

REPORT DIGEST

ILLINOIS DEPARTMENT OF AGRICULTURE ILLINOIS STATE FAIR

COMPLIANCE AUDIT AND SUPPLEMENTARY FINANCIAL INFORMATION

For the Two Years Ended:
September 30, 1997

Summary of Findings:

Total this audit	3
Total last audit	1
Repeated from last audit	1

Release Date:



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ The Department of Agriculture is not following appropriate methodology for charging fair costs among Department of Agriculture appropriations or to the Illinois State Fair Fund. If Fair expenses had been properly charged, the 1997 Fair would have reported a deficit of \$68,052 instead of a surplus of \$228,250. This condition has existed since 1993.
- ◆ The Department has no formal plan for allocating payment of expenses to year-round maintenance of the Illinois State Fairgrounds.

{Expenditures and Activity Measures are summarized on the reverse page.}

ILLINOIS DEPARTMENT OF AGRICULTURE

ILLINOIS STATE FAIR

COMPLIANCE AUDIT

For The Two Years Ended September 30, 1997

REVENUE AND EXPENDITURE STATISTICS	FY 1997	FY 1996	FY 1995
! Total Revenue.....	\$4,037,014	\$3,532,926	\$3,419,019
Tickets.....	\$1,796,644	\$1,485,731	\$1,501,741
% of Revenue.....	45%	42%	44%
Space Rental: Fair.....	\$1,233,309	\$1,065,719	\$998,208
% of Revenue.....	30%	30%	29%
Space Rental: Non-Fair.....	\$681,276	\$653,727	\$627,329
% of Revenue.....	17%	19%	18%
Entry Fees.....	\$325,785	\$327,749	\$291,741
% of Revenue.....	8%	9%	9%
! Total Expenditures (All Funds).....	\$4,337,768	\$4,280,644	\$4,376,734
Personal Services.....	\$659,592	\$607,126	\$714,678
% of Expenditures.....	15%	14%	16%
Other Payroll Costs (FICA, Retirement).....	\$152,316	\$138,549	\$114,102
% of Expenditures.....	4%	3%	3%
Contractual Services.....	\$866,550	\$802,148	\$753,052
% of Expenditures.....	20%	19%	17%
Fair Entertainment.....	\$951,298	\$929,129	\$928,209
% of Expenditures.....	22%	22%	21%
Premiums and Awards.....	\$919,584	\$933,933	\$950,246
% of Expenditures.....	21%	22%	22%
Non-Fair Activities.....	\$556,780	\$681,498	\$752,481
% of Expenditures.....	13%	16%	17%
All Other Operations Items.....	\$231,648	\$188,261	\$163,966
% of Expenditures.....	5%	4%	4%
! (Deficiency) of Revenues Over Expenditures.....	\$(300,754)	\$(747,718)	\$(957,715)
SUPPLEMENTARY INFORMATION	FY 1997	FY 1996	FY 1995
! Employment Statistics (Approximate)			
Full Time Employees.....	5	2	9
September through May (Temporary).....	20	18	30
June (Temporary).....	36	25	56
July through August (Temporary).....	540	574	492
! Selected Activity Measures			
Estimated Attendance (Unaudited).....	798,799	790,028	580,305
Grandstand Shows - Tickets Sold (Unaudited).....	64,082	47,292	46,558
Grandstand Show Revenues.....	\$847,579	\$531,937	\$651,926
Grandstand Show Expenditures.....	\$830,054	\$837,361	\$879,967
! Pari-mutuel Wagering Receipts			
Pari-mutuel Wagering Receipts	\$157,388	\$154,559	\$182,210
Pari-mutuel Wagering Expenditures	\$254,332	\$228,568	\$272,544
AGENCY DIRECTOR			
During Audit Period: Ms. Becky Doyle			
Currently: Ms. Becky Doyle			

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

EXPENDITURES CHARGED TO INCORRECT LINE ITEMS

The Department is not following appropriate methodology for charging fair costs among Illinois Department of Agriculture line items or to the Illinois State Fair Fund.

If Fair expenses had been properly charged, the 1997 Fair would have reported a deficit of \$68,052 instead of a surplus of \$228,250

The Department incorrectly charged approximately \$483,255 of fair-related expenditures to other line items for the 1996 Fair and approximately \$296,302 for the 1997 Fair. If Fair expenses had been properly charged, the Fair deficit for the 1996 year would have been reported as \$569,971 instead of \$86,716 and the 1997 Fair would have reported a deficit of \$68,052 instead of a surplus of \$228,250. In addition, the Department charged \$21,376 of administrative related costs to the “non-fair” portion of the Fair Fund. (Finding 1, page 9) **This finding has been repeated since 1993.**

We recommended the Department develop a methodology for charging fair costs to the Illinois State Fair Fund, and that the Department identify, quantify, and define the costs necessary to operate the Fair. If the Department concludes the Fair cannot be self-sufficient, then it should seek additional funding from the General Assembly.

The Department did not agree with this finding, stating expenditures were properly charged and that the General Assembly never intended revenues from previous fairs to serve as the only financial support of the State Fair. *In an Auditor’s Comment, we pointed out that in the past the Department has acknowledged that the State Fair was intended to be “self supporting” and further, while the Department may believe some Fair costs are properly expendable from other appropriations, they have not identified these costs, have not developed a methodology for apportioning them, and have not been consistent in charging them from year to year.* (For previous Agency responses, see Digest Footnote #1.)

NO FORMAL PLAN FOR ALLOCATING FAIRGROUND COSTS

The Department does not have a methodology for allocating payment of expenses to the year-round maintenance of the Illinois State Fairgrounds.

There is no formal plan to allocate fairground expenses among Department appropriations

The fairgrounds host the Illinois State Fair for a 10-day period. During the remainder of the year, the fairground buildings and space are rented for various activities as well as being used for housing the Department of Agriculture's administrative offices. However, there is no formal plan to allocate fairground expenses among Department appropriations. Building and grounds expenses are arbitrarily paid out of various appropriations. For example, racetrack maintenance was paid out of Executive Office appropriations, while repairs of furnaces and air conditioning for administrative offices was paid from the "non-fair" appropriation of the Fair Fund. (Finding 2, page 13)

We recommended the Department develop a formal plan for allocating fairground operating costs among Department appropriations. The Department agreed with this finding and stated it will formalize a cost allocation plan to distribute operating costs of the Illinois State Fairgrounds among the appropriate department funds.

OTHER FINDING

The remaining finding, which deals with cash receipts not being reconciled, was less significant and was being given attention by the Department. We will review progress toward implementing all recommendations in our next audit.

AUDITORS' OPINION

The Illinois State Fair's funds were audited in our financial audit of the Illinois Department of Agriculture.

WILLIAM G. HOLLAND, Auditor General

WGH:KMC:pp

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Sikich Gardner & Co, LLP.

DIGEST FOOTNOTES

#1: EXPENDITURES CHARGED TO INCORRECT LINE ITEMS - PREVIOUS AGENCY RESPONSES

1995: "The Department concurs. It should be noted that some expenditures relate to both fair and non-fair activities. When this occurs, the Department must assign costs as they deem appropriate."

1993: "The Department concurs in part. Management has determined that it is necessary to charge 20% of non-fair related revenue received by the Office of Fairs and Horse Racing to pay administrative expenditures incurred by the Office of the Director (formerly the Division of Administrative Services). Some fair expenditures must be paid prior to the Department receiving its appropriation. This late receipt of funds made it necessary to utilize funds from non-fair revenue."

