



**Auditor of State
Betty Montgomery**

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Receipts, Disbursements, and Changes in Cash Balance - For the Year Ended November 30, 2002	3
Combined Statement of Receipts, Disbursements, and Changes in Cash Balance - For the Year Ended November 30, 2001	4
Notes to the Financial Statements	5
Schedule of Federal Awards Expenditures – For the Year Ended December 31, 2002	12
Schedule of Federal Awards Expenditures – For the Year Ended December 31, 2001	13
Notes to the Schedules of Federal Awards Expenditures	14
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	17
Schedule of Findings and Questioned Costs	19
Schedule of Prior Audit Findings	29

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Greene County Agricultural Society
Greene County
120 Fairground Road
Xenia, Ohio 45385

To the Board of Directors:

We have audited the accompanying financial statements of the Greene County Agricultural Society (the Society) as of and for the years ended November 30, 2002 and 2001. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 discussed in Note 1, the Society prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Society as of November 30, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2003 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 17, 2003

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Operating Receipts:			
Admissions	\$148,647		\$148,647
Privilege Fees	59,941		59,941
Rentals	266,541		266,541
Sustaining and Entry Fees	29,105		29,105
Parimutuel Wagering Commission	2,947		2,947
Other Operating Receipts	<u>100,737</u>		<u>100,737</u>
Total Operating Receipts	<u>607,918</u>		<u>607,918</u>
Operating Disbursements:			
Wages and Benefits	50,530		50,530
Utilities	133,900		133,900
Professional Services	67,847		67,847
Equipment and Grounds Maintenance	228,193		228,193
Race Purse	69,569		69,569
Senior Fair	16,117		16,117
Junior Fair	17,078		17,078
Capital Outlay	285,993	1,046,893	1,332,886
Other Operating Disbursements	<u>139,357</u>		<u>139,357</u>
Total Operating Disbursements	<u>1,008,584</u>	<u>1,046,893</u>	<u>2,055,477</u>
(Deficiency) of Operating Receipts (Under) Operating Disbursements	<u>(400,666)</u>	<u>(1,046,893)</u>	<u>(1,447,559)</u>
Non-Operating Receipts (Disbursements):			
Intergovernmental Revenue - Federal		785,517	785,517
Intergovernmental Revenue - State		258,394	258,394
State Support	38,627		38,627
County Support	3,300		3,300
Debt Proceeds	325,000		325,000
Donations/Contributions	5,667		5,667
Investment Income	432	666	1,098
Debt Service	<u>(182,715)</u>		<u>(182,715)</u>
Net Non-Operating Receipts (Disbursements)	<u>190,311</u>	<u>1,044,577</u>	<u>1,234,888</u>
(Deficiency) of Receipts (Under) Disbursements	<u>(210,355)</u>	<u>(2,316)</u>	<u>(212,671)</u>
Cash Balance, Beginning of Year December 1, 2001	<u>250,259</u>	<u>2,316</u>	<u>252,575</u>
Cash Balance, End of Year November 30, 2002	<u><u>\$39,904</u></u>	<u><u>\$0</u></u>	<u><u>\$39,904</u></u>

The notes to the financial statement are an integral part of this statement.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2001**

	General	Special Revenue	Total (Memorandum Only)
Operating Receipts:			
Admissions	\$189,198		\$189,198
Privilege Fees	61,683		61,683
Rentals	184,686		184,686
Sustaining and Entry Fees	28,022		28,022
Parimutuel Wagering Commission	3,475		3,475
Other Operating Receipts	54,769		54,769
Total Operating Receipts	521,833		521,833
Operating Disbursements:			
Wages and Benefits	48,444		48,444
Utilities	78,932		78,932
Professional Services	42,540		42,540
Equipment and Grounds Maintenance	140,018	222,726	362,744
Race Purse	68,381		68,381
Senior Fair	29,930		29,930
Junior Fair	17,547		17,547
Capital Outlay	14,522	5,160,363	5,174,885
Other Operating Disbursements	97,575		97,575
Total Operating Disbursements	537,889	5,383,089	5,920,978
(Deficiency) of Operating Receipts			
(Under) Operating Disbursements	(16,056)	(5,383,089)	(5,399,145)
Non-Operating Receipts (Disbursements):			
Intergovernmental Revenue - Federal		2,473,772	2,473,772
Intergovernmental Revenue - State		568,088	568,088
State Support	40,483		40,483
County Support	3,300		3,300
Insurance Proceeds		2,342,562	2,342,562
Donations/Contributions	48,824		48,824
Investment Income	20,394	983	21,377
Debt Service	(30,587)		(30,587)
Net Non-Operating Receipts (Disbursements)	82,414	5,385,405	5,467,819
Excess of Receipts Over Disbursements	66,358	2,316	68,674
Cash Balance, Beginning of Year December 1, 2000	183,901		183,901
Cash Balance, End of Year November 30, 2001	\$250,259	\$2,316	\$252,575

