



## CASCADE COUNTY

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Dear Chairman Hall and members of the ExpoPark Advisory Board,

I have attached several documents which will hopefully answer your questions and correct a misconception that you seem to have regarding your role.

First, the commissioners are always concerned about the operating deficit at Montana ExpoPark but are not surprised at the estimate that you included in the letter. As you may remember, the Commission diverted funds that would normally be used to operate the 2020 Montana State Fair into improvements around the park. This means that we spent as much during the fiscal year on ExpoPark as we would have if the State Fair had occurred but brought in no revenue. As such, we created a situation that automatically created an increased deficit for this year.

In the third paragraph of your letter, you assert that "The fact is: our advisory board bylaws are distinct regarding our responsibilities of financial oversight". You are very much mistaken in this regard. You are an advisory body that serves at the pleasure of the Board of County Commissioners, you have no fiscal oversight authority.

The bylaws currently in force are those adopted by THE COUNTY COMMISSION on December 23<sup>rd</sup>, 2014. In those bylaws the only reference to financials occurs on page 3 Article IV Meetings where it states that you will review the financials during the regular Advisory board meetings. This statement does not infer "financial oversight". The reports are provided to allow you to see how the overall finances are trending, not to empower you to exert "oversight".

You are more than welcome to receive and review the financials monthly but that is not your focus. We have steered you away from that path because past Advisory Boards have wasted their efforts trying to understand the vagaries of governmental fund accounting rather than providing us with useful insights into changes that we need or providing the advocacy we need. Instead, they have chosen to spend their time arguing about financials. I am sorry that you do not want to hear it, but governmental accounting is different than private sector accounting.

Before you begin to review the attached reports keep in mind that ExpoPark accounting is spread across three different funds that interplay to create the entire picture. Two of these funds are governmental funds and the third is an enterprise fund. The rules of the Governmental Accounting Standards Board (GASB) which Montana law requires we follow require slightly different accounting methods between these two types of funds.

The funds utilized are as follows:

- 2160 which is titled State Fair. This is a governmental fund type and is the tax levy fund you see on your property tax bill. This is a carve out from the General mill levy cap that the commission has created to provide an ongoing subsidy to operate the Montana ExpoPark and State Fair. Twice a year funds that have been collected through property taxes are transferred from this account into Fund 5750.
- 4020 which is titled Fair Capital Reserve. This is a governmental fund type which house a combination of past reserve contributions and funds transferred in for a specific capital purpose prior to expensing.
- 5750 which is titled Montana ExpoPark which is the Enterprise Fund that Susan has shared with you previously. This is where day to day revenue and expense operations are housed but without the other funds, it is an incomplete picture.

You requested some breakdowns by expense categories and profit centers. Those you will find via the department codes and function codes contained with the Income statements. For example: interim event concession costs would be shown in Fund 5750 (Montana ExpoPark operating) Department 466 – Interim events account 34.6350 and 34.6351. The revenue that correlates to those expenses would be in Fund 5750 Department 466 Revenue lines 34.6350 and 34.6351.

Revenue and costs regarding horse racing would also be in Fund 5750 but under Department 438. Since there was no horse racing during the current fiscal year, I have had Susan prepare a summary of revenue and expenses for horse racing in 2019 which is also attached. As you will see that reflects a net loss of \$37,575 to the county. I think of this in terms of being a part of the grounds entertainment that we provide. We know that there are some folks who attend the Fair because of horse racing but we have no accurate way to quantify the gate revenue produced by horse racing.

I would also note that the Great Falls Turf Club on occasion pays for facility upgrades at their own expenses which do not pass through the county's books. Examples of this would be contract 20-195 where we authorized them to contract directly to remodel the jockey rooms at a cost of \$2369 and contract 21-03 which is on the agenda for Tuesday. Contract 21-03 will allow them to replace, at their expense, a 76-foot-long section of the track fence between the Pacific Steel and Recycling Arena and the Paddock area. The expected cost of this to the Turf Club is \$4626 for this fencing replacement. In prior years they have contributed to the expenses of constructing the covered section of seating that is deployed between the Grandstand and the Pacific Steel and Recycling Arena. Additionally, they secured the donation of a significant amount of steel for the county a few years ago to use to repair the old grandstands.

My point in bringing these items up is to demonstrate that it is difficult to place a hard value on horse racing, but it is clear to me that is not accurately reflected in the raw financials that show a loss to the county of \$37,575.

You also asked about the budget for the 2021 fair. The county is on a July1 through June 30 Fiscal year and as such the 2021 State Fair falls into FY 2022. The FY2022 budget has not yet been crafted but for planning purposes, Susan has been instructed to work from the operations budget that was in force during the last Montana State Fair (2019) which is FY 2020. This is also a place to note that Susan only has access to the 5750 Fund so that is why she supplied you with only that BPR. She is not responsible for the other funds; those are at the Commission level of access and control. She also has no need to be concerned with the balance sheet. She is charged with executing the operations of the Montana ExpoPark and managing its budget which she does very well via the BPR reports.

Hopefully this letter and the attached documents answer your questions. If not, let me know. However, please remember that tearing apart the financial statements and deciding whether the GASB rules make sense is not your tasking. I do not wish to see yet another version of this committee divert its resources down that path.

  
Joe Briggs  
Cascade County Commissioner

Attachments: Combined ExpoPark Income Statement  
Combined ExpoPark Balance Sheet  
Combined ExpoPark Budget Performance Report  
2019 Horse Racing Income and Expense summary  
Progress tracing on ExpoPark Covid Upgrades