



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

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

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

TABLE OF CONTENTS

		<u>Page</u>
Agency Officials		1
Management Assertion Letter		2
Compliance Report:		
Summary		7
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		9
Schedule of Findings		
Current Findings - State Compliance		12
Prior Findings Not Repeated		30
Supplementary Information for State Compliance Purposes:		
Fiscal Schedules and Analysis		
Comparative Schedule of Revenues and Expenditures	1	31
Notes to Comparative Schedule of Revenues and Expenditures	2	32
Reconciliation of State Fair and Non-Fair Revenues to Deposits Remitted to the State Comptroller	3	34
Detail Schedule of Revenues	4	35
Pari-Mutuel Wagering Receipts and Expenditures	5	36
Grandstand Shows Revenues and Expenditures	6	37
Competitive Events Revenues and Expenditures	7	38
Analysis of Operations (Not Examined)		
Division Functions and Planning Program (Not Examined)		39
Analytical Review of Revenues and Expenditures (Not Examined)		41
Number of Employees (Not Examined)		42
Miscellaneous Operating Statistics (Not Examined)		43

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

AGENCY OFFICIALS

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

State Fair offices are located at:

DuQuoin State Fair Offices
655 Executive Drive
DuQuoin, Illinois 62832

MANAGEMENT ASSERTION LETTER

April 9, 2020

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

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Agriculture, DuQuoin State Fair (Fair). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Fair's compliance with the following specified requirements during the two-year period ended September 30, 2019. Based on this evaluation, we assert that during the years ended September 30, 2018, and September 30, 2019, the Fair has materially complied with the specified requirements listed below.

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

Yours truly,

DuQuoin State Fair

SIGNED ORIGINAL ON FILE

Mr. Jerry Costello II, Acting Director

Yours truly,

DuQuoin State Fair

SIGNED ORIGINAL ON FILE

Ms. Johanna Helm, Chief Fiscal Officer

Yours truly,

DuQuoin State Fair

SIGNED ORIGINAL ON FILE

Mr. John Teefey, General Counsel

Yours truly,

DuQuoin State Fair

SIGNED ORIGINAL ON FILE

Mr. Josh Gross, Fair Manager

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

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	10
Repeated findings	9	7
Prior recommendations implemented or not repeated	1	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	12	2017	Noncompliance with the Illinois Horse Racing Act	Noncompliance and Significant Deficiency
2019-002	13	New	Noncompliance with the State Comptroller Act	Noncompliance and Significant Deficiency
2019-003	14	2017	Inadequate controls over complimentary grandstand tickets	Noncompliance and Significant Deficiency
2019-004	16	2017	Inadequate controls over credentials	Noncompliance and Significant Deficiency

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
2019-005	18	2017	Inadequate controls over space rentals	Noncompliance and Significant Deficiency
2019-006	20	2017	Inadequate controls over camping revenue	Noncompliance and Significant Deficiency
2019-007	22	2017	Weaknesses in contract administration associated with the DuQuoin State Fair	Noncompliance and Significant Deficiency
2019-008	24	2017	Weakness in receipt reconciliations	Noncompliance and Significant Deficiency
2019-009	26	2017	Inadequate controls over gates and parking admission	Noncompliance and Significant Deficiency
2019-010	28	2017	Inadequate controls over grandstand ticket office receipts	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

A	30	2017	Inadequate monitoring of beer vendor
---	----	------	--------------------------------------

EXIT CONFERENCE

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



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Agriculture, DuQuoin State Fair (Fair) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended September 30, 2019. Management of the Fair is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Fair’s compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Fair complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Fair complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Fair complied with the specified requirements during the two years ended September 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-001 through 2019-010.

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

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

Internal Control Over Compliance

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2019-001 through 2019-010 that we consider to be significant deficiencies.

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

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

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

Supplementary Information for State Compliance Purposes

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
April 9, 2020

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

2019-001 **FINDING** (Noncompliance with the Illinois Horse Racing Act)

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

During testing of statutory mandates, we noted the DSF provided only a 2 day racing program in both Fiscal Year 2018 and 2019. The Illinois Horse Racing Act (Act) (230 ILCS 5/31(j)(3)) requires at least a 5 day racing program be conducted at the State Fair each year.

