF. 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 ISF.

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 ISF, 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 ISF, 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 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 of Agriculture 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 of Agriculture has developed a strategic plan that reflects the vision and goals of the agency. The ISF is a part of the Department of Agriculture's strategic planning process. The strategic plan is reviewed on an ongoing basis.

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**NUMBER OF EMPLOYEES**  
For the Years Ended September 30, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Average Full-Time Employees:</b>			
<b>Department:</b>			
Administration	4	4	4
Competitive Events	1	1	1
Fair Activities	<u>2</u>	<u>2</u>	<u>2</u>
<b>Totals</b>	<b><u>7</u></b>	<b><u>7</u></b>	<b><u>7</u></b>
	<u>Sept - May</u>	<u>June</u>	<u>July - August</u>
<b>Temporary Employees:</b>			
State Fair - Approximate Number of Employees (2011)	7	31	128
State Fair - Approximate Number of Employees (2010)	7	32	128
State Fair - Approximate Number of Employees (2009)	6	31	119
Bureau of Buildings and Grounds Approximate Number of Employees (2011)	8	12	239
Bureau of Buildings and Grounds Approximate Number of Employees (2010)	3	12	170
Bureau of Buildings and Grounds Approximate Number of Employees (2009)	8	82	159



STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
ILLINOIS STATE FAIR  
**MISCELLANEOUS OPERATING STATISTICS**  
For the Years Ended September 30, 2011, 2010, and 2009  
(Not Examined)

	2011	2010	2009	% Increase (Decrease) 2011/2010	% Increase (Decrease) 2010/2009
<b>Number of Contracts:</b>					
Concessions	323	318	318	1.6 %	- %
Exhibits	153	160	144	(4.4)	11.1
Contractual services	41	41	50	-	(18.0)
Entertainment	130	114	96	14.0	18.8
Awards and premiums	5	4	4	25.0	-
Sponsorships	9	23	39	(60.9)	(41.0)
<b>Tickets Sold:</b>					
Gate admissions - tickets	279,214	255,531	265,266	9.3	(3.7)
Grandstand & MPA shows - tickets	58,170	54,858	35,586	6.0	54.2
<b>Miscellaneous Statistics:</b>					
Estimated attendance	817,000	750,000	749,000	8.9	0.1
Amount of beer sold - kegs	707	490	752	44.3	(34.8)
Amount of beer sold - cases	7,227	10,954	11,276	(34.0)	(2.9)
Number of camping permits	658	594	615	10.8	(3.4)
Number of parking permits	35,370	31,603	29,842	11.9	5.9

For 2011, 2010, and 2009 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 revenue generated.