The notes to the financial statement are an integral part of this statement.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Greene County Agricultural Society (the Society), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1839 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Greene County Fair during July. During the fair, harness races are held. Greene County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of sixteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Greene County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events including Old Timers' weekend and Vince Comb's bluegrass. The reporting entity does not include any other activities or entities of Greene County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 9 and Note 10, respectively.

The Society's management believes the financial statements present all activities for which the Society is financially accountable.

B. Basis of Accounting

The financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

The financial statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Society uses fund accounting to segregate cash and investments that are restricted as to use. The Society classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Society had the following significant Special Revenue Funds:

FEMA Grant Fund - This fund received federal and state grant funding for completion of the fairground reconstruction project.

HUD Grant Fund - This fund received federal grant funding for completion of the fairground reconstruction project.

Insurance Fund - This fund received insurance proceeds for completion of the fairground reconstruction project.

E. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. However, for the year ended November 30, 2002, approval by the Board of Directors was not evident. The Board reviews the budget throughout the year and compares it with actual results. Budgetary activity is presented in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

H. Race Purse

1. Sustaining and Entry Fees

Horse owners and the Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statements as Sustaining and Entry Fees.

2. Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 4 for additional information.

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Parimutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Parimutuel Wagering Commission. See Note 4 for additional information.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted receipts of \$614,900, actual receipts of \$2,025,521, resulting in a favorable variance of \$1,410,621. Additionally, the Society had budgeted disbursements of \$614,900, actual disbursements of \$2,238,192, resulting in an unfavorable variance of \$1,623,292.

For the year ended November 30, 2001, the Society had budgeted receipts of \$751,600, actual receipts of \$6,020,239, resulting in a favorable variance of \$5,268,639. Additionally, the Society had budgeted disbursements of \$751,600, actual disbursements of \$5,951,565, resulting in an unfavorable variance of \$5,199,965.

The unfavorable variances resulted primarily from the Society not approving budget amounts for revenue and corresponding expenditures relating to the Special Revenue grants and insurance proceeds.

3. CASH AND INVESTMENTS

The Society maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at November 30 was as follows:

	2002	2001
Demand deposits	<u>\$39,904</u>	<u>\$252,575</u>

Deposits: As of November 30, 2002, the bank balance was covered by Federal Depository Insurance Corporation (FDIC). As of November 30, 2001, \$100,000 of the bank balance was covered by FDIC. The remainder was uninsured and uncollateralized.

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

4. HORSE RACING

A. State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the years ended November 30, 2002 and 2001 were \$25,488 and \$26,800, respectively, and are included in State Support on the accompanying financial statements.

B. Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are included in Professional Services Disbursements, State taxes, which are also paid from Parimutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2002</u>
Total Amount Bet (Handle)	\$37,051
Less: Payoff to Bettors	<u>(29,630)</u>
Parimutuel Wagering Commission	7,421
Tote Service Set Up Fee	(500)
Tote Service Commission	(3,102)
State Tax	<u>(872)</u>
Society Portion	<u><u>\$2,947</u></u>
	 <u>2001</u>
Total Amount Bet (Handle)	\$44,139
Less: Payoff to Bettors	<u>(35,838)</u>
Parimutuel Wagering Commission	8,301
Tote Service Set Up Fee	(500)
Tote Service Commission	(3,050)
State Tax	<u>(1,276)</u>
Society Portion	<u><u>\$3,475</u></u>

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

5. DEBT

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Mortgage Promissory Note- 2000	\$267,756	Variable- Initial 8.67%
Mortgage Installment Note- 2002	157,753	7.92%
Demand Line of Credit Note- 2002	25,000	Variable- Prime+1%
Total	\$450,509	

The Society entered into a mortgage loan agreement on May 5, 2000 in the amount of \$270,000. These funds were utilized for construction of a new Administration Building.

