



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, 2013

Release Date: June 26, 2014

Summary of Findings:

Total this audit:	9
Total last audit:	5
Repeated from last audit:	4

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 incorrectly charged fair costs to a “non-fair activities” appropriation line item.
- Reconciliations 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 were not performed.
- The DuQuoin State Fair did not hold the required number of horse racing events in 2012 and 2013 and collected nominating, sustaining and starting fees in excess of amounts allowed under the Illinois Horse Racing Act of 1975.

{Financial data and Activity Measures are summarized on the reverse page.}

**ILLINOIS DEPARTMENT OF AGRICULTURE
DUQUOIN STATE FAIR
COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2013**

REVENUE AND EXPENDITURE STATISTICS	2013	2012
Total Revenue.....	\$ 1,230,913	\$ 1,175,565
Tickets.....	\$ 611,788	\$ 601,518
% of Total Revenue.....	49.7%	51.2%
Space Rental: Fair.....	\$ 597,931	\$ 520,747
% of Total Revenue.....	48.6%	44.3%
Entry Fees.....	\$ 18,694	\$ 19,800
% of Total Revenue.....	1.5%	1.7%
Sponsorship.....	\$ 2,500	\$ 33,500
% of Total Revenue.....	0.2%	2.8%
Total Expenditures (All Funds).....	\$ 1,825,800	\$ 1,806,214
Personal Services.....	\$ 711,469	\$ 561,065
% of Total Expenditures.....	39.0%	31.1%
Other Payroll Costs (FICA, Retirement).....	\$ 54,297	\$ 42,817
% of Total Expenditures.....	3.0%	2.4%
Contractual Services.....	\$ 341,925	\$ 467,743
% of Total Expenditures.....	18.7%	25.9%
Fair Entertainment.....	\$ 633,536	\$ 636,024
% of Total Expenditures.....	34.7%	35.2%
Premiums and Awards.....	\$ 42,026	\$ 50,467
% of Total Expenditures.....	2.3%	2.8%
All Other Operations Items.....	\$ 42,547	\$ 48,098
% of Total Expenditures	2.3%	2.6%
Deficiency of Revenues Under Expenditures.....	\$ (594,887)	\$ (630,649)
SUPPLEMENTARY INFORMATION	2013	2012
Employment Statistics (Approximate)		
Full Time Employees.....	3	3
October through June (Temporary).....	3	3
July (Temporary).....	13	16
August through September (Temporary).....	289	221
Selected Activity Measures		
Estimated Attendance (Not Examined).....	350,000	258,000
Grandstand Shows - Tickets Sold (Not Examined).....	16,260	12,907
Grandstand Show Revenues.....	\$ 267,875	\$ 296,265
Grandstand Show Expenditures.....	\$ 476,616	\$ 461,513
Competitive Events		
Competitive Events Revenues.....	\$ 18,694	\$ 19,800
Competitive Events Expenditures.....	\$ 74,873	\$ 80,291
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 33,487	\$ 30,546
Pari-mutuel Wagering Expenditures.....	\$ 127,011	\$ 116,742
AGENCY DIRECTOR		
During Examination Period: Tom Jennings (thru 10/18/11); James Larkin, Acting (10/19/11 - 12/16/11); H.W. Devlin, Acting (12/17/11 - 2/14/12); Robert F. Flider (2/15/12 - Current) Currently: Robert F. Flider		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

EXPENDITURES CHARGED TO INCORRECT LINE ITEM

The DuQuoin State Fair (DSF) did not follow appropriate methodology for charging fair costs among line items.

Fair costs of \$31,915 were charged to the wrong appropriation line item

The DSF incorrectly charged \$881 and \$31,034 of DSF costs for the 2012 and 2013 DSFs to a line item appropriated for activities at the DuQuoin State Fairgrounds other than the DuQuoin State Fair, or a “non-fair activity” line item. (Finding 1, page 9)

We recommended the DSF develop and adhere to a methodology for charging fair costs among line items as specified in the Department of Agriculture’s appropriation.

Fair officials agree auditors

DSF officials agreed with the finding and will ensure that DuQuoin Buildings & Grounds and DSF costs are charged correctly to their respective appropriations.

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 \$785 and \$1,605 for the 2012 DSF and the 2013 DSF respectively. 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. (Finding 2, page 10)

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 will perform a monthly reconciliation of total grandstand ticket sales reported by Ticketmaster to the DSF ticket office receipts and further reconcile that to the grandstand deposits recorded by the Comptroller.

NONCOMPLIANCE WITH THE ILLINOIS HORSE RACING ACT OF 1975

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

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.

The DSF held only three days of horse racing events in 2012 and 2013. The DSF is required by the Act to provide at least a five day racing program each year.

Additionally, the nominating, sustaining, and starting fee of \$300 paid by an entrant for the DSF's racing events in 2012 exceeded 2% of the purse for 18 of 30 races in 2012 and 17 of 29 races in 2013. (Finding 6, page 16)

We recommended the DSF comply with the provisions of the Illinois Horse Racing Act.

Fair officials agree with auditors

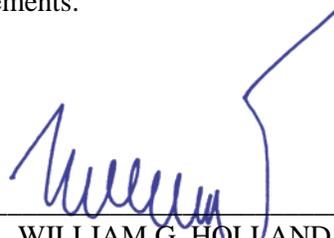
DSF officials agreed with the finding and stated it will comply with the provisions of the Illinois Horse Racing Act or seek legislative remedy to assist its compliance.

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:SKM

SPECIAL ASSISTANT AUDITORS

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