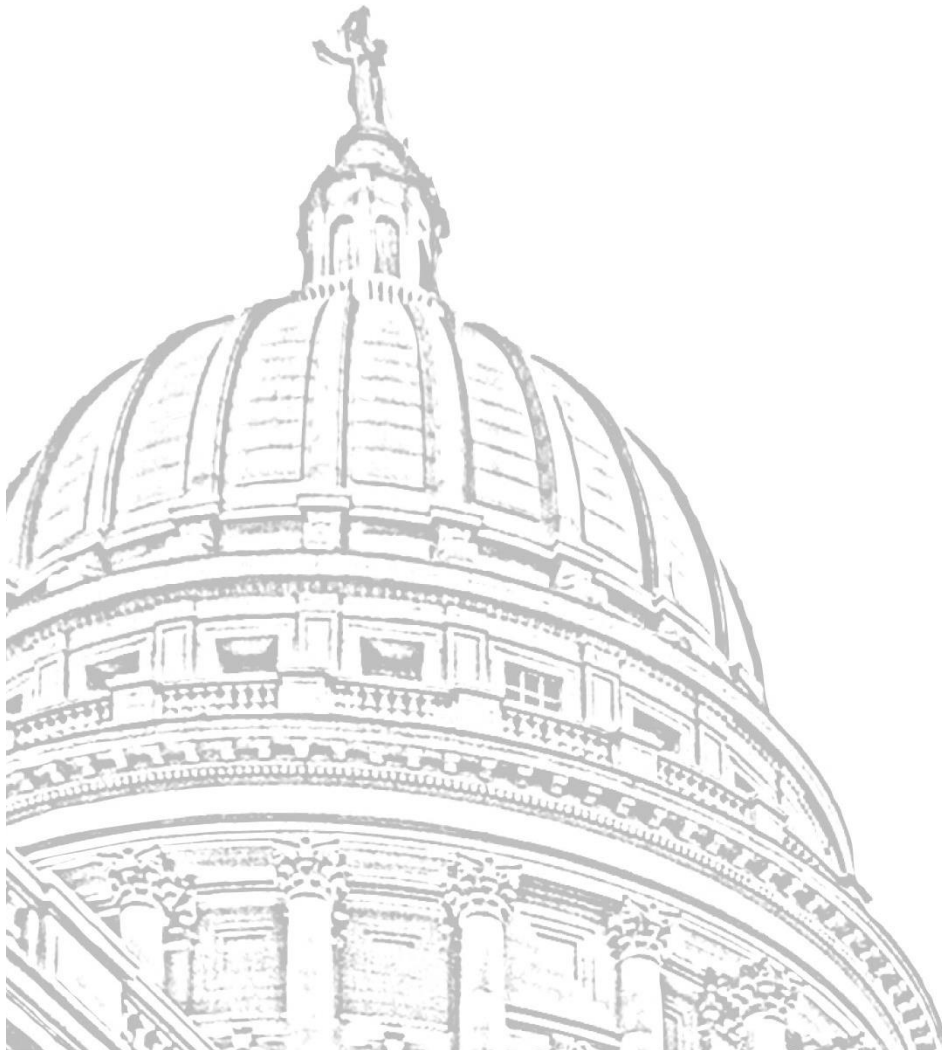
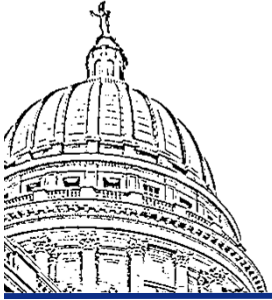