On March 29, 2002, the Society entered into a mortgage loan agreement in the amount of \$300,000, of which \$140,000 was repaid during 2002. These funds were utilized for costs associated with reconstruction of the fairgrounds following the September 20, 2000 tornado.

During 2002, the Society secured a Demand Line of Credit Note in the amount of \$25,000. This note does not have a set maturity date, instead the principal balance is due on demand. The following amortization schedule assumes that payment will be made in 2003 and excludes any interest due on this note. These funds were utilized for additional costs associated with reconstruction of the fairgrounds.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Demand Line of Credit Note	2002 Mortgage Loan	2000 Mortgage Loan	Interest	Total
2003	\$25,000	\$3,599	\$6,533	\$35,342	\$70,474
2004		3,894	7,122	34,458	45,474
2005		4,214	7,765	33,494	45,473
2006		4,561	8,466	32,448	45,475
2007		4,935	9,230	31,310	45,475
2008 - 2012		31,463	59,428	135,661	226,552
2013 - 2017		46,691	92,796	87,886	227,373
2018 - 2022		58,396	76,416	21,260	156,072
Total	\$25,000	\$157,753	\$267,756	\$411,859	\$862,368

6. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2002.

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

The Greene County Commissioners provide general insurance coverage for all the buildings on the Greene County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an insurance company with limits of \$3,000,000 and \$35,000 per occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded with coverage of \$115,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2003.

During the years ended November 30, 2002 and 2001, the Society paid \$6,507,771 in capital outlay expenditures relating primarily to the re-construction of fairground facilities following the 2000 tornado destruction. The Society received \$3,259,289 in federal funding, \$826,482 in state grant funding, and \$2,342,562 in insurance proceeds. Therefore, \$179,438 was for losses in excess of insurance coverage and grant funding for re-construction.

Following the 2000 tornado, the Society increased the building coverage to \$8,999,000 and personal property coverage to \$107,716.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable.

The following Board members received payments during the 2002 fiscal year:

<u>Board member</u>	<u>Amount</u>
James Bell	\$6,500
Pat Campbell	2,311
Gary Clemmens	6,500
Craig Saunders	12,150
John Saunders	6,330
Virgil Wallace	6,500
	<u>\$40,291</u>

Payments to Board Members primarily represented work associated with clean up following the 2000 tornado.

Additionally, payments to Craig Saunders represented work associated with financial and legal assistance relating to the reconstruction of the fairgrounds. Additionally, the law firm associated with Craig Saunders received payment totaling \$6,000 for legal services.

**GREENE AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002 AND 2001
(Continued)**

9. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Greene County Fair. The Society disbursed \$500 directly to the Junior Fair Board and \$17,078 directly to vendors to support Junior Fair activities. These expenses are reflected as disbursements in the accompanying financial statements as Junior Fair Disbursement. The Society was reimbursed \$500 by Greene County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statements do not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the years ended November 30, 2002 and 2001 follows:

	2002	2001
Beginning Cash Balance	\$5,172	\$0
Receipts	13,642	13,199
Disbursements	(12,161)	(8,027)
Ending Cash Balance	<u>\$6,653</u>	<u>\$5,172</u>

10. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through Greene County's auction. Monies to cover the cost of the auction are generated through a commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2002 and 2001 follows:

	2002	2001
Beginning Cash Balance	\$7,184	\$6,814
Receipts	9,500	8,000
Disbursements	(12,688)	(7,630)
Ending Cash Balance	<u>\$3,996</u>	<u>\$7,184</u>

