



**DUBUQUE COUNTY FAIR ASSOCIATION**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS  
SCHEDULE OF FINDINGS**

**SEPTEMBER 30, 2003**

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## Dubuque County Fair Association

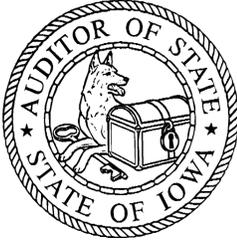
### Officials

<u>Name</u>	<u>Title</u>
Daryl Biechler	President
Dan Waller	First Vice President
William Watters	Second Vice President
Marty McClain	Director at Large First Chair
Greg Birkett	Director at Large Second Chair
Jeff Avenarius	Director at Large Third Chair
Shannon Lundgren	Manager
Margaret Curry	Office Manager

### Directors

Marla Avenarius	Karen Kutsch
Richard M. Bradley	Randy McClain
Carol Coats	Ray Mueller
Paul Coats	Sylvester Rauen
Chuck Cullen	Mark Reiss
Virgil Hammerand	Robert Schuster
Fred Henneberry	Jim Siegert
Donald Jecklin	Jerry Sigwarth
Robert Kenneally	Dave Walser

**Dubuque County Fair Association**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of the Dubuque County  
Fair Association:

We have audited the accompanying financial statement, listed as an exhibit in the table of contents of this report, of the Dubuque County Fair Association as of and for the year ended September 30, 2003. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statement presents fairly, in all material respects, the results of the cash transactions of the Dubuque County Fair Association as of and for the year ended September 30, 2003 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 18, 2004 on our consideration of the Dubuque County Fair Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 18, 2004

**Dubuque County Fair Association**

## **Financial Statement**

**Exhibit A**

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## Dubuque County Fair Association

## Statement of Cash Transactions

Year ended September 30, 2003

## Receipts:

State allocation		\$	10,316
County allocation			20,000
Admissions:			
Dances	\$	80,101	
Pit passes		12,462	
Gate		187,787	
Carnival		45,376	
Reserved seats		81,481	
Octoberfest		15,063	
Summers Last Blast		16,278	
Other		<u>33,651</u>	472,199
Concession commissions			431,350
Advertising			33,080
Rent:			
Building and grounds		129,119	
Storage		<u>8,856</u>	137,975
Parking			9,061
Fundraising events			45,266
Donations and contributions			14,700
Interest on investments			727
Miscellaneous			<u>24,690</u>
Total receipts			<u>1,199,364</u>

## Disbursements:

Salaries and benefits			239,200
Utilities			52,960
Repair and maintenance			29,474
Advertising			19,281
Insurance			53,209
Travel			3,275
Printing			15,027
Postage and freight			3,824
Rental			6,183
Permits and licenses			2,660
Contractual services			25,438

## Dubuque County Fair Association

## Statement of Cash Transactions

Year ended September 30, 2003

Disbursements (continued):		
Accounting services		4,407
Office supplies		3,233
Concessions		159,964
Operating supplies		38,899
4-H premiums		10,500
Special events and attractions		397,009
Fundraising		10,025
Auto racing		34,864
Property and equipment		72,503
Miscellaneous		<u>20,571</u>
Total disbursements		<u>1,202,506</u>
Deficiency of receipts under disbursements		(3,142)
Other financing sources (uses):		
Bank loan proceeds	100,000	
Bank loan repaid	<u>(100,000)</u>	<u>-</u>
Deficiency of receipts and other financing sources under disbursements and other financing uses		(3,142)
Balance beginning of year		<u>85,765</u>
Balance end of year		<u>\$ 82,623</u>
See notes to financial statement.		

Dubuque County Fair Association

Notes to Financial Statement

September 30, 2003

**(1) Summary of Significant Accounting Policies**

The Dubuque County Fair Association was formed in 1954 pursuant to the provisions of Chapter 504A of the Code of Iowa.

The Association is to hold an annual fair in Dubuque County, Iowa, to further interest in agriculture and to encourage the improvement of agricultural products, livestock, articles of domestic industry, implements, and other mechanical devices. The Association is to offer and award such premiums as will induce general competition and is to operate, manage and control the Dubuque County Fairgrounds and improvements.

A. Reporting Entity

For financial reporting purposes, Dubuque County Fair Association has included all funds, organizations, agencies, boards, commissions and authorities. The Association has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Association. The Dubuque County Fair Association has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Accounting

The Dubuque County Fair Association maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Association is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Association in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Association's deposits in banks at September 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Association is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Association; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Association had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.

**(3) Risk Management**

The Dubuque County Fair Association is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Association assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(4) Pending Litigation**

The Association is named as a defendant in a civil rights complaint. No monetary damages are being sought at this time.

**(5) Note Payable**

On December 10, 2002, the Association issued a promissory note for a revolving line of credit of \$100,000 at 5.75% per annum interest to be repaid on or before December 1, 2003. The Association borrowed \$100,000 on July 23, 2003 and repaid the note in full on July 29, 2003.

**Dubuque County Fair Association**



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David A. Vaudt, CPA  
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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of the Dubuque County  
Fair Association:

We have audited the financial statement of the Dubuque County Fair Association as of and for the year ended September 30, 2003, and have issued our report thereon dated February 18, 2004. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Dubuque County Fair Association's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Association's operations for the year ended September 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Association. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior audit statutory comments have been resolved except for item (1).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Dubuque County Fair Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Dubuque County Fair Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior audit reportable conditions have been resolved except for items A, B, D, and G.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Dubuque County Fair Association and other parties to whom the Association may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Dubuque County Fair Association during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 18, 2004

Dubuque County Fair Association

Schedule of Findings

Year ended September 30, 2003

**Findings Related to the Financial Statement:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

- (A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person generally has control over the following areas: issuing and recording cash receipts, reconciling the bank account, approving disbursements, preparing and signing checks. Also, a list of mail receipts is not maintained and compared to the cash receipt records by someone independent of the person responsible for the accounting records.