April 24, 2018



# State Fair Park

Report 18-1



# Operating Revenues

FY 2016-17

**Wisconsin State Fair:** \$20.3 million



**79.3%**

**Leased Facility Space:** \$4.9 million



**19.0%**

**Harvest Fair:** \$354,900

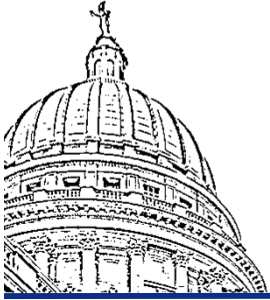


**1.4%**

**Gifts and Grants:** \$77,300



**0.3%**



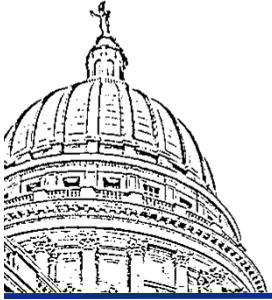
# Operating Expenditures

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Staff</b>					
Limited-Term Employee Salaries	\$3,314,600	\$3,429,100	\$3,456,300	\$3,696,400	\$4,008,300
Permanent Employee Salaries	2,394,500	2,683,800	2,956,500	2,915,800	2,873,700
Fringe Benefits	1,580,300	1,663,100	1,721,300	1,726,700	1,744,400
Subtotal	7,289,400	7,776,000	8,134,100	8,338,900	8,626,400
<b>Supplies and Services</b>					
Professional Services <sup>1</sup>	3,999,300 <sup>2</sup>	4,562,900 <sup>2</sup>	4,909,600	4,824,700	5,103,400
Building and Grounds Maintenance	1,676,800	2,059,500	1,881,200	1,776,800	1,644,700
Administrative and Office Supplies	1,242,600	1,385,700	1,391,000	1,594,600	1,626,500
Other <sup>3</sup>	1,191,500	1,260,600	1,199,100	1,547,500	1,512,000
Utilities	1,182,900	1,376,600	1,335,000	1,255,200	1,400,500
Advertising	769,100	811,600	637,700	863,200	923,300
Subtotal	10,062,200	11,456,900	11,353,600	11,862,000	12,210,400
<b>Total</b>	<b>\$17,351,600</b>	<b>\$19,232,900</b>	<b>\$19,487,700</b>	<b>\$20,200,900</b>	<b>\$20,836,800</b>

<sup>1</sup> Includes costs such as payments to amusement ride operators, game operators, musicians and other entertainers, and judges of State Fair contests.

<sup>2</sup> State Fair Park excluded payments to amusement ride and game operators in FY 2012-13 and FY 2013-14, because it recorded net revenues rather than gross revenues for amusement ride and game operators in these two years. Therefore, we adjusted the FY 2012-13 and FY 2013-14 expenditure amounts to make them consistent with its current accounting practices.

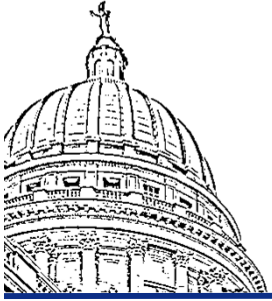
<sup>3</sup> Includes expenditures for numerous goods and services, such as equipment rental and fuel for vehicles.



## State Fair Park Staffing

---

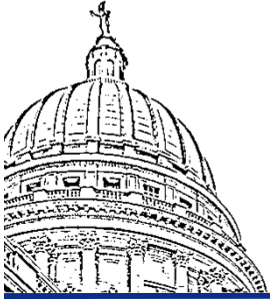
- From FY 2012-13 to FY 2016-17, the number of authorized positions increased from 39.9 FTE positions to 48.0 FTE positions (20.3 percent).
- State Fair Park also employs many limited-term employees (LTEs).
- Of the 2,391 LTEs who reported time from November 2016 through October 2017, 28 LTEs (1.2 percent) exceeded the 1,039-hour limit on LTE hours.



# Capital Projects and Permit Compliance

---

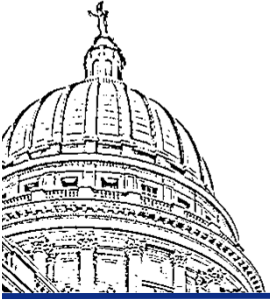
- From FY 2012-13 to FY 2016-17, capital project expenditures totaled \$6.2 million.
- Program revenue funded 45.0 percent of capital expenditures, and GPR-supported borrowing funded 42.5 percent.
- State Fair Park has only recently begun to comprehensively evaluate the condition of its buildings.
- In 2016, DNR identified noncompliance with the terms of State Fair Park's storm water permit during the State Fair.



## Milwaukee Mile Racetrack

---

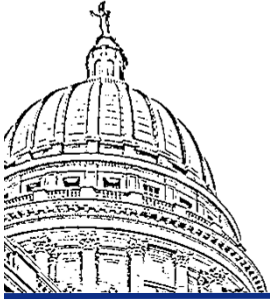
- At the time of our audit, State Fair Park had not developed a formal plan for the future use of the Milwaukee Mile.
- The amount of revenue generated by non-State Fair events hosted at the Milwaukee Mile decreased from \$401,900 in FY 2014-15 to \$286,400 in FY 2016-17.
- State Fair Park has not hosted a major racing event since July 2015, and none had been planned at the time of our audit.



# Event Management

---

- The State Fair is the largest event held each year.
- Since 2012, State Fair Park has independently managed midway operations for the State Fair.
- State Fair Park has not estimated net revenues for its midway since 2015, and its prior estimates are not supported by documentation.
- State Fair Park has not entered into a statutorily required memorandum of understanding with the Department of Tourism.