11. NONCOMPLIANCE

The Society did not comply with requirements regarding illegal expenditures of money, maintenance of accounting records, federal equipment records, obtaining an audit in a timely manner, documentation of federal costs, minimizing time between receipt and disbursement of federal funds, completion of HUD grant reports, demonstration of effort to encourage the use of minority and women's business enterprises in grant activities, maintenance of GAAP basis records for the FEMA grant, maintenance of all documents for the FEMA grant, and the allocation of FEMA grant expenditures among funding sources.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through City of Xenia, Ohio)</i>			
Community Development Block Grant/Economic Development Initiative - (EDI)	B-01-SP-OH-0502	14.246	\$139,868
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Disaster Assistance Grant	OH1343-DR	83.544	<u>775,748</u>
Total Federal Assistance			<u><u>\$915,616</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2001**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through City of Xenia, Ohio)</i>			
Community Development Block Grant/Economic Development Initiative - (EDI)	B-01-SP-OH-0502	14.246	\$558,591
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Disaster Assistance Grant	OH1343-DR	83.544	<u>1,785,141</u>
Total Federal Assistance			<u><u>\$2,343,732</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**NOTES TO THE SCHEDULES OF FEDERAL AWARDS EXPENDITURES
FOR THE YEARS ENDED NOVEMBER 31, 2002 AND 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedules of Federal Awards Expenditures (the Schedules) summarizes activity of the Society's federal award programs. The schedules have been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

The Ohio Emergency Management Agency initially required the Society to contribute an amount equal to 12.5% of the approved contract project. However, subsequently the Ohio Emergency Management Agency awarded the Society state funding to satisfy the federal matching requirement. The expenditures of non-Federal matching funds are not included on the Schedules.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Greene County Agricultural Society
Greene County
120 Fairground Road
Xenia, Ohio 45385

To the Board of Directors:

We have audited the financial statements of the Greene County Agricultural Society (the Society) as of and for the years ended November 30, 2002 and 2001, and have issued our report thereon dated September 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2002-001 through 2002-003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements 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 Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-004 and 2002-006.

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 statements 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 described above is a material weakness. However, of the reportable conditions described above, we consider items 2002-004 and 2002-005 to be material weaknesses.

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**Internal Control Over Financial Reporting
(Continued)**

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated September 17, 2003.

This report is intended for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 17, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Greene County Agricultural Society
Greene County
120 Fairground Road
Xenia, Ohio 45385

To the Board of Directors:

Compliance

We have audited the compliance of the Greene County Agricultural Society (the Society) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the years ended November 30, 2002 and 2001. The Society's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Society's management. Our responsibility is to express an opinion on the Society's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Society's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Society's compliance with those requirements.

As described in items 2002-007 through 2002-017 in the accompanying schedule of findings and questioned costs, the Society did not comply with requirements regarding Activities Allowed or Unallowed, Cash Management, Equipment and Real Property Management, Period of Availability of Federal Funds, Reporting and Special Tests and Provisions that are applicable to the Community Development Block Grant/ Economic Development Initiative Grant, as well as Activities Allowed or Unallowed, Cash Management, Equipment and Real Property Management, Reporting and Special Tests and Provisions that are applicable to the Disaster Assistance Grant. Compliance with such requirements is necessary, in our opinion, for the Society to comply with requirements applicable to that program. We also noted instances of noncompliance that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated September 17, 2003.

In our opinion, because of those instances of noncompliance referred to in the preceding paragraph, the Society did not comply, in all material respects with the requirements referred to above that are applicable to its major federal programs for the years ended November 30, 2002 and 2001.

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Internal Control Over Compliance

The management of the Society is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Society's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Society's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-006.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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 also consider the reportable condition described above as item 2002-006 to be a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Society in a separate letter dated September 17, 2003.

This report is intended for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 17, 2003

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Adverse
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 14.246: Community Development Block Grant/ Economic Development Initiative (EDI) CFDA # 83.544: Disaster Assistance Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

Finding for Recovery – Public monies illegally expended or misappropriated

The Society made various payments to Miller, Finney, McKeown & Baker, Attorneys at Law (the Firm), at a higher billing rate than was authorized by the Society. During its August 28, 2001, meeting, which was attended by Craig Saunders, the Society's Board of Directors authorized payment of \$70 per hour for legal services to Mr. Saunders, who was employed by the Firm at that time, as well as serving on the Society's Board of Directors. However invoices submitted for legal services were paid based on a billing rate of \$100 per hour. During 2001 and 2002, the Society issued various checks to the Firm totaling \$6,000 for legal services. These payments, based on the inappropriate billing rate, resulted in overpayments to the Firm in the amount of \$1,800.

\$3,000 of the amount paid to the Firm, of which \$900 represents the overpayment, was expended from the HUD grant checking account and is included as part of the questioned cost identified in Finding Number 2002-016.

