

County Fair and Rodeo Alcohol Sales

Net profits higher but
return lower



April 11, 2025

Background

2024 County Fair Numbers



- 100,000 visitors
- \$1 million in admission revenue
- \$455,000 alcohol sales
- \$164,000 net revenue on alcohol



Why Reconsider Alcohol Sales Model

- Excess inventory during Covid-19
- Staff in-charge preparing to retire
- Beer garden model falling out of favor
- Harder to hire temporary staff



Audit Objective

Determine whether alcohol sales at the County Fair are cost effective.



Fieldwork

Compare
Financial
Reports



Review
Procedures
and
Documents

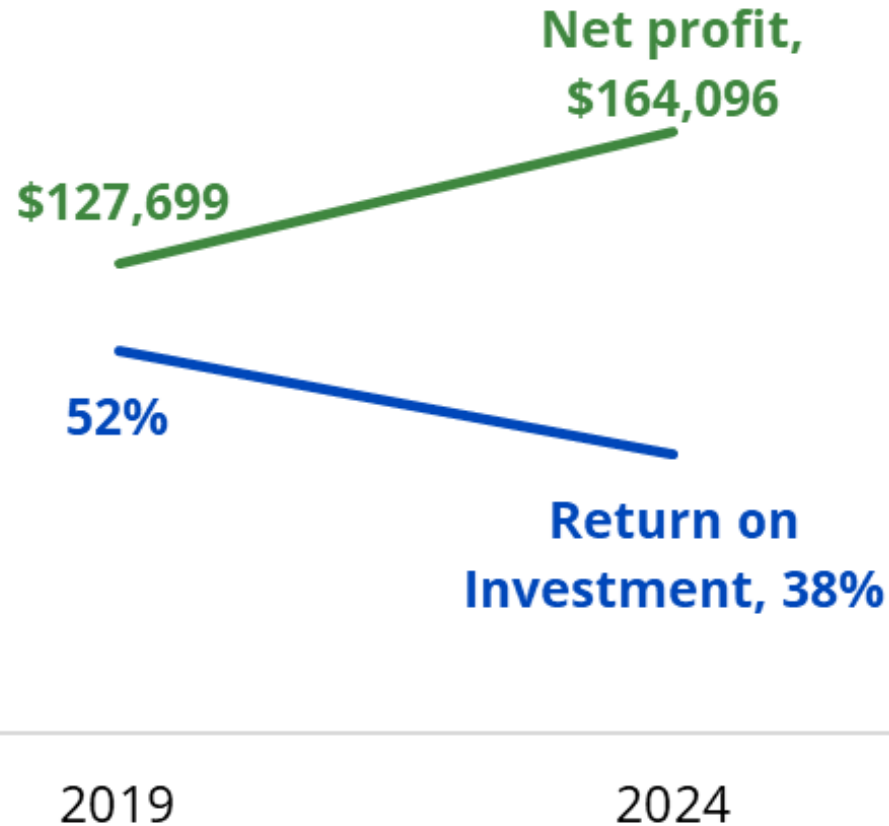


Onsite
Observation
Sales and
Inventory



Findings and Recommendations

Can't demonstrate program success



2024:
\$237,000
net profit at
52% return



Recommendation

- 1 Periodically evaluate program outcomes. Compare to in-house program or other contractors if available.

Agree



Confusion causes risk: Contract

Some elements imply more control over cash than exist

- Requirement for policies and procedures
- Accounting system and internal control requirements
- Turning over 100 percent of sales to Fair and Expo

