



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, 2015

Release Date: December 15, 2016

FINDINGS THIS AUDIT: 2				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	2013		1	
Category 2:	0	2	2	2011		2	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 4							

SYNOPSIS

- (15-02) Noncompliance found 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, 2015**

REVENUE AND EXPENDITURE STATISTICS	2015	2014
Total Revenue.....	\$ 6,044,930	\$ 5,745,181
Tickets.....	\$ 4,210,976	\$ 4,002,173
% of Total Revenue.....	69.7%	69.7%
Space Rental: Fair.....	\$ 1,115,496	\$ 1,041,099
% of Total Revenue.....	18.4%	18.1%
Entry Fees.....	\$ 426,599	\$ 442,125
% of Total Revenue.....	7.1%	7.7%
Sponsorship.....	\$ 291,859	\$ 259,784
% of Total Revenue.....	4.8%	4.5%
Total Expenditures (All Funds).....	\$ 7,939,527	\$ 8,367,295
Personal Services.....	\$ 840,840	\$ 779,337
% of Total Expenditures.....	10.6%	9.3%
Other Payroll Costs (FICA, Retirement).....	\$ 286,136	\$ 236,525
% of Total Expenditures.....	3.6%	2.8%
Contractual Services	\$ 4,172,643	\$ 4,522,999
% of Total Expenditures.....	52.5%	54.1%
Allocated Costs.....	\$ 1,573,961	\$ 1,707,399
% of Total Expenditures.....	19.8%	20.4%
Premiums and Awards.....	\$ 679,643	\$ 843,798
% of Total Expenditures.....	8.6%	10.1%
All Other Operations Items *	\$ 386,304	\$ 277,237
% of Total Expenditures.....	4.9%	3.3%
(Deficiency) of Revenues Over Expenditures.....	\$ (1,894,597)	\$ (2,622,114)
* Contractual payroll is included in All Other Operations Items		

SUPPLEMENTARY INFORMATION	2015	2014
Employment Statistics (Approximate) (Not Examined)		
Full Time Employees.....	8	7
October through May (Temporary).....	7	6
June (Temporary).....	32	31
July through September (Temporary).....	139	154
Selected Activity Measures		
Gate Admissions - Tickets Sold (Not Examined).....	263,205	271,559
Estimated Attendance (Not Examined).....	411,547	844,649
Grandstand Shows - Tickets Sold (Not Examined).....	55,701	55,020
Grandstand Show Revenues.....	\$ 1,946,247	\$ 1,659,005
Grandstand Show Expenditures.....	\$ 2,136,916	\$ 2,241,190
Competitive Events		
Competitive Events Revenues.....	\$ 123,411	\$ 123,090
Competitive Events Expenditures.....	\$ 845,233	\$ 855,564
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 82,840	\$ 86,120
Pari-mutuel Wagering Expenditures.....	\$ 168,814	\$ 187,198

AGENCY DIRECTOR
During Examination Period: Robert F. Flider (through 1/19/15); Philip Nelson (1/20/15-9/24/15); Warren Goetsch, Acting (9/25/15-11/15/15); Raymond Poe, Acting (11/16/15-3/12/16); Raymond Poe (3/13/16-present) Currently: Raymond Poe

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**NONCOMPLIANCE WITH THE ILLINOIS
HORSE RACING ACT**

During testing of all races held at the ISF in 2015 and 2014, we noted the following:

Race entrants overcharged for entry fees

- The nominating, sustaining and starting fee of \$300 to be paid by an entrant exceeded 2% of the purse for 27 of 30 (90%) races in 2015 and 16 of 36 (44%) races in 2014. The nominating, sustaining and starting fee exceeded 2% of the purse by 0.5% to 19.1% for the races held at the 2015 ISF and 0.1% to 5.5% for the races held at the 2014 ISF.

Not all races required by Statute were held by the Fair

- The Illinois Horse Racing Act requires the Department of Agriculture to provide at least a 5-day racing program at the State Fair each year, which the program shall include at least the following races limited to Illinois conceived and foaled horses: (a) a two year old Trot and Pace, and Filly Division of each; (b) a three year old Trot and Pace, and Filly Division of each; (c) an aged Trot and Pace, and Mare Division of each. We found that the ISF provided a 4-day racing program in 2015. In addition, the 2015 ISF program did not include an aged Trot and Pace, and Mare Division limited to Illinois conceived and foaled horses. (Finding 02, pages 10-11) **This finding was first reported in 2011.**

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

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they will continue to strive to comply while legislative remedies are being sought. *(For the previous Department response, see Digest Footnote #1)*

OTHER FINDINGS

The remaining finding is reportedly being given attention by the Illinois State Fair. We will follow up on any progress toward implementation of our recommendations during the next examination of the ISF.

AUDITOR'S OPINION

We conducted a compliance examination of the Illinois State Fair as required by the Illinois State Auditing Act. The Fair has no funds that require an audit leading to an opinion of financial statements.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:ETL

SPECIAL ASSISTANT AUDITORS

Sikich, LLP were our Special Assistant Auditors for this engagement.

DIGEST FOOTNOTES

#1 - NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT

2013: The Illinois State Fair agrees with the finding and will comply with provisions of the Illinois Horse Racing Act or seek legislative remedy to assist its compliance.