In accordance with the foregoing facts and **Ohio Rev. Code § 117.28**, a finding for recovery for public monies being illegally expended or misappropriated is hereby issued against Miller, Finney, McKeown & Baker, Attorneys at Law, in the amount of \$1,800, and in favor of the Greene County Agricultural Society.

Additionally, the Society should establish and implement policies and procedures to provide for the appropriate payment for services in accordance with Board approved measures.

FINDING NUMBER 2002-002

Noncompliance

Ohio Rev. Code § 102.04 (C) states that no person who is elected or appointed to an office of or employed by a county, township, municipal corporation, or any other governmental entity, excluding the courts, shall receive or agree to receive directly or indirectly compensation other than from the agency with which he serves for any service rendered or to be rendered by him personally in any case, proceeding, application, or other matter which is before any agency, department, board, bureau, commission, or other instrumentality, excluding the courts, of which he is an officer or employee.

The Society made various payments to the following Board of Directors for non-trustee services as follows:

Board	Amount
Craig Saunders	\$12,149.50
James Bell	6,500.00
Gary Clemans	6,500.00
Virgil Wallace	6,500.00
John Saunders	6,330.00

\$2,839.50 of the amount paid to Craig Saunders, along with \$6,330.00 paid to John Saunders was expended from the HUD grant checking account and is included as part of the questioned cost identified in Finding Number 2002-016. Additionally, detailed documentation for the remaining four amounts was not maintained.

The Society should implement procedures to provide to comply with the above requirement and maintain documentation for all disbursements.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code § 149.35 states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the budget commission provided for under Ohio Rev. Code § 149.38 to 149.42.

Ohio Rev. Code § 149.43 states that all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

Certain expenditures from the HUD checking account totaled \$39,242 and certain expenditures from the insurance checking account totaled \$141,216 that were not supported by vendor invoices. The Society did not maintain nor produce support documentation for these expenditures.

The Society had voided twenty-eight (28) checks associated with checking accounts for Special Revenue activities that were not available for inspection. The Society indicated that these checks had been shredded, however there was not documentation to substantiate the destruction of these records. The Society should develop and implement procedures for the appropriate destruction of records in accordance with the applicable Ohio Rev. Code sections.

FINDING NUMBER 2002-004

Material Weakness - Proper Support Documentation for Expenditures

The Society processed expenditures from the insurance checking account related to the Society's reconstruction and renovation of the fairgrounds, for which no supporting documentation was provided. These expenditures amount represents \$141,216.

The Society should develop and implement procedures to provide that all necessary supporting documentation be retained for all expenditures.

FINDING NUMBER 2002-005

Material Weakness – Failure to Record Certain Transactions on the Financial Statements

The Society did not record all of their financial activity within the financial records. Audit adjustments for revenue received in association with the FEMA grant totaled \$174,183 in federal revenues and \$58,061 in state revenues, and \$232,244 in Capital Outlay expenditures were necessary to reflect all financial activity of the Society.

The Society should develop and implement procedures requiring all financial activity to be posted to the Society's accounting ledgers in a timely and accurate manner. Additionally, bank reconciliations of all accounts should be performed on a timely basis to provide for accurate and complete financial accounting and reporting, and to aid in finding and correcting errors in the accounting records. These reconciliations should be performed by someone independent of the receipting and disbursing processes, and possibly be subjected to a detailed review by someone independent of those processes.

FINDING NUMBER 2002-006

Accounting for Federal Expenditures

Federal and non-federal expenditures were not handled consistently by the Society. The Board approved all non-federal expenditures, however approval was not documented for federal expenditures. Instead, federal expenditures were executed by the Grant Coordinator and the Board President.

The Society should develop and implement procedures to provide for the consistent review and, if appropriate, approval of all expenditure transactions to reduce the possibility of funds being spent for inappropriate purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2002-007
CFDA Title and Number	1) Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246 and 2) Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	B-01-SP-OH-0502 / 2001 – CFDA # 14.246 OH1343-DR – CFDA # 83.544
Federal Agency	U.S. Department of Housing and Urban Development and Federal Emergency Management Agency
Pass-Through Agency	City of Xenia, Ohio Ohio Emergency Management Agency

Noncompliance Citation

Equipment Records of Assets Acquired with Federal Funding

24 CFR 85.32 (HUD) and 44 CFR 13.32 (FEMA) requires that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

The Society purchased equipment using federal funds in excess of \$44,000 from the HUD grant and in excess of \$25,000 from the FEMA grant, however the Society did not appropriately prepare an inventory listing of these items or perform a physical inventory of items.