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

Failure to provide a 5 day horse racing program resulted in a failure to perform a mandated duty. (Finding Code No. 2019-001, 2017-001, 2015-001, 2013-006, 11-3)

RECOMMENDATION

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

DSF RESPONSE

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

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

2019-002 **FINDING** (Noncompliance with the State Comptroller Act)

The DuQuoin State Fair (DSF) did not comply with the State Comptroller Act (Act) concerning timeliness of reimbursement to the Treasurer for funds provided to operate an imprest account for making change for DSF activities.

In Fiscal Year 2019 and 2018, the DSF failed to reimburse the Treasurer for funds provided to operate an imprest account for making change at the ISF within 5 days of the termination of the fair, as outlined by the Act.

The 2019 fair ended September 2, 2019; however, a reimbursement check was not issued to the Illinois State Treasurer until November 13, 2019, resulting in a late reimbursement of 66 days.

The 2018 fair ended September 3, 2018; however, a reimbursement check was not issued to the Illinois State Treasurer until September 12, 2018, resulting in a late reimbursement of 2 days.

The State Comptroller Act (15 ILCS 405/21) states the Comptroller may provide in his or her rules and regulations for periodic transfers, with the approval of the State Treasurer, for use in accordance with the imprest system, subject to the rules and regulations of the Comptroller as follows: (c) To the Department of Agriculture for the purpose of making change for activities at each State Fair, not to exceed \$200,000, to be returned within 5 days of the termination of such activity.

DSF management stated exceptions were due to employee oversight. In regard to the 2019 fair, DSF management stated there was an issue with their local bank account, making DSF unable to timely reimburse the Treasurer.

Failure to return funds provided by the Treasurer within 5 days resulted in loss of potential interest and investment income for the State. (Finding Code No. 2019-002)

RECOMMENDATION

We recommend the DSF ensure the Treasurer is reimbursed within 5 days of the termination of the fair.

DSF RESPONSE

DSF accepts this finding and has already coordinated with the Bureau of Budget and Fiscal Services about changes to the way the reimbursement process is handled to avoid a repeat of this finding.

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

2019-003 **FINDING** (Inadequate controls over complimentary grandstand tickets)

The DuQuoin State Fair (DSF) did not demonstrate adequate controls over complimentary grandstand tickets during the 2019 and 2018 Fair.

During our testing of complimentary tickets provided for grandstand events, we noted the following:

2019 Fair:

- Complimentary ticket issuance records for 5 of 7 (71%) entertainers were inaccurate. DSF records had a net overstatement of 4 complimentary tickets.

2018 Fair:

- Complimentary ticket issuance records for 6 of 7 (86%) entertainers were inaccurate. DSF records had a net understatement of 34 complimentary tickets.

The Illinois Administrative Code (8 Ill. Adm. Code 270.370) (Code) states, the DSF may barter or exchange tickets for services, advertising, marketing, promotions, donations, or any other contribution for the benefit of the fairs. A record of the distribution of tickets that are bartered or exchanged and the benefit to the fairs of that barter or exchange shall be maintained by the DSF.

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

During the prior engagement period, DSF management indicated the exceptions were due to lack of staff and management oversight. DSF management indicated the current period's condition resulted from employee oversight.

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. The distribution of complimentary tickets without a record of the recipients represents noncompliance with State statute and the Code. (Finding Code No. 2019-003, 2017-003, 2015-003)

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

RECOMMENDATION

We recommend the DSF maintain a record of the distribution of complimentary grandstand tickets as required by the Code.

DSF RESPONSE

DSF accepts this finding. Complimentary tickets will be processed slightly different in 2020. The tickets will be approved by the Ticket Office Manager, then taken to the Bureau Chief for verification, and signed off to verify the tickets match.

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

2019-004 **FINDING** (Inadequate controls over credentials)

The DuQuoin State Fair (DSF) did not have adequate controls over nonpaid parking and gate admissions.

During our credentials testing, we noted the following:

2019 Fair:

- Four of 40 (10%) requisition forms tested did not contain the credential receiver's sign-off and receipt date.
- One of 40 (3%) requisition forms tested did not contain the date of approval.
- Three of 40 (8%) requisition forms tested did not contain the requestor's correspondence date.
- Four of 40 (10%) requisition forms tested contained an approval date prior to the request date.

2018 Fair:

- One of 40 (3%) requisition forms tested did not contain the credential receiver's receipt date.
- One of 40 (3%) requisition forms tested contained an approval date prior to the request date.
- Three of 19 (16%) nonpaid credential samples contained an instance wherein passes were not accounted for.

