

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

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STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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	Mr. John Rednour, Jr.

Department offices are located at:

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

DuQuoin State Fair offices are located at:

655 Executive Drive
DuQuoin, IL 62832-3850



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:

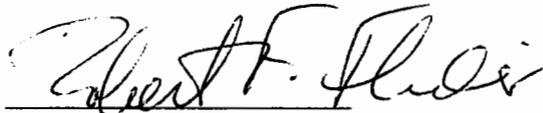
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Agriculture, DuQuoin State Fair (DSF). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the DSF'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 DSF has materially complied with the assertions below.

- A. The DSF has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The DSF has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The DSF has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

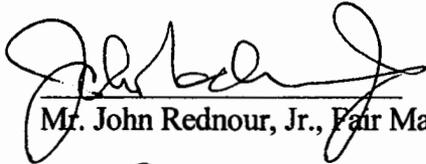
- D. State revenues and receipts collected by the DSF are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the DSF on behalf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

Yours very truly,

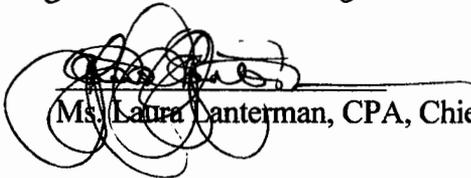
Illinois Department of Agriculture, DuQuoin State Fair



Mr. Robert F. Flider, Acting Director



Mr. John Rednour, Jr., Fair Manager, DuQuoin State Fair



Ms. Laura Lanterman, CPA, Chief Fiscal Officer

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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	5	2
Repeated findings	0	0
Prior recommendations implemented or not repeated	2	0

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
11-1	9	Issuance of complimentary grandstand tickets in excess of contracts	Noncompliance and Significant Deficiency
11-2	11	Failure to reconcile grandstand ticket sales	Noncompliance and Significant Deficiency
11-3	12	Noncompliance with Illinois Horse Racing Act of 1975	Noncompliance and Significant Deficiency

11-4	13	Failure to comply with State Fair Act	Noncompliance and Significant Deficiency
11-5	14	Failure to publish professional and artistic contracts	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A.	15	Contracts not signed timely
B.	15	Non-paid credential form missing information

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, DuQuoin State Fair's (DSF) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended September 30, 2011. The management of the DSF is responsible for compliance with these requirements. Our responsibility is to express an opinion on the DSF's compliance based on our examination.

- A. The DSF has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The DSF has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The DSF has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the DSF are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the DSF on behalf of the State or held in trust by the DSF have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, the DSF complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended September 30, 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 11-5.

Internal Control

Management of the DSF is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the DSF's internal control over compliance with the requirements listed in the first paragraph of this report 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 DSF'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 11-5. *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 DSF's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the DSF's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information 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 DSF management, and is not intended to be and should not be used by anyone other than these specified parties.

Achub LLP

Springfield, Illinois
May 4, 2012

11-1 FINDING: (Issuance of grandstand complimentary tickets in excess of contracts)

The DuQuoin State Fair (DSF) issued grandstand complimentary tickets for the 2011 Fair in excess of the amount allotted by the applicable performer's contract.

The DSF 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 DSF. The grandstand complimentary tickets are used by the Fair for advertising, barter or exchange, incentives, VIP's, and special requests. The DSF distributed 132 additional grandstand complimentary tickets, with an approximate value of \$4,520, in excess of the 750 limit allotted for three performances. The DSF also issued 72 complimentary grandstand tickets, with an approximate value of \$1,960 to a corporate sponsor in return for promotional activities; however, this exchange transaction was not specifically addressed in the corporate sponsor's contract with the DSF. Good business practices dictate monitoring and adhering to applicable contract terms.

We also noted the DSF has not developed formalized written policies and procedures regarding the issuance of 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. Although the DSF did document the disposition of all complimentary tickets, the DSF did not have rules as prescribed by the Act.

DSF officials stated that complimentary tickets exceeding the 250 per grandstand show was due to oversight. The seventy-two issued without being included in the sponsor's contract was due to an error in the writing of the contract. DSF was not aware of the need to establish written policies and procedures regarding the issuance of complimentary tickets.

Complimentary tickets, in general, have a higher inherent risk for misappropriation. Failure to adequately monitor the issuance of complimentary tickets could result in misuse of grandstand complimentary tickets. Furthermore, failure to establish written policies and procedures regarding the issuance of complementary tickets is in noncompliance with the Act. (Finding Code No. 11-1)

RECOMMENDATION:

We recommend the DuQuoin 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. In addition, we recommend the DuQuoin State Fair comply with the terms of the entertainment contracts and modify contract terms to address the exchange of grandstand tickets for promotional activities when necessary.