The Society should develop and implement procedures requiring all equipment and fixed assets be properly inventoried, labeled and maintained as required by the Code of Federal Regulations. Additionally, these items should be insured against possible loss, and the regular physical inventory results should be reconciled to the fixed asset list and items covered by insurance.

Finding Number	2002-008
CFDA Title and Number	1) Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246 and 2) Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	B-01-SP-OH-0502 / 2001 – CFDA # 14.246 OH1343-DR – CFDA # 83.544
Federal Agency	U.S. Department of Housing and Urban Development and Federal Emergency Management Agency
Pass-Through Agency	City of Xenia, Ohio Ohio Emergency Management Agency

Noncompliance Citation

Securing Timely Single Audit

OMB Circular A-133, Subpart B, Section 200, requires that all non-federal entities that expend \$300,000 or more during a year in federal awards have a single or program-specific audit conducted for that year. Additionally, per Section .320, the audit should be completed, including the required report package submission, within nine months after the end of the period.

The Society did not request nor obtain an audit in sufficient time to comply with the requirements of OMB Circular A-133. Not securing audit services in a timely manner could potentially subject the Society to exclusion from future federal funding or withholding of funding. Procedures should be developed and implemented to provide that adequate records of federal grant activity are maintained and reviewed by personnel independent of the record keeping process to aid in the preparation of all required reports and to meet the requirement of having an audit completed within the applicable time frame.

Finding Number	2002-009
CFDA Title and Number	1) Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246 2) Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	B-01-SP-OH-0502 / 2001 – CFDA # 14.246 OH1343-DR – CFDA # 83.544
Federal Agency	U.S. Department of Housing and Urban Development Federal Emergency Management Agency
Pass-Through Agency	City of Xenia, Ohio Ohio Emergency Management Agency

Non-Compliance

Submitting Support Documentation to Grantor

OMB Circular A-87, Section C (1) (j), requires costs to be adequately documented. The Society did not furnish accurate and complete supporting documentation to the pass-through entity (City of Xenia) for the Housing and Urban Development grant. Invoices approved by the Ohio Emergency Management Agency for reimbursement from the FEMA grant award were also submitted to the City of Xenia to support reimbursement request from the City of Xenia and HUD.

**Finding Number 2002-009
 (Continued)**

The invoice documentation that the Society submitted to the City of Xenia included \$200,632 of invoices which the Society paid from a FEMA checking account and had been approved by Ohio Emergency Management Agency for FEMA. For the invoices submitted to the City of Xenia, \$334,282 of the HUD grant expenditures were not supported by appropriate invoices to the City of Xenia.

The Society should develop and implement procedures to provide that the required documentation is submitted to the pass-through and grantor agencies.

Additionally, the Society paid two invoices from FEMA funds which totaled \$2,874 from letters of estimation and not from an actual or final invoice.

The Society should develop and implement procedures to provide for the payment for all services and goods from original invoices only, and be cancelled upon payment. This procedure will reduce the risk of duplicate payments and provide for payment of the appropriate amount.

Finding Number	2002-010
CFDA Title and Number	Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246
Federal Award Number / Year	B-01-SP-OH-0502 / 2001
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	City of Xenia, Ohio

Noncompliance Citation

Grant Financial Reporting and Monitoring/ Program Income

Section IV, Part B, of the Housing and Urban Development (HUD) Grant Agreement requires that the grantee minimize the time elapsing between transfer of the grant funds and disbursement for project purposes and otherwise follows the requirements of 24 CFR Part 85 and Treasury Circular 1075 (31 CFR Part 205).

The Society did not utilize any variance reporting of expected versus actual cash disbursements of Federal awards and draw downs of Federal funds. Furthermore, the Society did not require any periodic independent evaluation (e.g. by internal audit, top management) of the entity cash management, budget and actual results, repayment of excess interest earnings, and Federal draw down activities. The final drawdown was received during September, 2001 however disbursements of \$160,396 were made from the HUD checking account through May, 2002. This delay resulted in the Society earning \$1,649 in investment earnings on this account. The Society should develop and implement procedures for the timely draw-down and disbursement of project funds.