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

DSF management stated, as they did in the previous engagement, the exceptions were due to employee oversight.

Failure to maintain adequate controls over nonpaid credentials could result in unauthorized use of those credentials and a loss of revenue to the State. (Finding Code No. 2019-004, 2017-004, 2015-004, 2013-003)

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

RECOMMENDATION

We recommend the DSF implement training procedures to address the importance of the proper distribution and recordkeeping of nonpaid parking passes and gate admissions.

DSF RESPONSE

DSF accepts this finding. DSF staff are reviewing ways to prepare credentials in advance in a way that is more efficient for persons receiving credentials. DSF management will ensure staff are properly trained on credential preparation and distribution.

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

2019-005 **FINDING** (Inadequate controls over space rentals)

The DuQuoin State Fair (DSF) did not have adequate controls in place to ensure that all leases for space were properly enforced and that all space rental permits were properly displayed at the Fair.

- During the 2019 Fair, 1 of 25 (4%) vendors/exhibitors' contract card was not displayed.

The Illinois Administrative Code (Code) (8 Ill. Adm. Code 270.120) requires each lessee display the concession or exhibit number in a conspicuous place near the front of the stand or place of business.

- During the 2019 Fair, 1 of 25 (4%) vendors did not have prices displayed at the time of observation. During the 2018 Fair, for 3 of 26 (12%) space rentals tested, vendors did not have prices clearly displayed. In addition, one vendor, not in our sample, did not have published prices of products.

The Code (8 Ill. Adm. Code 270.175) requires each lessee to post in a conspicuous manner inside the stand and at the outside entrance to the place of business, a sign showing the price to be charged for meals, lunches, drinks or other food or articles to be sold under the contract. All prices shall be posted before a stand opens and during its operating hours.

- For the 2018 Fair, during our review of DSF guidelines on space rental contracts and the sponsorship contracts for space rentals, we noted the following:
 - Two of 26 (8%) space rental contracts tested were not signed by the Legal Counsel of the Department of Agriculture (DOA).
 - Two of 26 (8%) space rental contracts tested were not signed timely by the Legal Counsel of DOA.
 - Three of 7 (43%) sponsorship contracts tested were not signed by the Sponsor.
 - Four of 7 (57%) sponsorship contracts tested were not signed by the Legal Counsel of DOA.
 - One of 7 (14%) sponsorship contracts tested was wrongly dated by the Sponsor.

DSF policy states that only the Director or Legal Counsel can execute the agreements. This applies to all contracts, grants and other legal agreements, including concessions and sponsorships. Contractual agreements should be signed or executed by all required parties prior to the beginning of the contractual agreement term.

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

DSF management stated the issues were caused by the vendors not complying timely and employee oversight.

Inadequate controls over space rental contracts results in noncompliance with Code and could result in the loss of revenue to the DSF. (Finding Code No. 2019-005, 2017-005, 2015-005, 2013-004)

RECOMMENDATION

We recommend the DSF implement its procedures to monitor and enforce all requirements of leases and space rental contracts.

DSF RESPONSE

DSF accepts this finding and the Space Rental Office is committed to ensuring that space rental contracts contain accurate footage and rate information. The Space Rental Office checks each vendor the first weekend of the Fair to ensure the contract number and menu are displayed, and is exploring additional inspection and/or enforcement options to ensure these items stay posted.

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

2019-006 **FINDING** (Inadequate controls over camping revenue)

The DuQuoin State Fair (DSF) did not have adequate controls over camping revenue to ensure all revenues for camping were received.

The DSF rents campsites at the fairgrounds during the time of the State Fair. During the testing of camping revenues, we noted the following:

2019 Fair:

- Five of 40 (13%) camping permits were not displayed by campers during the time of observation.
- One of 40 (3%) camping permits tested was not accurately charged to the campers, resulting in a total underpayment in the amount of \$25.
- Three of 40 (8%) camping permits tested, totaling \$725, were missing the receipt date. As a result, we were unable to test timeliness of deposits.

2018 Fair:

- Seven of 40 (18%) camping permit receipts tested did not agree to the period covered on the permit displayed by the camper during the time of observation.
- Six of 40 (15%) camping permit receipts tested were not accurately charged to the campers, resulting in a total overpayment by campers in the amount of \$225 and a total underpayment by campers in the amount of \$175.
- One of 40 (3%) receipts tested, in the amount of \$75, was not timely deposited to the State Treasury (one day late).
- One of 40 (3%) camping permits tested was not properly completed.