Recommendation - We realize that with a limited number of office employees it is difficult to segregate duties. However, the Association should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The Board will address our internal control procedures as part of our new internal control manual.

Conclusion - Response accepted.

- (B) Accounting Procedures - An accounting procedures manual has not been prepared.

Recommendation - An accounting procedures manual should be developed to establish and document procedures within the accounting process.

Response - The Dubuque County Fair Association Committee has recommended writing a procedures manual for our accounting practices.

Conclusion - Response acknowledged. The Association should approve the Committee's recommendation.

- (C) Petty Cash - Various employees have access to the petty cash fund.

Recommendation - One employee should maintain the petty cash fund. Another employee should perform periodic surprise counts.

Response - Petty cash will be managed by the Office Manager and locked in a location where only he/she will have access to it regularly. The General Manager and the Finance Committee Chair person will do periodic spot checks to balance the petty cash fund.

Conclusion - Response accepted.

Dubuque County Fair Association

Schedule of Findings

Year ended September 30, 2003

- (D) Disbursements - Invoices or other supporting documents were not always attached to the vouchers and in several instances could not be located for review. For several vendors, checks are prepared and signed in advance, with the amount and vendor filled in at the time goods are purchased. Unused checks were not adequately controlled and safeguarded.

Recommendation - All disbursements should be supported by an original invoice or other adequate supporting documentation. Petty cash should be used for small purchases where payment is required at the time of purchase. Otherwise, the employee should pay for the goods and be reimbursed later by the Association. Unused checks should be kept in a locked area accessible only to authorized employees.

Response - The Dubuque County Fair Association will match all applicable invoices and receipts to the payment voucher. Additionally, we will use petty cash for small purchases, and investigate charge accounts at frequently used stores. All unused checks will be locked up.

Conclusion - Response accepted.

- (E) Receipts - Certain receipt books used could not be located and receipts were not always issued in numerical sequence. Also, several receipts could not be located.

Recommendation - Prenumbered receipts should be issued in numerical sequence at the time of collection to provide additional control over the proper collection and recording of all money. The numerical sequence of both issued and unissued receipts should be periodically accounted for. All receipt books used should be retained. Also, a copy of each receipt issued should be kept in the receipt book.

Response - New receipt books have been ordered with the sequence beginning with 1. The new accounting procedures manual will address that receipt books must be used in sequence and that a copy of the receipt will be kept in the book as well.

Conclusion - Response accepted.

- (F) Concessions Inventory - Monthly reconciliations of inventory on hand, inventory purchased, and inventory used are not performed. Additionally, inventory is only counted at year end.

Recommendation - Inventory should be counted periodically to provide additional control. Also, monthly reconciliations of inventory on hand to inventory purchased and used should be performed by an employee independent of the inventory record keeping function.

Response - The Maintenance Manager will do monthly inventory of all stock items and the General Manager will reconcile the inventory each month. The Finance Committee will review the inventory reports at its quarterly meetings.

Conclusion - Response accepted.

Dubuque County Fair Association

Schedule of Findings

Year ended September 30, 2003

(G) Information Systems - The following weaknesses in the Association's computer based system were noted:

- The Association does not have a written policy regarding changing passwords, password privacy and confidentiality.
- The Association does not have a written policy on employees' use of the internet.
- The Association does not have a written disaster recovery plan.
- The Association does not have written policies and procedures that require scanning media or downloaded files from the internet for viruses before opening.
- The Association does not have a written policy and procedure regarding updates to its anti-virus software.

Recommendation - The Association should adopt written policies addressing the above items in order to improve the Association's control over its computer-based systems. A written disaster recovery plan should also be developed.

Response - Each comment will be addressed in our new accounting procedures manual and the written policy on internet usage will also be addressed in the employee handbook.

Conclusion - Response accepted.

Dubuque County Fair Association

Schedule of Findings

Year ended September 30, 2003

**Other Findings Related to the Statutory Reporting:**

- (1) Official Depositories - A resolution naming Dubuque Bank and Trust as an official depository was approved by the Association on May 13, 1997. However, the maximum deposit amount was not stated in the resolution. Additionally, the Association had deposits in American Trust and Savings Bank and Dupaco Community Credit Union, which were not authorized depositories for the Association.

Recommendation - A new depository resolution should be approved naming all financial institutions for Association accounts and in amounts sufficient to cover anticipated balances at the approved depositories.

Response - The Dubuque County Fair Association of Directors will be asked at the March board meeting to approve the use of American Trust and Savings Bank and Dupaco Community Credit Union as official depositories and will also be asked to approve the maximum amount allowed in each depository.

Conclusion - Response accepted.

- (2) Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense - No disbursements of Association money for travel expenses of spouses of Association officials or employees were noted.
- (4) Association Minutes - No transactions were found that we believe should have been approved in the Association minutes but were not.
- (5) Deposits and Investments - Except as noted in (1), no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.
- (6) Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the Association to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Association retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The Association should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The Office Manager has called Dubuque Bank and Trust and has asked that both the front and back of each check be sent to us with our monthly bank statements.

Conclusion - Response accepted.

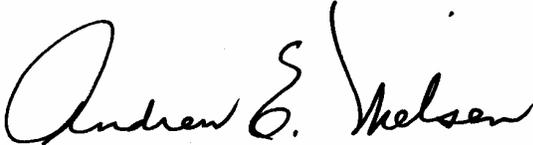
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Dubuque County Fair Association

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Shawn P. Limback, Staff Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State