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 and will ensure that it complies with the terms of the entertainment contracts or modifies the contracts when needed.

11-2 FINDING: (Failure to reconcile grandstand ticket sales)

The DuQuoin State Fair (DSF) does not perform a reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts or to the total grandstand deposits recorded by the State Comptroller.

The Department of Agriculture contracts with Ticketmaster to provide the ticket selling equipment and the ticket sales reporting system for all grandstand shows. We noted the DSF failed to reconcile total grandstand ticket sales reported by Ticketmaster to the total ticket sales recorded by the DSF ticket office. The unreconciled difference indicated that sales reported by the DSF ticket office exceeded sales reported by Ticketmaster by \$2,710. Additionally, we noted the DSF failed to reconcile grandstand ticket sales reported by the DSF ticket office to total grandstand deposits recorded by the State Comptroller. The unreconciled difference indicated that sales reported by the DSF ticket office exceeded receipts deposited by \$2,830.

The Statewide Accounting Management System (Procedure 25.40.20) requires a monthly reconciliation of receipts to receipt account records maintained by the Office of the Comptroller to ensure the early detection and correction of errors. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

DSF officials stated that they believed that the inability to reconcile ticket sales was tied to tickets that were put on hold but never purchased. Attempts to reconcile this were unsuccessful however.

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

RECOMMENDATION:

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

DEPARTMENT RESPONSE:

The Fair agrees with the finding and will perform a monthly reconciliation of total grandstand tickets sales reported by Ticketmaster to the Fair's ticket office receipts and to the total grandstand deposits recorded by the State Comptroller.

11-3 FINDING: (Noncompliance with the Illinois Horse Racing Act of 1975)

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

The DSF held only 3 days of horse racing events in 2010 and 2011. Additionally, the nominating, sustaining, and starting fees of \$52,050 paid by the entrants for the DSF in 2011 amounted to 15% of the \$352,000 purses and exceeded the 2% limit outlined by the Act by approximately \$45,010.

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, that at least a 5 day racing program shall be conducted at the State Fair each year and provide 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.

DSF officials stated 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 Illinois Horse Racing Act of 1975 represents noncompliance with State law. (Finding Code No. 11-3)

RECOMMENDATION:

We recommend the DuQuoin 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.

11-4 **FINDING:** (Failure to comply with State Fair Act)

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

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

DSF officials stated that the DSF has had Capital Development Board provide a “project survey” of all buildings and grounds on the DSF but has not prepared a formal long-range plan from that.

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

RECOMMENDATION:

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

DEPARTMENT RESPONSE:

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

11-5 **FINDING:** (Failure to publish professional and artistic contracts)

The DuQuoin State Fair (DSF) 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 DSF failed to submit professional and artistic contracts exempt from the procurement process to the chief procurement officer for the 2010 and 2011 Fairs to be published in the Illinois Procurement Bulletin. Many of the exempt contracts were for performers. We noted 13 contracts, totaling \$130,500, and 16 contracts, totaling \$92,816, 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.

DSF officials stated professional and artistic procurements less than \$20,000, one year or less in duration, and non-renewable have been categorized as small purchases and as such not published in the Illinois Procurement Bulletin.

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. 11-5)

RECOMMENDATION:

We recommend the DuQuoin 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.

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

A. FINDING: (Contracts not signed timely)

During the prior engagement period, the DuQuoin State Fair (DSF) did not have signed and dated contracts or proof of insurance in place with DSF vendors prior to performing services at the 2009 and 2008 DSF.

During the current period, our testing indicated that the DSF implemented procedures to ensure that the contracts examined were signed and dated prior to the performance of services for the 2011 and 2010 DSF. (Finding Code No. 09-1)

B. FINDING: (Non-paid credential form missing information)

During the prior engagement period, the DuQuoin State Fair (DSF) did not document the purpose for issuing non-paid credentials on the requisition forms.