Current DSF policy requires all permits indicate the dates the camper is staying, and campers are to be charged the full payment beginning on July 1st. In addition, campers are required to properly display the DSF camping permit while on the fairgrounds.

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

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) states every officer, unless a different time of payment is expressly provided by

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

law or by rules or regulations promulgated under subsection (b) of this Section, shall pay into the State Treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000.

During the prior engagement period, DSF management indicated the exceptions were due to human error. DSF management indicated the current period's condition due to a lack of staff during fair periods limiting them to perform proper segregation of duties, and employee oversight.

Inadequate controls of camping records and revenue collection could result in loss of revenue to the State. (Finding Code No. 2019-006, 2017-006, 2015-006, 2013-005)

RECOMMENDATION

We recommend the DSF strengthen its internal controls over camping revenues.

DSF RESPONSE

DSF accepts this finding. DSF will ensure staff handling camping permits are adequately trained to complete all camping paperwork in a timely and legible manner. DSF staff are considering additional spot checks or other inspection options for the display of camping permits.

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

2019-007 **FINDING** (Weaknesses in contract administration associated with the DuQuoin State Fair)

The DuQuoin State Fair (DSF) did not have adequate controls over contracts.

During our testing of contracts during the 2018 Fair, we noted the following:

- Nine of 60 (15%) contracts tested, totaling \$4,785, were not properly approved by Fair Management.
- Seven of 60 (12%) contracts tested, totaling \$188,900, were missing supporting documentation of the vendor's registration with the State Board of Election.
- Four of 60 (7%) contracts tested, totaling \$58,800, were missing supporting documentation stating Taxpayer Identification Number and Legal Status Disclosure Certification.
- 27 of 60 (45%) contracts tested, totaling \$101,780, did not contain required contractual clauses.

Good business practice requires contracts to be fully completed, signed and dated, the amounts properly calculated, and proof of insurance provided to the DSF prior to commencing services.

The Illinois Procurement Code (30 ILCS 500/20-160(b)) required every bid submitted and every contract executed to contain a certification by the bidder or contractor that either the bidder or contractor is not required to register as a business entity with the State Board of Elections or the bidder or contractor has registered as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration.

The Statewide Accounting Management System (Procedure 15.20.50) requires contracts to be supported by documentation, which must include the Federal Taxpayer Identification Number.

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

DSF management stated, as they did in the previous engagement, the exceptions were due to employee oversight.

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

Inadequate controls over contracts may expose the State to unnecessary legal risks and could result in unnecessary expenses. Failure to obtain proper approval and not including required clauses and information within the contractual obligations results in noncompliance with the Illinois Procurement Code and increases the risk that a potential conflict may not be detected timely. In addition, not meeting or enforcing all requirements of a contract and not adequately monitoring all contracts can result in a loss of revenue to the State. (Finding Code No. 2019-007, 2017-007, 2015-007, 2013-009, 2013-007)

RECOMMENDATION

We recommend the DSF ensure contracts and agreements are retained and include all required elements. We also recommend the DSF implement procedures to ensure all contract requirements are adhered to.

DSF RESPONSE

DSF accepts this finding and notes it was not repeated for the 2019 DuQuoin State Fair.

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

2019-008 **FINDING** (Weakness in receipt reconciliations)

The DuQuoin State Fair (DSF) did not properly reconcile its financial records.

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

The Statewide Accounting Management System (SAMS) Manual (Procedure 25.40.20) requires that the Monthly Revenue Status Report (SB04) be reconciled monthly and the agencies must notify the Comptroller's Office of any unreconcilable differences so the necessary corrective action can be taken to locate the difference and correct the accounting records.

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

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

During our testing of reconciliation sheets for the 2018 Fair, we noted 9 of 13 (69%) that were initiated and reconciled by the same person.

Good business practices require maintaining an adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, ensure the accuracy and reliability of accounting data, and promote operational efficiency. Adequate segregation of duties would ensure the responsibility for recordkeeping and custody be separated to safeguard against waste, loss, unauthorized use, and misappropriation.