Method of payment is not clear

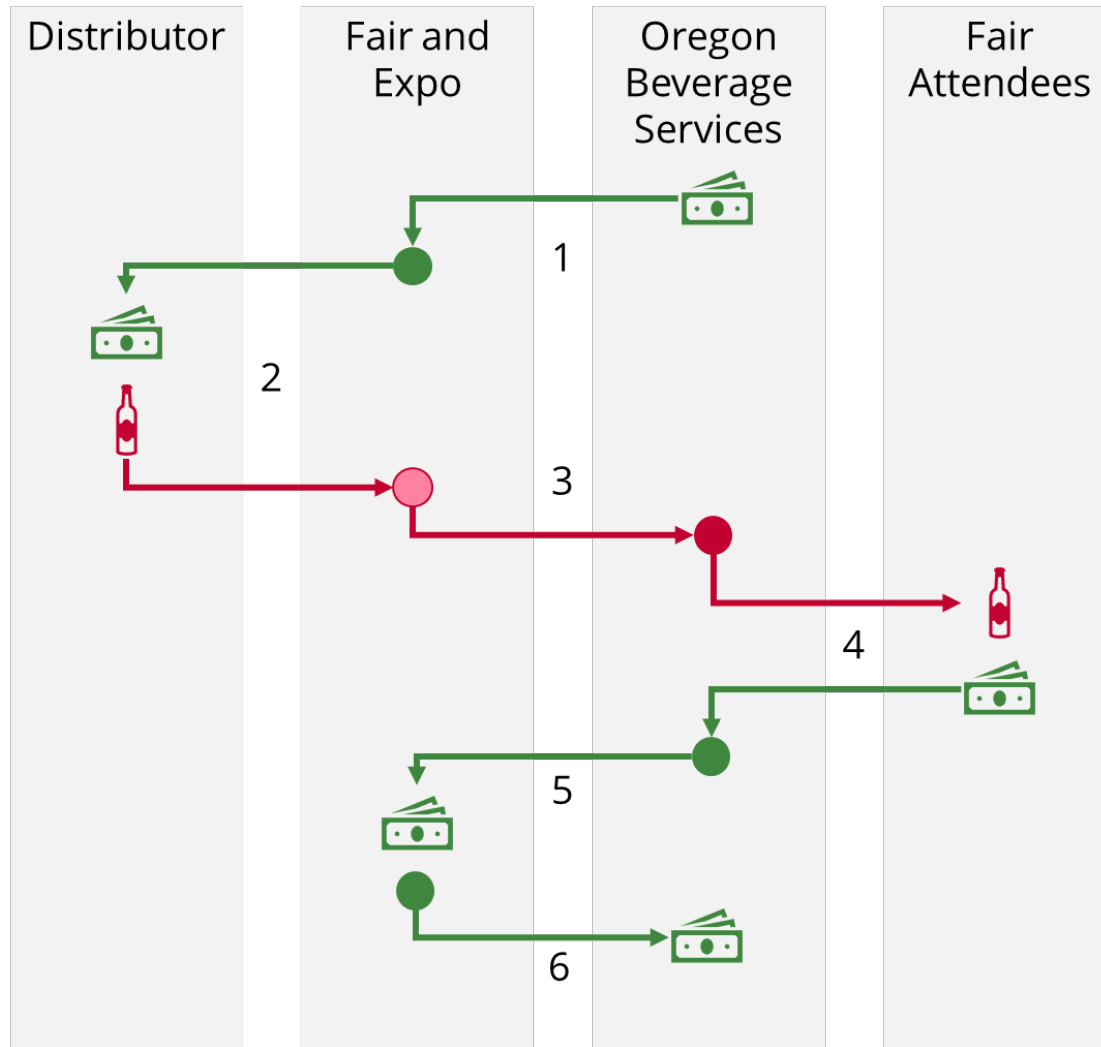
- Schedule of Performance or Delivery section states that OBS will retain 62 percent of gross sales.
- Compensation section states that OBS will provide Deschutes County with 100 percent of gross sales and then invoice DCFE for 62 percent of gross sales.