During the current period, our testing indicated that all issuances of non-paid credentials were properly documented on the non-paid credential requisition forms. (Finding Code No. 09-2)

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

	2011	2010	2009
Revenues:			
Tickets	\$ 733,911	\$ 723,601	\$ 423,309
Space rental	582,029	649,500	569,772
Entry	17,338	28,604	27,233
Sponsorship	14,290	-	-
Total revenues	1,347,568	1,401,705	1,020,314
Expenditures:			
Personal services	503,607	432,408	268,422
Contractual payroll employees	7,857	34,548	84,907
Contributions - employee retirement system	-	-	8,507
Contributions - social security	43,806	35,402	26,942
Contractual services	490,178	473,777	404,582
Travel	-	-	980
Commodities	23,824	21,830	5,728
Printing	4,989	5,837	5,740
Equipment	950	133	-
Telecommunications	28,152	27,095	25,748
Interest	-	3,251	4,959
Fair entertainment	579,819	497,849	333,618
Awards and premiums	35,534	78,040	119,295
Financial assistance	-	4,698	432,068
Total expenditures	1,718,716	1,614,868	1,721,496
Deficiency of revenues under expenditures	\$ (371,148)	\$ (213,163)	\$ (701,182)

See notes to comparative schedule of revenues and expenditures.

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

1. **SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES:**

The accompanying schedule of revenues and expenditures (Schedule) presents activity directly related to the operations of the DuQuoin State Fair (DSF). It includes activity in the Agricultural Premium Fund – 0045 and the General Revenue Fund – 0001.

Revenues and expenditures are based on a fair year, October 1 to September 30, and contain activity from more than one State fiscal year. For example, revenues and expenditures for 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 Schedule does not include all Department of Agriculture (Department) expenses related to fair activity (i.e., Department Officials' payroll expenses for work pertaining to the fairs, administrative overhead expenses relating to the fairs incurred by divisions other than the Division of Fairs and Horseracing, and capital improvements made to the Fairgrounds from appropriations to the Department of Agriculture and the Capital Development Board) due to management's difficulty of ascertaining, estimating, and allocating these expenses.

Revenue and expenditures for non-fair activities held at the DuQuoin State fairgrounds are excluded from the comparative Schedule. See Note 3.

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 DuQuoin State Fair are not included in this report. The fiscal schedules and analysis of these funds are included in the compliance examination of the Department of Agriculture.

3. NON-FAIR REVENUES AND EXPENDITURES:

Non-fair expenditures from the Agricultural Premium Fund for each June 30 fiscal year are limited to non-fair revenues for the preceding fiscal year ended June 30 plus any unspent balances from preceding periods, not exceeding the amount appropriated. Non-fair revenues and expenditures from the Agricultural Premium Fund for fiscal years ended September 30 were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues	\$ 692,833	\$ 572,172	\$ 421,112
Expenditures	<u>524,962</u>	<u>383,505</u>	<u>515,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 167,871</u>	<u>\$ 188,667</u>	<u>\$ (94,624)</u>

4. 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
DUQUOIN 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 \$15,000 from the prior year and expenditure items which vary by 20% or more and \$40,000 from the prior year.

Revenues

Ticket revenues increased \$300,292 (71%) from fiscal year 2009 to 2010 due to additional grandstand entertainment provided, resulting also in an increase in parking and camping fees.

Space rental revenues increased \$79,728 (14%) from fiscal year 2009 to 2010 due to an increase in space rental rates in fiscal year 2010.

Space rental revenues decreased \$67,471 (10%) from fiscal year 2010 to 2011 due to a change in the classification of advertising revenues from 2010 to 2011, along with a decrease in fee rates for concessions and exhibits and the rebidding of the certain contracts.

Expenditures

Personal services expenditures increased \$163,986 (61%) from fiscal year 2009 to 2010 due to an increase in the number of temporary employees in 2010.

Contractual payroll employees expenditures decreased \$50,359 (59%) from fiscal year 2009 to 2010 due to an increase in the number of temporary employees and the simultaneous decrease in contractual employees in fiscal year 2010.

Fair entertainment expenditures increased \$164,231 (49%) from fiscal year 2009 to 2010 due to an increase in fiscal year 2011 appropriations to provide additional entertainment.

Awards and premiums expenditures decreased \$41,255 (35%) from fiscal year 2009 to 2010 and decreased \$42,506 (54%) from fiscal year 2010 to 2011 due to a decrease in the values of premiums awarded.

Financial assistance expenditures decreased \$427,370 (99%) from fiscal year 2009 to 2010 due to the elimination of related fiscal year 2010 appropriations.