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

During the previous engagement period, DSF management stated the DSF could not agree the adjustments entered in the Department of Agriculture (Department) Receipting System were accurate because Department reconciliations were not completed due to significant staff shortages and the inability to replace staff from turnover during an 18-month time period. In the current engagement period, DSF management stated the responsibility of monthly reconciliations is the Bureau of Budget and Fiscal Services, and the condition was due to staff turnover and the failure to communicate required duties to employees in that Bureau.

Failure to properly reconcile monthly financial information and the inability to locate the differences could lead to inaccurate financial reporting and is noncompliance with SAMS and FCIAA. (Finding Code No. 2019-008, 2017-008, 2015-009)

RECOMMENDATION

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

DSF RESPONSE

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

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

2019-009 **FINDING** (Inadequate controls over gates and parking admission)

The DuQuoin State Fair (DSF) did not have adequate controls over gates and parking admissions.

During the observation of daily gates and parking admission, we noted the following:

2019 Fair:

- Three of 4 (75%) daily gate observations contained a period where vehicles were allowed into the fairgrounds without the proper credentials.
- Two of 2 (100%) daily parking observations contained vehicles parked in specified lots with missing or incorrect parking passes displayed on the dashboard.

2018 Fair:

- Three of 4 (75%) daily gate observations contained a period where walk-in patrons were allowed entry into the fairgrounds without presenting any credentials.
- Two of 4 (50%) daily gate observations contained a period where vehicles were allowed entry into the fairgrounds without presenting parking passes.
- Three of 4 (75%) daily gate observations contained a period where there was no gate attendant to check incoming and outgoing patrons for necessary credentials.
- Two of 4 (50%) daily gate observations contained a period where the gate attendants did not check a stamp to identify any patron who left the fairgrounds and returned. In some instances, the gate attendant stamped a wrong date of admission.
- One of 4 (25%) daily gate observations contained a period where the gate attendants were performing the ticket selling and ticket taking simultaneously in one stand.
- One of 4 (25%) daily gate observations contained a period where the Fairs' contractor did not furnish or provide professional services necessary to staff public gates as agreed in their contract.
- One of 4 (25%) daily gate observations contained a period where a gate attendant was asleep while guarding the gate.

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

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

In the previous engagement period, DSF management stated the gates and parking contractor conducted a volunteer training seminar where each volunteer group was instructed on its responsibilities and these responsibilities were then reiterated, by the contractor, at the beginning of each of the volunteer group's shifts during the State Fair. DSF management stated the current period's condition resulted from short notice of the DSF staff having to be responsible for parking admissions instead of typical volunteer groups.

Failure to have adequate controls in place over admissions could result in the loss of revenue to the State. (Finding Code No. 2019-009, 2017-009)

RECOMMENDATION

We recommend the DSF officials continue to stress the importance of proper segregation of duties and requiring tickets and parking passes be obtained for all individuals entering the gates.

DSF RESPONSE

DSF accepts this finding. DSF is committed to working with Procurement and DSF's contractual partners to ensure that contracts for third-party vendors to operate gates and parking are completed in a timely manner, and that vendors are made aware of DSF's expectations regarding gate operations. In the event that DSF manages its own gates and parking again, DSF will provide training and written expectations to staff prior to the start of the Fair.

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

2019-010 **FINDING** (Inadequate controls over grandstand ticket office receipts)

The DuQuoin State Fair (DSF) did not have adequate controls in place to safeguard grandstand ticket office receipts.

During the review of grandstand ticket office receipts reconciliations and observation of grandstand ticket office procedures, we noted the following:

2019 Fair:

- DSF recorded grandstand ticket sales of \$343,976, while our review indicated grandstand ticket sales of \$347,520, resulting in an understatement of \$3,544. DSF management could not explain and account for the difference noted.

2018 Fair:

- DSF recorded grandstand ticket sales of \$324,695, while our review indicated grandstand ticket sales of \$325,423, resulting in an understatement of \$728. DSF management could not explain and account for the difference noted.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the DSF to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

In the previous engagement period, DSF management indicated the differences were due to lack of staff and management oversight. DSF management indicated the current period's condition resulted from employee oversight.

Failure to have adequate controls over grandstand ticket office receipts could lead to a loss of revenue and inaccurate financial reporting. Inadequate controls in this area also increase the risk that errors and irregularities could occur and not be detected. (Finding Code No. 2019-010, 2017-010)

RECOMMENDATION

We recommend the DSF implement procedures to review grandstand ticket office receipts reconciliations and investigate differences noted.

