



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, 2015

Release Date: December 15, 2016

FINDINGS THIS AUDIT: 10	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2013		4, 5, 6, 7, 10	
Category 2:	4	6	10	2011		1	
Category 3:	0	0	0				
TOTAL	4	6	10				
FINDINGS LAST AUDIT: 9							

SYNOPSIS

- (15-03) Fair management did not demonstrate adequate controls over complimentary grandstand tickets at the 2015 and 2014 Fairs.
- (15-04) The Fair did not have adequate controls over paid and nonpaid parking admissions at the 2015 and 2014 DSFs.

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, 2015**

REVENUE AND EXPENDITURE STATISTICS	2015	2014
Total Revenue.....	\$ 1,172,126	\$ 1,163,971
Tickets.....	\$ 576,732	\$ 659,865
% of Total Revenue.....	49.2%	56.7%
Space Rental: Fair.....	\$ 536,428	\$ 484,491
% of Total Revenue.....	45.8%	41.6%
Entry Fees.....	\$ 20,166	\$ 19,615
% of Total Revenue.....	1.7%	1.7%
Sponsorship.....	\$ 38,800	\$ -
% of Total Revenue.....	3.3%	0.0%
Total Expenditures (All Funds).....	\$ 1,726,584	\$ 1,460,610
Personal Services.....	\$ 580,664	\$ 254,458
% of Total Expenditures.....	33.6%	17.4%
Other Payroll Costs (FICA, Retirement).....	\$ 44,924	\$ 20,623
% of Total Expenditures.....	2.6%	1.4%
Contractual Services.....	\$ 420,463	\$ 456,175
% of Total Expenditures.....	24.3%	31.2%
Fair Entertainment.....	\$ 584,450	\$ 633,869
% of Total Expenditures.....	33.9%	43.4%
Premiums and Awards.....	\$ 55,318	\$ 56,485
% of Total Expenditures.....	3.2%	3.9%
All Other Operations Items.....	\$ 40,765	\$ 39,000
% of Total Expenditures	2.4%	2.7%
Deficiency of Revenues Under Expenditures.....	\$ (554,458)	\$ (296,639)
SUPPLEMENTARY INFORMATION		
	2015	2014
Employment Statistics (Approximate) (Not Examined)		
Full Time Employees.....	2	3
October through June (Temporary).....	5	-
July (Temporary).....	20	15
August through September (Temporary).....	161	154
Selected Activity Measures		
Estimated Attendance (Not Examined).....	315,808	330,000
Grandstand Shows - Tickets Sold (Not Examined).....	22,736	20,460
Grandstand Show Revenues.....	\$ 244,411	\$ 358,630
Grandstand Show Expenditures.....	\$ 547,190	\$ 486,246
Competitive Events		
Competitive Events Revenues.....	\$ 20,166	\$ 19,615
Competitive Events Expenditures.....	\$ 98,289	\$ 95,704
Pari-mutuel Wagering		
Pari-mutuel Wagering Receipts.....	\$ 24,671	\$ 20,945
Pari-mutuel Wagering Expenditures.....	\$ 106,430	\$ 122,969
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

**INADEQUATE CONTROLS OVER
COMPLIMENTARY GRANDSTAND TICKETS**

During our testing of complimentary tickets provided to grandstand events at the 2015 and 2014 Fairs, we noted the following weaknesses:

Fair officials distributed excessive complimentary tickets

- The DSF exceeded the grandstand complimentary ticket allotment for 9 shows (2015 fair) and 1 show (2014 fair). For the 2014 fair, a total of 485 complimentary tickets were issued for this show; however, DSF was contractually limited to 250 tickets. Of the 485 complimentary tickets, the DSF issued 300 tickets to a group of individuals without receiving any benefit in return.

Recipients of complimentary tickets could not be identified

- The DSF issued more complimentary tickets to corporate sponsors than indicated in the sponsorship agreements by 78 tickets (2015 Fair) valued at \$1,950 and 16 tickets (2014 Fair) valued at approximately \$400.
- The DSF failed to identify the recipients of 4,708 complimentary tickets on 23 complimentary ticket request sheets (2015 Fair) and 299 complimentary tickets on 40 complimentary ticket request sheets (2014 Fair). The purposes of the complimentary tickets were listed as “media promotions” (2015 and 2014 Fairs) or “promotional” (2015 Fair).

Support for recipients of complimentary tickets could not be provided

- The DSF failed to provide documentation of complimentary ticket requests for an additional 283 tickets (2015 Fair) and 161 tickets (2014 Fair). The persons who received these tickets and the justification for issuing them were not provided by the DSF. (Finding 03, pages 13-14)

We recommended the DSF limit the issuance of complimentary grandstand tickets to the amounts outlined in contractual and sponsorship agreements. In addition, we recommended the DSF maintain a record of the distribution of complimentary grandstand tickets as required by the Code.

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they are

implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings.

INADEQUATE CONTROLS OVER PAID AND NONPAID PARKING ADMISSIONS

Sale or distribution of parking passes could not be accounted for

The DSF collected a total of \$254,741 and \$222,085 for parking admissions at the 2015 and 2014 Fairs, respectively. Parking passes are distributed before and during the Fair. At the end of the 2015 and 2014 Fairs, we tested to ensure issuance sheets existed for all parking admission passes not in inventory. At the conclusion of the 2015 DSF, out of a sample of 11 types of paid and non-paid passes, the DSF could not provide records indicating the sale or distribution of 75 parking passes. At the conclusion of the 2014 DSF, out of a sample of 24 types of paid and non-paid passes, the DSF could not provide records indicating the sale or distribution of 267 parking passes.

Vehicles found parked without displaying parking passes

For the 2015 Fair, the DSF ceased selling parking passes at Gate 8 since horse racing events had been reduced to 2 days. However, vehicles were still allowed to use this gate for limited purposes including service vehicles, carnival workers, and horse racing team members. All vehicles were to have pre-issued parking passes. During our observations, we noted two vehicles allowed to enter without pre-issued parking passes. The drivers stated they were with horse racing teams. The DSF employee instructed them to obtain parking passes from the horse racing office and have them displayed in their vehicles. During subsequent observations of vehicles parked near gate 8, we noted 2 of 10 vehicles (20%) observed did not have parking passes displayed. (Finding 04, pages 15-16)

We recommended the DSF improve training procedures to address the importance of the proper distribution and recordkeeping of parking passes.

Fair officials agreed with auditors

Fair officials agreed with the finding and stated they are implementing a corrective action process that includes a SharePoint tool to more effectively follow up on prior year findings.

OTHER FINDINGS

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

AUDITOR'S 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.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:ETL

SPECIAL ASSISTANT AUDITORS

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