



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE FAIR

Compliance Examination
 For the Two Years Ended September 30, 2017

Release Date: April 26, 2018

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2011		17-2	
Category 2:	2	1	3				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	2	1	3				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- (17-2) Noncompliance with provisions of the Illinois Horse Racing Act.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2017**

REVENUE AND EXPENDITURE STATISTICS	2017	2016
Total Revenue.....	\$ 6,086,987	\$ 6,084,810
Tickets.....	\$ 4,442,820	\$ 4,372,765
% of Total Revenue.....	73.0%	71.9%
Space Rental: Fair.....	\$ 1,063,956	\$ 1,053,550
% of Total Revenue.....	17.5%	17.3%
Entry Fees.....	\$ 329,704	\$ 352,932
% of Total Revenue.....	5.4%	5.8%
Sponsorship.....	\$ 250,507	\$ 305,563
% of Total Revenue.....	4.1%	5.0%
Total Expenditures (All Funds).....	\$ 7,659,040	\$ 7,879,327
Personal Services.....	\$ 239,601	\$ 289,804
% of Total Expenditures.....	3.1%	3.7%
Other Payroll Costs (FICA, Retirement).....	\$ 146,584	\$ 170,704
% of Total Expenditures.....	1.9%	2.2%
Contractual Services	\$ 4,184,443	\$ 4,303,217
% of Total Expenditures.....	54.6%	54.6%
Allocated Costs.....	\$ 2,041,830	\$ 2,040,480
% of Total Expenditures.....	26.7%	25.9%
Premiums and Awards.....	\$ 642,916	\$ 850,955
% of Total Expenditures.....	8.4%	10.8%
All Other Operations Items *	\$ 403,666	\$ 224,167
% of Total Expenditures.....	5.3%	2.8%
(Deficiency) of Revenues Under Expenditures.....	\$ (1,572,053)	\$ (1,794,517)
* Contractual payroll is included in All Other Operations Items		

SUPPLEMENTARY INFORMATION	2017	2016
Employment Statistics (Approximate) (Not Examined)		
Full Time Employees.....	7	7
October through May (Temporary).....	19	11
June (Temporary).....	87	85
July through September (Temporary).....	271	263
Selected Activity Measures		
Gate Admissions - Tickets Sold (Not Examined).....	207,825	191,505
Estimated Attendance (Not Examined).....	401,648	357,409
Grandstand Shows - Tickets Sold (Not Examined).....	67,365	61,663
Grandstand Show Revenues.....	\$ 2,184,995	\$ 2,123,609
Grandstand Show Expenditures.....	\$ 2,423,217	\$ 2,225,205
Competitive Events		
Competitive Events Revenues.....	\$ 135,381	\$ 137,440
Competitive Events Expenditures.....	\$ 837,055	\$ 845,208
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 27,175	\$ 23,125
Pari-mutuel Wagering Expenditures.....	\$ 119,436	\$ 127,275

AGENCY DIRECTOR
During Examination Period: Warren Goetsch, Acting (through 11/15/15); Raymond Poe (effective 11/16/15)
Currently: Raymond Poe

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH THE ILLINOIS HORSE
RACING ACT**

The Illinois State Fair (ISF) was not in compliance with the Illinois Horse Racing Act of 1975. During testing, we noted the following:

**Not all races required by Statute
were held by the Fair**

- The ISF is required to provide at least a 5 day racing program to be conducted at the State Fair each year; however, the ISF provided only a 4 day racing program in Fiscal Years 2017 and 2016.

**Race entrants overcharged for entry
fees**

- The nominating, sustaining, and starting fee of \$200 to be paid by entrant exceeded the 2% purse for 8 of 40 (20%) races in 2017 and 8 of 32 (25%) races in 2016. The nominating, sustaining, and starting fee exceeded 2% of the purse by 67% for the races held at the 2017 and 2016 ISF. (Finding 2, pages 12-13)
This finding has been repeated since 2011.

We recommended the ISF comply with the provisions of the Illinois Horse Racing Act or seek legislative remedy.

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they will look into the possibility of legislative remedy. *(For the previous Department response, see Digest Footnote #1.)*

OTHER FINDINGS

The remaining findings pertain to weaknesses in receipt and expenditure reconciliations and weaknesses in contract administration. We will review the ISF's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the ISF for the two years ended September 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the ISF complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:skm

DIGEST FOOTNOTES

#1 – NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT – prior response

2015: The Department agrees with the finding and will continue to strive to comply while legislative remedies are being sought.