



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DUQUOIN STATE FAIR

Compliance Examination
 For the Two Years Ended September 30, 2017

Release Date: April 26, 2018

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2015		3, 8	
Category 2:	3	7	10	2013		4, 5, 6, 7	
Category 3:	0	0	0	2011		1	
TOTAL	3	7	10				
FINDINGS LAST AUDIT: 10							

SYNOPSIS

- (17-1) Noncompliance with provisions of the Illinois Horse Racing Act.
- (17-2) The Fair did not adequately monitor the beer vendor.
- (17-3) Fair management did not demonstrate adequate controls over complimentary grandstand tickets at the 2017 and 2016 Fairs.

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
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2017**

REVENUE AND EXPENDITURE STATISTICS	2017	2016
Total Revenue.....	\$ 1,358,136	\$ 1,248,519
Tickets.....	\$ 752,589	\$ 701,080
% of Total Revenue.....	55.5%	56.2%
Space Rental: Fair.....	\$ 507,183	\$ 486,258
% of Total Revenue.....	37.3%	38.9%
Entry Fees.....	\$ 30,364	\$ 21,831
% of Total Revenue.....	2.2%	1.7%
Sponsorship.....	\$ 55,000	\$ 39,350
% of Total Revenue.....	4.0%	3.2%
Miscellaneous.....	\$ 13,000	\$ -
% of Total Revenue.....	1.0%	0.0%
Total Expenditures (All Funds).....	\$ 1,392,603	\$ 1,844,366
Personal Services.....	\$ 360,574	\$ 462,637
% of Total Expenditures.....	25.9%	25.1%
Other Payroll Costs (FICA, Retirement).....	\$ 26,901	\$ 35,110
% of Total Expenditures.....	1.9%	1.9%
Contractual Services.....	\$ 214,519	\$ 696,693
% of Total Expenditures.....	15.4%	37.8%
Fair Entertainment.....	\$ 790,609	\$ 522,251
% of Total Expenditures.....	56.8%	28.3%
All Other Operations Items.....	\$ -	\$ 127,675
% of Total Expenditures	0.0%	6.9%
Deficiency of Revenues Under Expenditures.....	\$ (34,467)	\$ (595,847)

SUPPLEMENTARY INFORMATION	2017	2016
Employment Statistics (Approximate) (Not Examined)		
Full Time Employees.....	2	2
October through June (Temporary).....	11	11
July (Temporary).....	54	65
August through September (Temporary).....	106	158
Selected Activity Measures		
Estimated Attendance (Not Examined).....	109,305	105,622
Grandstand Shows - Tickets Sold (Not Examined).....	18,977	17,974
Grandstand Show Revenues.....	\$ 318,864	\$ 266,655
Grandstand Show Expenditures.....	\$ 553,629	\$ 514,247
Competitive Events		
Competitive Events Revenues.....	\$ 30,364	\$ 21,831
Competitive Events Expenditures.....	\$ 112,039	\$ 87,031
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 8,269	\$ 2,313
Pari-mutuel Wagering Expenditures.....	\$ 71,957	\$ 72,412

AGENCY DIRECTOR
During Examination Period: Warren Goetsch, Acting (through 11/15/15); Raymond Poe (effective 11/16/15)
Currently: Raymond Poe

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH THE ILLINOIS HORSE
RACING ACT**

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

**Not all races required by Statute
were held by the Fair**

During testing, we noted DSF provided only a 2 day racing program in Fiscal Year 2017 and 2016. DSF is required to provide at least a 5 day racing program to be conducted at the State Fair each year. (Finding 1, page 11) **This finding has been repeated since 2011.**

We recommended the DSF comply with provisions of the Act or seek legislative remedy to assist in compliance.

Fair officials agreed with auditors

Fair officials agreed with the finding and stated management will look into the possibility of legislative remedy.

INADEQUATE MONITORING OF BEER VENDOR

The DuQuoin State Fair (DSF) did not adequately monitor the beer vendor.

**Beer vendor underpaid the DSF by
over \$4,000**

During our beer contract testing, we noted the DSF did not reconcile the beer inventory payment (based on a percentage of sales) to the beginning and ending beer inventory. When we requested the payment and compared it to the calculation of beer sales from the beer inventory, we noted the beer vendor underpaid by approximately \$1,913 and \$2,355 during the 2017 Fair and 2016 Fair, respectively. The DSF personnel were not aware of the underpayment until notified by the auditors. (Finding 2, page 12)

We recommended the DSF implement controls to monitor the beer vendor and seek underpayments from the beer vendor.

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they did reconcile both 2016 and 2017 beer inventory and they are still working to resolve this issue.

LACK OF CONTROLS OVER COMPLEMENTARY GRANDSTAND TICKETS

The DSF did not demonstrate adequate controls over complimentary grandstand tickets during the 2017 and 2016 Fairs.

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

- For 2017, the complimentary ticket issuance records for 4 of 6 entertainers were inaccurate. DSF records had a net understatement of 16 complimentary tickets.
- For 2016, the DSF failed to provide documentation of complimentary tickets requested for 9 tickets. The individuals who received these tickets and the justification for issuing them are unknown. (Finding 3, pages 13-14)

Support for recipients of complimentary tickets could not be provided

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

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they will continue to train employees on how to reconcile complimentary tickets and ensure supporting documents are on file.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over credentials, space rentals, camping revenues, gates and parking admissions and grandstand ticket office receipts, and weaknesses in contract administration and receipt and expenditure reconciliations. We will review the DSF's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the DSF for the two years ended September 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the DSF complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:skm

DIGEST FOOTNOTES

#1 – NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT – prior response

2015: DSF agrees with the finding and will continue to strive to comply while legislative remedies are being sought.