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

DSF RESPONSE

DSF accepts this finding. DSF will continue to work on proper cash handling and training for its ticket office employees. DSF will also involve additional daily checks to verify reporting is accurate by the Ticket office Manager.

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

A. FINDING (Inadequate monitoring of beer vendor)

During the previous engagement, the DuQuoin State Fair (DSF) did not adequately monitor the beer vendor.

During the current engagement, our testing indicated the DSF ensured the vendor remitted the correct payment upon completion of the fair. As a result, this finding is not repeated. (Finding Code No. 2017-002)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Tickets	\$ 496,324	\$ 547,859	\$ 752,589
Space Rental	377,109	434,084	507,183
Entry	24,963	26,767	30,364
Sponsorship	22,800	10,000	55,000
Miscellaneous	18,645	13,600	13,000
	<u>939,841</u>	<u>1,032,310</u>	<u>1,358,136</u>
Total Revenues			
Expenditures:			
Personal Services	357,028	384,069	354,109
Contractual Payroll Employees	-	-	6,465
Contributions - Social Security	27,971	29,853	26,901
Contractual Services	525,442	306,188	214,519
Commodities	23,215	18,727	-
Printing	10,101	8,669	-
Telecommunications	76,000	38,000	-
Fair Entertainment	626,410	606,817	790,609
Awards and Premiums	66,695	148,396	-
Interest	403	-	-
Refunds	528	-	-
	<u>1,713,793</u>	<u>1,540,719</u>	<u>1,392,603</u>
Total Expenditures			
Deficiency of Revenues under Expenditures	<u>\$ (773,952)</u>	<u>\$ (508,409)</u>	<u>\$ (34,467)</u>

See Schedule 2 for 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, 2019

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES:

The accompanying schedule of revenues and expenditures (Schedule 1) presents activities directly related to the operations of the DuQuoin State Fair (DSF). It includes activities in the Agricultural Premium Fund – 0045 and the General Revenue Fund – 0001.

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

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

Expenditures consist of fair related expenditures from appropriated accounts from October 1 through September 30, plus accrued expenditures at September 30 of the current year related to the current year's fair less accrued expenditures at September 30 of the prior year related to the prior year's fair.

The 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 Schedule 1 (See Note 3).

Revenues and expenditures relating to pari-mutuel wagering are presented separately and are not included in Schedule 1. 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:

	2019	2018	2017
Revenues	\$ 469,037	\$ 485,394	\$ 497,773
Expenditures	75,824	367,551	410,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 393,213	\$ 117,843	\$ 86,864

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

Total 2019 DuQuoin State Fair Revenues	<u>\$ 939,841</u>
Add:	
Deposits in Transit, Beginning of Period, Fair and Non-Fair	73,038
Current Non-Fair Revenues	469,037
Previous Fair Year Event Money	26,996
Adjustments	<u>51,938</u>
	<u>621,009</u>
Deduct:	
Fair Fund Deposits in Transit, End of Period	332,149
Fair Event Revenue Reconciled After End of Period	7,012
Fair Event Revenue Reconciled after End of Period	3,021
Receivables	<u>52,073</u>
	<u>394,255</u>
Cash Receipts per Comptroller	<u><u>\$ 1,166,595</u></u>
Total 2018 DuQuoin State Fair Revenues	<u>\$ 1,032,310</u>
Add:	
Deposits in Transit, Beginning of Period, Fair and Non-Fair	29,560
Current Non-Fair Revenues	485,394
Previous Fair Year Event Money	60,296
Adjustments	<u>51,758</u>
	<u>627,008</u>
Deduct:	
Deposits in Transit, End of Period, Fair and Non-Fair	73,038
Fair Event Revenue Reconciled After End of Period	25,014
Non-Fair Event Revenue Reconciled After End of Period	1,000
Receivables	<u>53,995</u>
	<u>153,047</u>
Cash Receipts per Comptroller	<u><u>\$ 1,506,271</u></u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ticket Revenues:			
Parking and Admissions	\$ 192,166	\$ 247,416	\$ 319,420
Grandstand Shows	205,433	196,299	318,864
Camping	98,725	104,144	114,305
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 496,324</u>	<u>\$ 547,859</u>	<u>\$ 752,589</u>
Space Rental Revenues:			
Fees and Commissions from Exhibits, Concessions, and Other Contractors	\$ 185,008	\$ 223,464	\$ 244,404
Carnival	176,453	189,306	224,355
Beer Concessions	15,648	21,314	38,424
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 377,109</u>	<u>\$ 434,084</u>	<u>\$ 507,183</u>
Entry Revenue:			
Regular Entry	\$ 24,963	\$ 26,767	\$ 30,364
	<u> </u>	<u> </u>	<u> </u>
Sponsorship Revenue:			
Sponsorships	22,800	10,000	55,000
	<u> </u>	<u> </u>	<u> </u>
Miscellaneous Revenue:			
	18,645	\$13,600	13,000
	<u> </u>	<u> </u>	<u> </u>
GRAND TOTAL OF REVENUES	<u>\$ 939,841</u>	<u>\$ 1,032,310</u>	<u>\$ 1,358,136</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts (Net Commissions)	\$ 9,924	\$ 4,962	\$ 8,269
Expenditures	<u>(79,593)</u>	<u>(66,691)</u>	<u>(71,957)</u>
Deficiency of Receipts under Expenditures	<u>\$ (69,669)</u>	<u>\$ (61,729)</u>	<u>\$ (63,688)</u>