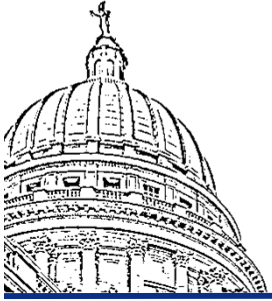


# Procurement Practices

---

- Although State Fair Park procures its own goods and services valued at more than \$50,000, at the time of our audit it had not officially been delegated this authority by DOA.
- State Fair Park does not maintain the complete and accurate management information needed to effectively oversee its contracting processes, and it has not consistently followed proper procurement procedures.
- Over the course of more than five months, State Fair Park was unable to provide us with a complete list of its contracts, including those exceeding \$50,000.



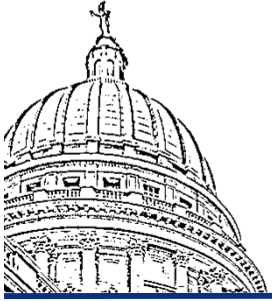


# Problems with Procurement for Expense Contracts

---

We found:

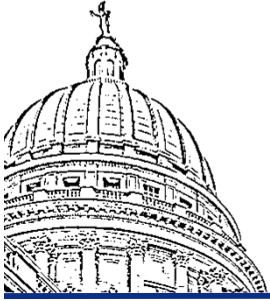
- nine instances in which State Fair Park sought approval from its Board for contracts totaling \$1.3 million after the contracts had already been executed;
- five instances of failing to obtain at least three quotes for separate purchases ranging from \$5,500 to \$7,500;
- four instances of soliciting bids for goods or services exceeding \$50,000 for which State Fair Park could not determine whether it had entered into contracts;
- one instance in which State Fair Park could not provide two one-year extensions to a 2015 contract for advertising services with an annual value exceeding \$600,000;



## Problems with Procurement for Expense Contracts (continued)

---

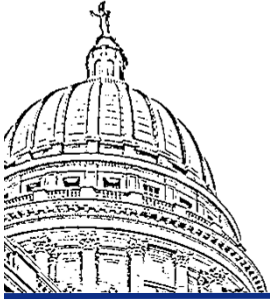
- one instance of failing to issue a required purchase order for a contracted service;
- one instance of abandoning a \$125,000 solicitation because State Fair Park had not included sufficient specificity in its solicitation or allowed sufficient time to review the proposals it received; and
- one instance of exceeding by \$27,400 the maximum amount permitted to be spent for an advertising contract.



# Problems with Procurement for Revenue Contracts

---

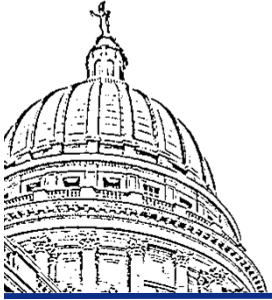
- For a five-year revenue-generating contract for parking services with an annual value of approximately \$1.3 million, State Fair Park failed to post a request for proposals on VendorNet, and it failed to seek the approval of its Board before entering into the contract in 2013 and amending the contract in 2015, as required.
- State Fair Park has not followed competitive bidding requirements for selecting ride and game operators since 2012, nor had it received a waiver of these requirements from DOA at the time of our audit.



## State Fair Park Foundation

---

- From 2013 through 2016, the Foundation spent \$538,800 on youth programs and provided \$163,900 in grants and support to State Fair Park.
- Over this period, we estimate State Fair Park provided \$61,000 in in-kind support to the Foundation.
- We question the appropriateness of a contract that State Fair Park executed with a vendor that directs the revenue generated be paid to the Foundation.
- From 2013 through 2016, we estimate that approximately \$240,600 was paid to the Foundation through this contract.

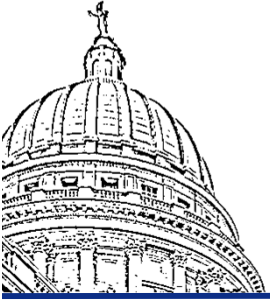


# Recommendations

---

We include recommendations for State Fair Park to:

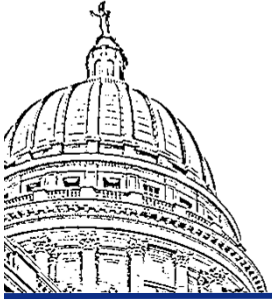
- maintain detailed revenue and expenditure information on the operation of its midway;
- occasionally solicit information from prospective vendors of midway management services and use this information to assess the financial effects of continuing to independently manage its midway;
- remove from future bid solicitations and contracts a duplicative requirement related to incident reports;
- make improvements in the process it uses to conduct surveys of State Fair attendees;



## Recommendations (Continued)

---

- maintain a complete electronic record of the revenues generated through leasing space;
- determine why its gate and parking services are its lowest-rated services;
- enter into a statutorily required memorandum of understanding with the Department of Tourism; and
- execute contracts in compliance with the bylaws of the State Fair Park Board.

