



STATE OF COLORADO

ATTACHMENT C

Sally Symanski, CPA
State Auditor

OFFICE OF THE STATE AUDITOR
(303) 869-2800
FAX (303) 869-3060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

March 11, 2008

MEMORANDUM

To: Legislative Audit Committee Members

From: Sally Symanski, CPA²⁰³
State Auditor

Re: Status Report from the Colorado State Fair Authority

Attached is a report from the Colorado State Fair Authority (Authority) in response to a request from the Legislative Audit Committee (Committee) during the public hearing for the Authority's Fiscal Year 2007 financial audit on December 3, 2007. The Committee requested that the Authority report back in March 2008 on the implementation status of the three audit recommendations that were material weaknesses (Recommendation No. 2: Monthly reconciliations of accounting records; Recommendation No. 3: Controls over cash receipts; and Recommendation No. 4: Reconciliation of daily sales reports with deposits). The Authority reports on page 1 of the attachment that it has implemented these recommendations.

The Committee also asked the Authority to report on the financial results of the use of the Event Center and separately on the results of State Fair operations. This information is reported on pages 2-3 of the attachment.

enc.

MID YEAR STATUS REPORT TO LEGISLATIVE AUDIT COMMITTEE

RECOMMENDATION NO. 2

The Authority should perform timely monthly reconciliations of accounting records to ensure accuracy and completeness in financial reporting and minimize the risk of errors, irregularities, misallocations and omissions.

The Authority has fully implemented this recommendation. Revenue is being reconciled on a monthly basis by organization managers and verified by accounting. Bank accounts are being reconciled on a monthly basis by accounting and verified by the Department of Agriculture accounting personnel. The inter-fund receivable account specifically addressed in this recommendation consists of two parts. One part is cash deposits and one part is credit card deposits. The cash deposit portion is fully reconciled through January, 2008. The credit card deposit portion is reconciled through December, 2007 with a variance of approximately \$5,000.00.

RECOMMENDATION NO. 3

The Authority should improve controls over cash receipts by requiring that the person opening the remittances to prepare a list documenting the payer, amount and check number for each remittance. After the deposit is made, an individual with neither record keeping or custody of assets responsibilities should compare the total deposit from the deposit slip to the total from the remittance listing to mitigate the risk that remittances are misappropriated or that errors go undetected.

The Authority has fully implemented this recommendation. Each day when mail is received it is opened by two persons who create and sign a log which lists the date, payer name, amount of the check, check number, and the department receiving the check. Checks are placed in locked bank bags and distributed to departments. As deposits are made, another employee logs the date the checks are deposited as well as the journal voucher document number that was used to enter the check into the COFRS system. Periodically, the log is reviewed by management to ensure continued compliance.

RECOMMENDATION NO. 4

The Authority should ensure that all daily sales report reconciliations of Box Office revenue are completed and differences are resolved in order to reduce the risk of errors and fraud.

The Authority has fully implemented this recommendation. The Box Office Manager is ensuring on a daily basis that all ticket sellers fully complete sales reports which must correspond with Ticketmaster reports and that the sellers sign each report taking responsibility for its contents. Additionally, when the deposits are received in the accounting department they are verified again. If there are differences, the Accounts Receivable technician works with the Box Office Manager to resolve those differences daily.

Event Center		Event Center	Event Center
As of 01/31/08		Fairtime only	Nonfairtime through 01/31/08
Revenues			
Concerts	595,542	392,343	203,199
Miscellaneous Sales	10,064	1,100	8,964
Rentals	30,800	-	30,800
	<u>636,406</u>	<u>393,443</u>	<u>242,963</u>
Expenses			
Full time personnel	66,108	-	66,108
Temporary personnel	45,907	27,134	18,773
Personnel contract	12,375	12,375	-
Entertainment	734,384	576,154	158,230
Rental expense	7,354	6,838	516
Supplies	20,952	14,504	6,448
Utilities	118,238	18,244	99,994
Other Operating	8,019	5,369	2,650
Interest expense	54,082	20,998	33,084
Security	39,084	20,136	18,948
	<u>1,106,503</u>	<u>701,752</u>	<u>404,751</u>
Net Income(Loss)	<u>(470,097)</u>	<u>(308,309)</u>	<u>(161,788)</u>

State Fair less Event Center
As of 01/31/08

	State Fair less event center	State Fair less event center	State Fair less event center Nonfairtime only through 01/31/08
	YTD through 01/31/08	Fairtime only	
Revenues:			
Gate Admissions	\$ 1,160,306	1,139,954	20,352
Carnival	\$ 740,195	740,195	-
Concerts	\$ 585,234	584,652	582
Exhibitors	\$ 578,811	541,276	37,536
Commercial Space/Exhibitors	\$ 1,199,007	1,136,193	62,814
Commercial Sponsorships	\$ 428,469	428,469	-
Sponsorship in Kind	\$ 1,501,520	1,476,166	25,354
Miscellaneous Sales	\$ 112,795	86,377	26,418
Sale of Supplies & Materials	\$ -	-	-
Interest Income	\$ 2,104	-	2,104
Unclaimed Property	\$ 1,906,035	-	1,906,035
Rentals	\$ 270,647	30,800	239,847
Gain/Loss on Sale of Assets	\$ 516	-	516
City of Pueblo	\$ 154,584	-	154,584
Pueblo County	\$ 100,000	100,000	-
Income tax checkoff/SHGF	\$ -	-	-
Total Revenues	<u>\$ 8,740,222</u>	<u>6,264,082</u>	<u>2,476,142</u>

Expense:

Debt Service			
Personnel Costs	\$ 655,347	180,957	474,390
Personnel - Temp	\$ 404,966	283,141	121,824
Personnel - Contract	\$ 347,507	329,891	17,615
Entertainment-Contract	\$ 1,077,979	1,078,568	(589)
Advertising/Public Relations	\$ 473,418	466,624	6,794
Sponsor in Kind	\$ 1,501,520	1,476,166	25,354
Insurance	\$ 4,408	3,889	519
Legal	\$ 6,009	-	6,009
Maint& Repair	\$ 1,536	200	1,336
Postage	\$ 13,251	1,637	11,613
Premiums	\$ 731,309	731,309	-
Printing	\$ 52,796	50,750	2,046
Refunds & Mis.	\$ 1,820	1,820	-
Rental Exp	\$ 169,226	163,918	5,307
Supplies	\$ 201,606	136,764	64,843
Travel	\$ 32,929	9,597	23,333
Utilities	\$ 420,885	115,963	304,922
Other Operating Expense	\$ 486,984	324,806	162,179
Business Dev.	\$ 12,000	-	12,000
Audit Expense	\$ 16,917	2,417	14,500
Interest	\$ 13,747	-	13,748
County Grant	\$ -	-	-
Security	\$ 264,797	220,533	44,265
Workers Compensation	\$ 45,197	-	45,197
Risk Management	\$ 22,286	-	22,286
Total Expense	<u>\$ 6,958,440</u>	<u>5,578,950</u>	<u>1,379,491</u>
Net Income/Loss Before Depreciation	\$ 1,781,782	\$ 685,132	\$ 1,096,651
Depreciation	\$ 359,725	-	359,725
Net Operating Income/(Loss)	<u>\$ 1,422,057</u>	<u>\$ 685,132</u>	<u>\$ 736,926</u>