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Ticket Sales	\$ 205,433	\$ 196,299	\$ 318,864
Expenditures:			
Entertainment	394,500	320,500	395,433
Sound and Light	61,200	60,000	58,950
Stagehands	58,740	58,740	53,806
Catering	36,000	25,475	21,462
Equipment Rental	6,350	4,000	2,475
Ushers	3,000	2,000	2,000
Turnstiles	3,000	2,000	1,953
Booking Agent	15,248	15,248	17,550
Total Expenditures	<u>578,038</u>	<u>487,963</u>	<u>553,629</u>
Deficiency of Revenues under Expenditures	<u>\$ (372,605)</u>	<u>\$ (291,664)</u>	<u>\$ (234,765)</u>

The above represents direct revenues and expenditures related to the grandstand shows and the multi-purpose arena.

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, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Entry Fees	\$ 24,963	\$ 26,767	\$ 30,364
Expenditures:			
Contractual Services	15,640	15,906	19,950
Extra Help	10,869	11,267	10,067
Commodities	3,895	643	2,015
Awards and Premiums	66,679	69,550	80,007
Total Expenditures	<u>97,083</u>	<u>97,366</u>	<u>112,039</u>
Deficiency of Revenues under Expenditures	<u>\$ (72,120)</u>	<u>\$ (70,599)</u>	<u>\$ (81,675)</u>

The above represents direct revenues and expenditures related to competitive events held during the 2019, 2018, and 2017 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
DIVISION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended September 30, 2019
(Not Examined)**

GENERAL

The DuQuoin State Fair (DSF) is an operating division of the Illinois Department of Agriculture (Department) and is located at the DuQuoin State Fairgrounds, 655 Executive Drive, DuQuoin, Illinois 62832. Jeremy Flynn is the Acting Director of the Department at the time of this report. The Department is responsible for fulfilling the statutory obligation to hold two annual State Fairs. Both Fairs are 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 Illinois. DSF is responsible for putting on the second State Fair – the DuQuoin State Fair – every year. The Department is responsible for developing long-range operational and building use programs.

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

The DSF 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 Fair and is primarily responsible for its adherence to the provisions of the State Fair Act. The manager promotes the utilization of fairground facilities throughout the year and develops a plan for the operation of the Fair. 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 Fair contracts, enforcing Administrative Rules, and developing policies and procedures for the issuance of non-paid credentials.

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

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

STRATEGIC PLANNING

The mission of the DSF is to provide an attractive and entertaining annual DuQuoin State Fair that promotes family fun and agriculture awareness, supports local business, and optimizes fairground facilities. Additionally, it is the mission of the Department to promote and contract for non-Fair special events to maximize use of the DuQuoin State 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 the fairgoers.
- Provide additional entertainment, exhibits, educational events, and clinics.
- Increase the number of non-Fair events, which will increase the revenue generated by non-Fair events.
- Establish a close working relationship with the County Fairs and horse racing industry of Illinois.

The Department has developed a strategic plan that reflects the vision and goals. The Fair is a part of the Department's strategic planning process.

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

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

Revenues

Ticket revenue decreased by \$204,730 or 27% in Fiscal Year 2018 due to a higher attendance in Fiscal Year 2017 resulting from additional patrons in DuQuoin for the solar eclipse.