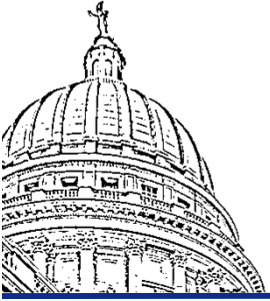


## Recommendations (Continued)

---

We also make recommendations for State Fair Park to report to the Joint Legislative Audit Committee by June 1, 2018, on its efforts to:

- regularly monitor the number of hours worked by its limited-term employees and ensure that no employee exceeds the 1,039-hour limit;
- undertake a comprehensive review of its primary grounds and facilities;
- initiate a formal planning process for analyzing future use of the Milwaukee Mile;
- address areas of noncompliance with its storm water permit;



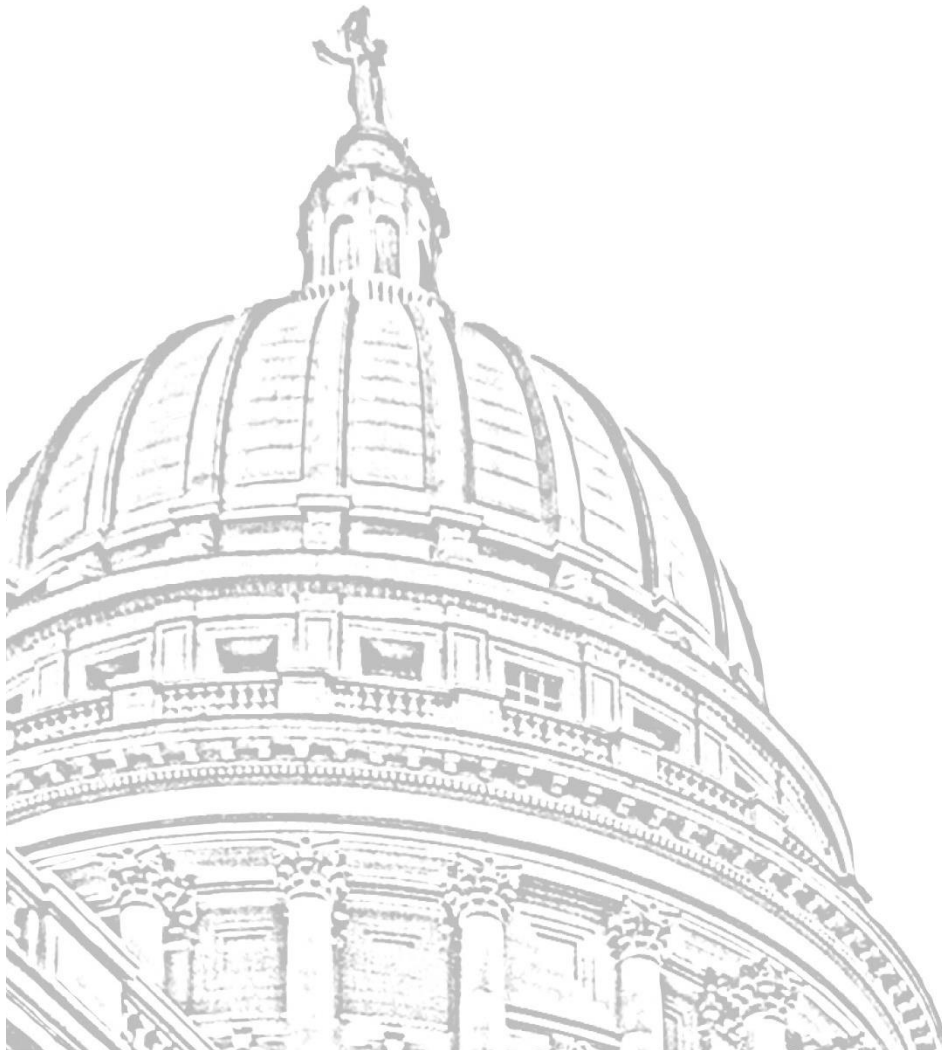
## Recommendations (Continued)

---

- work with DOA to determine the scope of State Fair Park's procurement authority;
- improve contract oversight and cash management procedures;
- revise and improve its vendor evaluation policies and procedures; and
- consider whether it is appropriate for it to enter into agreements under which it foregoes revenue and instead directs revenue be paid to a private entity.



April 24, 2018



# State Fair Park

Report 18-1