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

Total 2011 DuQuoin State Fair revenues	<u>\$</u>	<u>1,347,568</u>
Add:		
Deposits in transit, beginning of period 09/30/10		7,190
Previous fair year money		<u>12,070</u>
		<u>19,260</u>
Deduct:		
Deposits in transit, end of period 09/30/11		4,585
Revenue received after 9/30/11		4,895
Adjustments		43
Receivables		<u>5,455</u>
		<u>14,978</u>
Cash receipts per Comptroller	<u>\$</u>	<u>1,351,850</u>
Total 2010 DuQuoin State Fair revenues	<u>\$</u>	<u>1,401,705</u>
Add:		
Deposits in transit, beginning of period 09/30/09		5,538
Previous fair year money		<u>12,451</u>
		<u>17,989</u>
Deduct:		
Deposits in transit, end of period 09/30/10		7,190
Revenue received after 9/30/10		(10,927)
Adjustments		62
Receivables		<u>582</u>
		<u>(3,093)</u>
Cash receipts per Comptroller	<u>\$</u>	<u>1,422,787</u>

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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>
Ticket revenues:			
Parking admissions	\$ 287,339	\$ 309,543	\$ 214,070
Grandstand shows	367,960	329,626	144,242
Camping	<u>78,612</u>	<u>84,432</u>	<u>64,997</u>
Totals	<u>\$ 733,911</u>	<u>\$ 723,601</u>	<u>\$ 423,309</u>
 Space rental revenues:			
Fees and commissions from exhibits, concessions, and other contractors	\$ 352,317	\$ 382,368	\$ 305,362
Carnival	196,903	231,142	236,698
Beer concessions	<u>32,809</u>	<u>35,990</u>	<u>27,712</u>
Totals	<u>\$ 582,029</u>	<u>\$ 649,500</u>	<u>\$ 569,772</u>
 Entry revenues:			
Regular entry	<u>\$ 17,338</u>	<u>\$ 28,604</u>	<u>\$ 27,233</u>
 Sponsorship revenues:			
Sponsorship	<u>\$ 14,290</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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)	\$ 39,607	\$ 35,025	\$ 97,982
Expenditures	<u>(120,329)</u>	<u>(116,876)</u>	<u>(200,732)</u>
Deficiency of receipts under expenditures	<u>\$ (80,722)</u>	<u>\$ (81,851)</u>	<u>\$ (102,750)</u>

Note: The DuQuoin State Fair contracted with Maywood Park Trotting Association in 2011, 2010, and 2009 to conduct the pari-mutuel wagering operations at the DuQuoin State Fair. Maywood collected receipts and paid expenditures associated with pari-mutuel wagering in 2011, 2010, and 2009. The DuQuoin State Fair paid Maywood \$80,722, \$81,851 and \$102,750 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
DUQUOIN 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	<u>\$ 367,960</u>	<u>\$ 329,626</u>	<u>\$ 144,242</u>
Expenditures:			
Entertainment	388,700	366,500	171,675
Sound and light	51,300	51,300	65,900
Stagehands	50,972	53,291	48,374
Catering	6,036	7,912	5,543
Equipment rental	-	1,500	-
Transportation	901	1,526	-
Ushers	4,566	2,570	-
Turnstiles	1,516	1,660	-
Backstage coordinator	2,700	2,800	-
Security	6,315	2,258	-
Information booths	1,568	-	-
Interpreters	2,778	2,566	-
Announcer	<u>1,500</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>518,852</u>	<u>493,883</u>	<u>291,492</u>
Deficiency of revenues under expenditures	<u>\$ (150,892)</u>	<u>\$ (164,257)</u>	<u>\$ (147,250)</u>

The above represents direct revenues and expenditures related to the grandstand shows.

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

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

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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>\$ 17,338</u>	<u>\$ 28,604</u>	<u>\$ 27,233</u>
Expenditures:			
Extra help	16,296	24,288	-
Contractual services	10,840	22,156	6,247
Commodities	1,319	3,612	-
Awards and premiums	<u>34,288</u>	<u>77,400</u>	<u>113,809</u>
Total expenditures	<u>62,743</u>	<u>127,456</u>	<u>120,056</u>
Deficiency of revenues under expenditures	<u><u>\$ (45,405)</u></u>	<u><u>\$ (98,852)</u></u>	<u><u>\$ (92,823)</u></u>

The above represents direct revenues and expenditures related to competitive events held during the 2011, 2010, and 2009 DuQuoin State Fairs. Entry fees include fees directly related to the Fair and do not include entry fees for special events.

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

- Concessions
- Parking
- Facility costs and overhead
- Fair personnel costs related to competitive events, maintenance, and overhead.

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

General

The DuQuoin State Fair (DSF) is an operating entity of the Department of Agriculture. The DSF is located at the DuQuoin State Fairgrounds, 655 Executive Drive, DuQuoin, Illinois 62832-3850. The Director (Acting) of the Department of Agriculture is Robert F. Flider. The DSF is held to promote agriculture and the agriculture industry, and to provide for exhibits and activities in the fields of industry, education, arts and crafts, labor, entertainment and other areas of interest to the people of Southern Illinois. The Department of Agriculture is responsible for developing long-range operational and building use programs.

