



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DUQUOIN STATE FAIR

COMPLIANCE EXAMINATION

For the Two Years Ended: September 30, 2011

Release Date: May 17, 2012

Summary of Findings:

Total this audit:	5
Total last audit:	2
Repeated from last audit:	0

INTRODUCTION

The DuQuoin State Fair is an operating entity of the Department of Agriculture. The Fair is 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 Southern Illinois.

SYNOPSIS

- The DuQuoin State Fair issued grandstand complimentary tickets for the 2011 Fair in excess of the amount allotted by the applicable performer's contract.
- The DuQuoin State Fair does not perform a reconciliation of total grandstand ticket sales reported by Ticketmaster to the Fair ticket office receipts or to the total grandstand deposits recorded by the State Comptroller.
- The DuQuoin State Fair did not hold the required number of horse racing events in 2010 and 2011 and collected nominating, sustaining and starting fees in excess of amounts allowed under the Illinois Horse Racing Act of 1975.

**ILLINOIS DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2011**

REVENUE AND EXPENDITURE STATISTICS	2011	2010
Total Revenue.....	\$ 1,347,568	\$ 1,401,705
Tickets.....	\$ 733,911	\$ 723,601
% of Total Revenue.....	54.4%	51.6%
Space Rental: Fair.....	\$ 582,029	\$ 649,500
% of Total Revenue.....	43.2%	46.4%
Entry Fees.....	\$ 17,338	\$ 28,604
% of Total Revenue.....	1.3%	2.0%
Sponsorship.....	\$ 14,290	\$ -
% of Total Revenue.....	1.1%	0.0%
Total Expenditures (All Funds).....	\$ 1,718,716	\$ 1,614,868
Personal Services.....	\$ 503,607	\$ 432,408
% of Total Expenditures.....	29.3%	26.8%
Other Payroll Costs (FICA, Retirement).....	\$ 43,806	\$ 35,402
% of Total Expenditures.....	2.5%	2.2%
Contractual Services.....	\$ 490,178	\$ 473,777
% of Total Expenditures.....	28.5%	29.4%
Fair Entertainment.....	\$ 579,819	\$ 497,849
% of Total Expenditures.....	33.8%	30.8%
Premiums and Awards.....	\$ 35,534	\$ 78,040
% of Total Expenditures.....	2.1%	4.8%
Financial Assistance.....	\$ -	\$ 4,698
% of Total Expenditures.....	0.0%	0.3%
All Other Operations Items *.....	\$ 65,772	\$ 92,694
% of Total Expenditures	3.8%	5.7%
(Deficiency) of Revenues Over Expenditures.....	\$ (371,148)	\$ (213,163)
* Contractual payroll is included in All Other Operations Items		

SUPPLEMENTARY INFORMATION	2011	2010
Employment Statistics (Approximate)		
Full Time Employees.....	4	4
October through June (Temporary).....	4	4
July (Temporary).....	16	19
August through September (Temporary).....	178	177
Selected Activity Measures		
Estimated Attendance (Not Examined).....	351,000	350,000
Grandstand Shows - Tickets Sold (Not Examined).....	20,613	22,448
Grandstand Show Revenues.....	\$ 367,960	\$ 329,626
Grandstand Show Expenditures.....	\$ 518,852	\$ 493,883
Competitive Events		
Competitive Events Revenues.....	\$ 17,338	\$ 28,604
Competitive Events Expenditures.....	\$ 62,743	\$ 127,456
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 39,607	\$ 35,025
Pari-mutuel Wagering Expenditures.....	\$ 120,329	\$ 116,876

AGENCY DIRECTOR
During Examination Period: Tom Jennings
Currently: Robert F. Flider, Acting

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**ISSUANCE OF COMPLIMENTARY
GRANDSTAND TICKETS IN EXCESS OF
CONTRACTS**

The DuQuoin State Fair (DSF) issued grandstand complimentary tickets for the 2011 Fair in excess of the amount allotted by the applicable performer's contract.

The DSF reserves the right to receive and distribute no more than 250 grandstand complimentary tickets per performance as part of each performer's contract at no cost to the DSF. The grandstand complimentary tickets are used by the Fair for advertising, barter or exchange, incentives, VIPs and special requests. The DSF distributed 132 additional grandstand complimentary tickets, with an approximate value of \$4,520, in excess of the 750 ticket limit allotted for three performances. The DSF also issued 72 complimentary grandstand tickets, with an approximate value of \$1,960 to a corporate sponsor in return for promotional activities; however this exchange transaction was not specifically addressed in the corporate sponsor's contract with the DSF.

The Fair issued 132 complimentary tickets valued at \$4,520 in excess of allotted ticket limit

Lack of policies and procedures regarding the issuance of complimentary tickets

We also noted the DSF has not developed formalized written policies and procedures regarding the issuance of complimentary tickets. (Finding 1, pages 9-10)

We recommended the DSF develop and implement rules for the sale, barter or exchange of grandstand complimentary tickets. Further, the DSF should comply with the terms of the entrainment contracts and modify contract terms to address the exchange of grandstand tickets for promotional activities when necessary.

Fair officials agree auditors

DSF officials agreed with the finding and recommendation.

**FAILURE TO RECONCILE GRANDSTAND
TICKET SALES**

The DuQuoin State Fair (DSF) does not perform a reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts or to the

total grandstand deposits recorded by the State Comptroller.

Unreconciled differences in ticket sales

The Department of Agriculture contracts with Ticketmaster to provide the ticket selling equipment and the ticket sales reporting system for all grandstand shows. We noted the DSF failed to reconcile total grandstand ticket sales reported by Ticketmaster to the total ticket sales recorded by the DSF ticket office. The unreconciled difference indicated that sales reported by the DSF ticket office exceeded sales reported by Ticketmaster by \$2,710. Additionally, we noted the DSF failed to reconcile grandstand ticket sales reported by the DSF ticket office to total grandstand deposits recorded by the State Comptroller. The unreconciled difference indicated that sales reported by the DSF ticket office exceeded receipts deposited by \$2,830. (Finding 2, page 11)

Grandstand tickets sales exceeded Comptroller receipts by \$2,830

We recommended the DSF perform a monthly reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF's ticket office receipts and to the total grandstand deposits recorded by the State Comptroller.

Fair officials agree with auditors

DSF officials agreed with the finding and recommendation.

NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT OF 1975

The DuQuoin State Fair (DSF) was not in compliance with the Illinois Horse Racing Act of 1975 concerning the number of days of its racing program and the nominating, sustaining and starting fees exceeding 2% of the purse for certain races.

Only three of the mandated five horse racing events were held each year

The DSF held only three days of horse racing events in 2010 and 2011. The DSF is required by the Act to provide at least a five day racing program each year.

Nominating, sustaining and starting fees amounted to 15% of the purses collected

Additionally, the nominating, sustaining, and starting fees of \$52,050 paid by the entrants for the DSF's racing events in 2011 amounted to 15% of the purses and exceeded the 2% limited outlined by the Act by approximately \$45,010. (Finding 3, page 12)

We recommended the DSF comply with the provisions

of the Illinois Horse Racing Act.

Fair officials agree with auditors

DSF officials agreed with the finding and stated it will comply with the provisions of the Illinois Horse Racing Act.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the DuQuoin State Fair. We will follow up on our findings during the next examination of the DSF.

AUDITORS' OPINION

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



WILLIAM G. HOLLAND
Auditor General

WGH:EVB:rt

SPECIAL ASSISTANT AUDITORS

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