Inventory not included

Water sales not included



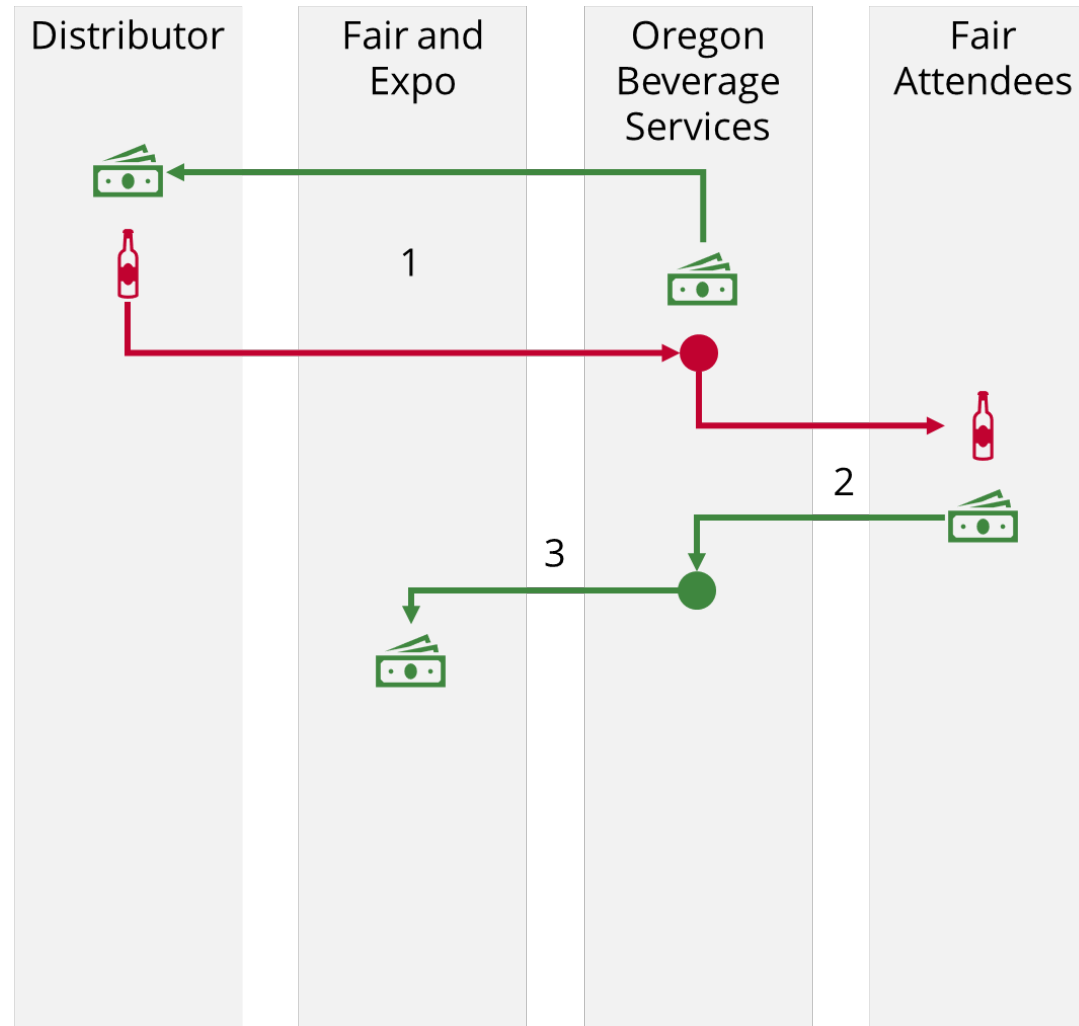
Confusion causes risk: Design



1. The Contractor paid money to Fair and Expo upfront that Fair and Expo used to pay for alcohol.
2. Fair and Expo purchased and paid for alcohol from distributors using the Fair and Expo liquor license.
3. Distributors delivered alcohol to Fair and Expo. The Contractor accepted alcohol and signed invoices indicating receipt.
4. The Contractor sold alcohol to Fair attendees, who paid the Contractor.
5. The Contractor paid 100 percent of the revenue to Fair and Expo.
6. Fair and Expo paid 62 percent of the revenue back to the Contractor.



Confusion causes risk: Design

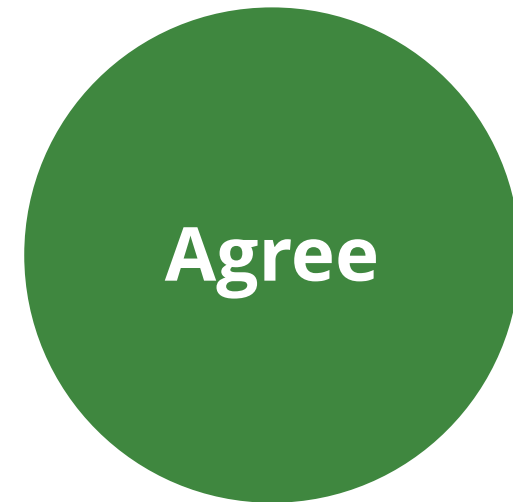


1. The Contractor purchases alcohol from distributors.
2. The Contractor sells alcohol to Fair attendees, who pay the Contractor.
3. The Contractor pays 38 percent of the revenue to Fair and Expo.



Recommendations

- 2 Fair and Expo management should consult with Oregon Beverage Services and County Counsel to evaluate risks in the current system and consider implementing a program with fewer risks.
- 3 If Fair and Expo decides to proceed with the current program, it should develop stronger liquor inventory controls including a system to document ownership transfer.



Questions and Comments?

Complete the Survey!