Sponsorship revenue decreased by \$45,000 or 82% in Fiscal Year 2018 mainly due to a major sponsor for the 2017 fair not returning for the 2018 fair. Sponsorship revenue increased by \$12,800 or 128% in Fiscal Year 2019 due to the DSF receiving 60 sponsorship contracts in Fiscal Year 2019 compared to 52 in Fiscal Year 2018.

Expenditures

Contractual services increased by \$91,669 and \$219,255 or 43% and 72% in Fiscal Year 2018 and Fiscal Year 2019, respectively. Due to budgetary constraints, DSF issued payments out of the Budget Stabilization Fund or other appropriations in Fiscal Year 2017. During Fiscal Year 2018, the DSF was appropriated funds in order to contract additional employees to cover vacant positions. During Fiscal Year 2019, increased the number of contractual services to service an anticipated increase in attendance.

Commodities increased by \$18,727 or 100% in Fiscal Year 2018 due to the lack of appropriation for ribbons and trophies during the 2017 fair. In Fiscal Year 2018, the DSF was appropriated funds to purchase ribbons and trophies.

Telecommunications increased by \$38,000 or 100% in Fiscal Year 2018 and Fiscal Year 2019 due to the installation and servicing of a new telephone system initiated for the 2018 fair and maintained through the 2019 fair.

Fair entertainment decreased by \$183,792 or 23% in Fiscal Year 2018 due to smaller payments to entertainers during the fair.

Awards and premiums increased by \$148,396 or 100% in Fiscal Year 2018 due to the payment of awards and premiums paid out of the Budget Stabilization Fund in Fiscal Year 2017 rather than appropriated and paid out of DSF appropriations in Fiscal Year 2018. Awards and premiums decreased \$81,701 or 55% in Fiscal Year 2019 due to the cancellation of all harness races due to weather and an overall decrease in the number of paid events during the fair.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Full-Time Employees:			
Department:			
Administration	<u>2</u>	<u>4</u>	<u>2</u>
Total	<u><u>2</u></u>	<u><u>4</u></u>	<u><u>2</u></u>
	<u>October* - May</u>	<u>June**</u>	<u>July* - September</u>
Temporary Employees:			
State Fair - Approximate Number of Employees (2019)	2	35	39
State Fair - Approximate Number of Employees (2018)	7	40	34
State Fair - Approximate Number of Employees (2017)	3	13	51
Bureau of Buildings and Grounds Approximate Number of Employees (2019)	4	8	57
Bureau of Buildings and Grounds Approximate Number of Employees (2018)	2	0	52
Bureau of Buildings and Grounds Approximate Number of Employees (2017)	8	41	55

* Number used is an average of these pay periods

** Number used is the highest of the 2 pay periods

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>% Increase (Decrease) 2019/2018</u>	<u>% Increase (Decrease) 2018/2017</u>
Number of Contracts:					
Concessions	99	165	100	(40.00) %	65.00 %
Exhibits	28	26	45	7.69 %	(42.22) %
Contractual services	35	40	42	(12.50) %	(4.76) %
Entertainment	50	59	51	(15.25) %	15.69 %
Sponsorships	60	52	53	15.38 %	(1.89) %
Tickets Sold:					
Gate admissions - tickets (1)	-	39,392	74,792	(100.00) %	(47.33) %
Grandstand and MPA shows - tickets	16,990	13,584	18,977	25.07 %	(28.42) %
Miscellaneous Statistics:					
Estimated attendance (2)	123,562	100,813	109,305	22.57 %	(7.77) %
Amount of beer sold - kegs	-	6	-	(100.00) %	100.00 %
Amount of beer sold - cases	978	1,306	1,419	(25.11) %	(7.96) %
Number of camping - permits (3)	633	3,687	4,051	(82.83) %	(8.99) %
Number of parking - permits	29,660	33,715	23,248	(12.03) %	45.02 %

Notes:

- (1) The DuQuoin State Fair did not charge patrons admission during the 2019 Fair.
- (2) Overall attendance during the 2017 Fair was up for gate admissions. During the 2019 Fair, the increase in estimated attendance resulted from the elimination of admission fees.
- (3) During Fiscal Year 2017, campground superintendents were able to monitor the campground; therefore making the campground more accountable for receipts. In addition, due to the solar eclipse occurring during the 2017 Fair, campers were in town contributing to the increase in camping permits. During Fiscal Year 2019, there was a decrease of camping permits issued due to weather.