The State Fair Act establishes the legal responsibility of the Department of Agriculture. The Department of Agriculture establishes the rules and policies governing the operations of the DuQuoin State Fair. These rules and policies were adopted by the DuQuoin State Fair.

The DuQuoin State Fair is composed of three functional areas through which the above objectives can be achieved:

- Office of the DuQuoin State Fair Manager
- Space Rental
- Competitive Events

Operation of the DSF is financed through appropriations approved by the General Assembly and funded from the General Revenue Fund and the Agricultural Premium Fund. A description of each functional area follows:

Office of the DuQuoin State Fair Manager – The State Fair Manager provides centralized management for the DSF and is primarily responsible for its adherence to the provisions of the DuQuoin State Fair Act. The manager promotes the utilization of fairground facilities throughout the year and develops a plan for the operation of the DSF. The manager also plans and provides general management responsibilities to all horse-related events and is responsible for promoting, soliciting, scheduling, and coordinating all programs for the usage of buildings and grounds. Other duties include general responsibility for the initiating, drafting, and executing of all DSF contracts, enforcing Administrative Rules and Regulations, and developing policies and procedures for the issuance of non-paid credentials. The DuQuoin State Fair Manager is John Rednour, Jr.

Space Rental – The Space Rental Manager assists in evaluating, developing, revising, and implementing policies and procedures associated with the operation of the DSF concessions, commercial exhibits, etc. The Space Rental Department is directly charged with the responsibility of collecting and receiving all rental funds and maintaining adequate records of rental activity.

Competitive Events – The Competitive Events Manager directs, develops, and coordinates a program of events for the DSF, and maintains the necessary records for competitive events administration. Prior to the fair, the Competitive Events Manager determines event premiums and prizes, procures the appropriate prizes, directs the preparation of event try books, and collects entry fees from competitors. During the DSF, the Competitive Events Manager's responsibilities include obtaining proper authorization for the awarding of premiums and prizes and determining that winners of the events receive the proper premium or prize.

Strategic Planning

The mission of the DSF is to provide an attractive and entertaining annual fair that promotes family fun and agriculture awareness, supports local business, and optimizes fairground facilities. Additionally, it is the mission of the DSF to promote and contract for non-Fair special events to maximize use of the fairgrounds.

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

- Increase the attendance at the Fair.
- Increase the number of concessionaires.
- Monitor the appearance of the exhibits.
- Increase the number of private sponsorships.
- Update, renovate, and maintain buildings and structures on the fairgrounds to enhance their appearance, ensure their public safety level, and provide additional comfort to fairgoers.
- Provide additional entertainment, exhibits, educational events, and clinics.
- Increase the number of non-Fair events, with the goal of increasing revenue generated by non-Fair events.
- Establish a close working relationship with the County Fairs and horse racing industry of Illinois.

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Average Full-Time Employees:			
Department:			
Administration	4	4	4
	<u>Oct - June</u>	<u>July</u>	<u>August - Sept</u>
Temporary Employees:			
State Fair - Approximate Number of Employees (2011)	4	16	178
State Fair - Approximate Number of Employees (2010)	4	19	177
State Fair - Approximate Number of Employees (2009)	5	0	57
Bureau of Buildings and Grounds Approximate Number of Employees (2011)	16	36	86
Bureau of Buildings and Grounds Approximate Number of Employees (2010)	40	51	110
Bureau of Buildings and Grounds Approximate Number of Employees (2009)	20	41	111

STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
DUQUOIN 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
Number of Contracts:					
Concessions	158	124	139	27.4 %	(10.8) %
Exhibits	20	46	24	(56.5)	91.7
Contractual Services	13	14	16	(7.1)	(12.5)
Entertainment	25	33	18	(24.2)	83.3
Sponsorships	20	27	27	(25.9)	0.0
Tickets Sold:					
Parking Fees - Tickets	27,477	31,061	31,094	(11.5)	(0.1)
Grandstand Shows - Tickets	20,613	22,448	16,899	(8.2)	32.8
Miscellaneous Statistics:					
Estimated Attendance	351,000	350,000	330,000	0.3	6.1
Amount of Beer Sold - Kegs	260	334	249	(22.2)	34.1
Amount of Beer Sold - Cases	2,081	1,920	2,072	8.4	(7.3)
Number of Camping Permits	1,084	1,372	1,020	(21.0)	34.5
Number of Parking Permits	7,718	8,858	8,245	(12.9)	7.4

The estimated attendance was calculated by DuQuoin State Fair officials and is based on the number of paid and unpaid parking passes and an established fair industry standard of 3.7 people per car. This formula has been consistently used every year to calculate estimated attendance.