

Minutes of Meeting
Fiscal Year 2017
Fairgrounds Audit & Budget Discussion
July 13, 2016
3:00 p.m.

The Kootenai County Board of Commissioners: Chairman Dan Green, Commissioner Marc Eberlein, and Commissioner David Stewart met to discuss the following agenda item. Also present were Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Finance Director Dena Darrow, Senior Staff Accountant Keith Taylor, Treasurer Steve Matheson, Chief Deputy Prosecutor Barry Black, and Deputy Clerks Alicia Lynch and Randi Davis. Also present were Kootenai County Fair General Manager Dane Dugan, Fair Board Chair Gerald Johnson, Vice Chair Zach Bane, and Fair Board members Linda Rider, Karlene Meyer, David Fair, Certified Public Accountant (CPA) Mary Richter, citizen Suzanne Metzger, and Coeur d'Alene Press staff writer Mary Malone.

- A. Call to Order:** Chairman Dan Green called the meeting to order at 3:00 p.m.
- B. Changes to the Agenda:** There were no changes to the agenda.
- C. Old Business:** There was no old business discussed.
- D. New Business:**

Discussion with General Manager of the Kootenai County Fairgrounds Dane Dugan regarding the Fairgrounds Audit Review and Fiscal Year (FY) 2017 Budget

Mary Richter, CPA, introduced herself to the Commissioners stating that she was hired by the Fair Board in April 2016, to provide formal professional CPA advice for the Fair's external audit process and year-end close. She said she was asked to review the internal audit findings and to draft a response; she disclosed to the Commissioners that she was not authorized to make decisions for the Fair Board.

Citizen Leslie Duncan entered the meeting at 3:09 p.m.

Ms. Richter presented the Fair Board's response to the Commissioners and outlined the Fair Board's plan to implement changes. She said the Fair Board would implement a training schedule to cover the following: Board responsibilities, how to read governmental financial statements, budgeting, oversight, fixed asset tracking, and preparing for external audits. Ms. Richter informed the Commissioners that the Fair Board intended to hire a full time bookkeeper with formal education this fall, due to the Fair's growth outstripping the capabilities of the current staff. She advised that by December 2016 formal policies and procedural manuals would be assembled as well as formal risk assessment documentation.

Ms. Richter said in January of 2017 the new bookkeeper would work with the Fair's current bookkeeper to close the Fair's books; she noted this would be done earlier than

in prior years so there was less of a delay in finalizing the external audit. She noted that the Fair Board asked that the County review the changes made after the 2017 Fair to ensure proper implementation of new policies and procedures.

Chairman Green inquired what portion of the Fair's revenue was generated by the Fair. Fair General Manager Dane Dugan and Fair Board Chair Gerald Johnson replied that approximately \$700,000 was generated by the Fair, and approximately \$800,000 was generated during the rest of the year.

Fair Board member David Fair informed the Commissioners that the Board had already begun the processes outlined in the plan and were using standards of industry as well as County policy.

Chairman Green questioned the Fair's advancing pay to employees via draws. Commissioner David Stewart said in his opinion advancing pay with public funds was unacceptable and Commissioner Marc Eberlein agreed. Chairman Green suggested the Fair Board should get BOCC approval on the cash advance practice.

Clerk Jim Brannon pointed out that the Auditor's office had not received a dated and signed official response from the Fair Board to the draft internal audit memo before this meeting, and therefore they were unable to comment on the Fair's plans. Mr. Johnson said a formal signed response would be submitted.

Clerk Brannon requested clarification regarding communications and decision making processes among the Commissioners, the Auditor's office, the Fair Board, and Ms. Richter. Chairman Green recommended using the internal audit memo as a template of expectations. He said he supported the Fair Board's timeline and also suggested a decision maker be present with Ms. Richter to represent the Fair Board. Mr. Johnson stated Mr. Dugan would accompany Ms. Richter to meetings as a decision making representative of the Fair.

Senior Accountant Keith Taylor commented that the Fair's FY2015 year-end financial statements did not match Magnuson McHugh's audited numbers. He recommended the Fair Board ensure journal entries corrected the financials. Ms. Richter explained that the corrections Mr. Taylor was requesting had been completed after internal audit's review, and said she would provide them to the Auditor's office shortly.

Chief Deputy Prosecutor Barry Black exited the meeting at 3:56 p.m.

Commissioner Stewart, the Fair Board liaison, detailed his comments and concerns with the Fair's written response to the audit. He said there were inconsistencies in contracts and unclear communication regarding the rebranding of the Fair. He questioned the Fair's statements concerning Mr. Dugan's review of QuickBooks reports due to Solid Waste bills going unpaid for several months.

Mr. Dugan said though he was not a QuickBooks user at the Fair, he was well versed in QuickBooks from prior employment. He stated that he reviewed the Fair's books

frequently and the Solid Waste issue was due to confusion over whether the vendor or the Fair was responsible for the payment.

Commissioner Stewart inquired whether Mr. Dugan was now receiving two separate checks and two W-2s from the Fair and the Fair Foundation, and if the Public Employee Retirement System of Idaho (PERSI) was being applied correctly. Ms. Richter replied that the Fair Foundation was a non-profit organization and could not participate in PERSI so Mr. Dugan would only receive PERSI through the Fair. She added that an internal investigation was researching the issue and a report would be presented to the Fair Board and the Commissioners. Ms. Richter said she agreed with Commissioner Stewart that the internal audit team should spend more time observing Fair processes.

Clerk Brannon provided a County Fair Budget Trend History, noting that the Board's contribution to the Fair increased from \$75,000 to \$150,000 in FY2016. Chairman Green told the Fair Board that the Commissioners may decide to give more direction regarding how the County's FY2017 contributions would be spent.

Mr. Fair presented and discussed with the Commissioners the Fair's FY2017 Budget requests of \$150,000. He provided a breakdown by improvement project:

- \$50,000 Paving additional handicap parking spaces
- \$25,000 Approaches and entrances improvements
- \$40,000 Electrical and lighting improvements
- \$5,000 Signage
- \$5,000 Office
- \$25,000 Capital equipment (i.e. bleachers, tables, and tents).

Mr. Fair also mentioned additional items for Commissioner funding consideration:

- \$20,000 Professional Services to assess the cost of updating restrooms
- \$368,000 Developing a recreational vehicle campground

Commissioner Eberlein said he preferred the updates to the restrooms being a high priority since the Americans with Disabilities Act (ADA) compliance in the Fair restrooms had been an issue for years. Mr. Fair said ADA Compliance in the Fair's restrooms were at least a year out, and that the \$20,000 request was to get firmer costs.

Chairman Green inquired whether the Fair Board had savings in fund balances. Mr. Johnson replied that the Board maintained \$100,000 to \$150,000 in fund balances. Chairman Green asked what the Fair's profits for 2015 had been. Citizen Suzanne Metzger noted that at a prior Fair Board meeting the 2015 profits had been reported as a \$42,000 loss, not including capital improvements. Commissioner Stewart read from Magnuson McHugh's audit of the Fair that in 2014 the Fair's revenue was \$1.5 million and in 2015 the revenue was \$1.36 million.

Chairman Green said the goal was to get the Fair running better and into the black. He said the Commissioners should think about the FY2017 Fair funding amount, as well as restrictions on the funds usage. Chairman Green said the Clerk's office would inform the Fair when the Fairgrounds' Budget would be discussed before the Commissioners again.

- E. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There were no public comments.

Chairman Green adjourned the meeting at 4:33 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

DANIEL H. GREEN, CHAIRMAN

BY: _____
Alicia Lynch, Deputy Clerk