Finding Number	2002-011
CFDA Title and Number	Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246
Federal Award Number / Year	B-01-SP-OH-0502 / 2001
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	City of Xenia, Ohio

Noncompliance Citation

Project Close-Out and Reporting Requirements

Article VI of the HUD Grant Agreement requires a Project Close-Out Report, a Final Financial Report, and a Final Performance Report to be completed within 90 days of completion of the grant project of December 1, 2001.

Additionally, **Article V of the HUD Grant Agreement** requires a Progress Report to be submitted to the Grant Officer every six months after the effective date of the grant agreement. The effective date of the grant agreement was March 1, 2001 and a progress report was due by September 1, 2001.

The Society did not submit the required reports to the grantor as of November 30, 2002.

The Society should prepare these reports and submit them to the grantor as required. Additionally, procedures should be developed and implemented to provide that all reports are accurately prepared and submitted in a timely manner. These reports should agree to supporting documentation of the grant activity.

Finding Number	2002-012
CFDA Title and Number	Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246
Federal Award Number / Year	B-01-SP-OH-0502 / 2001
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	City of Xenia, Ohio

Noncompliance Citation

Efforts to Encourage Minority and Women’s Business Enterprises

Section II, Part C of the HUD Grant Agreement requires sub-grantees to comply with the following:

1. As required by Executive Orders 11625 and 12432 (concerning Women’s Business Enterprise), the sub-grantee must make efforts to encourage the use of minority and women’s business enterprises in connection with grant funded activities. 24 CFR Part 85.36(e) describes actions to be taken by the sub-grantee to assure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services;
2. The sub-grantee, where applicable, shall maintain records of its efforts to comply with these requirements.

The Society did not demonstrate efforts to meet the requirements of the requirements described above. The Society should develop and implement procedures to provide compliance with all grant requirements.

Finding Number	2002-013
CFDA Title and Number	Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	OH1343-DR/ 2001
Federal Agency	Federal Emergency Management Agency
Pass-Through Agency	Ohio Emergency Management Agency

Noncompliance Citation

Proper Accounting System for Grant Reporting

Item 6 of the FEMA Grant Agreement requires the Society to establish and maintain a proper accounting system to record expenditures of disaster assistance funds in accordance with generally accepted accounting principles (GAAP). The Society’s financial statements for fiscal year 2002 and 2001 were prepared on a basis of accounting other than GAAP. Additionally, the Society did not maintain records on the GAAP basis.

The Society should develop and implement procedures to provide for financial reporting in accordance with applicable grant requirements. The Society should review all grant requirements prior to accepting grant funding. If requirements are not inline with the Society’s abilities, then exceptions from the grantor should be requested.

Finding Number	2002-014
CFDA Title and Number	Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	OH1343-DR/ 2001
Federal Agency	Federal Emergency Management Agency
Pass-Through Agency	Ohio Emergency Management Agency

Noncompliance Citation

Retention of Grant Documentation

FEMA Public Assistance Handbook, Closeout/ Audits Section, issued by the Ohio Emergency Management Agency (OEMA) requires that all documents pertaining to the grant be retained by the Society for a minimum of three years following the receipt by OEMA of the Society’s close-out packet.

The Society did not maintain all necessary documentation for this grant, including invoice documentation and canceled checks, for the specified period. It became necessary for the OEMA to provide copies of all approved invoices for the audit review purposes.

The Society should develop and implement procedures to provide compliance with all grant requirements, including maintenance of records.

Finding Number	2002-015
CFDA Title and Number	Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	OH1343-DR/ 2001
Federal Agency	Federal Emergency Management Agency
Pass-Through Agency	Ohio Emergency Management Agency

Noncompliance Citation

Appropriate Allocation of Grant Expenditures

FEMA Public Assistance Handbook, Funds/ Documenting Section, issued by the Ohio Emergency Management Agency (OEMA) requires that all costs must be on a shared basis. The FEMA grant agreement indicated that 75 percent of the eligible costs were to be reimbursed from federal receipts. The remaining 25 percent was to come from the state (12.5%) or local funding (12.5%). On June 27, 2001, which was subsequent to the original agreement, the OEMA agreed to cover the remaining 12.5% of the non-federal share of the project.

The Society processed FEMA approved expenditures from multiple checking accounts, however none of the expenditures were appropriately allocated on the prescribed percentage basis to local, state or federal sources. The Society should develop and implement procedures to provide for the appropriate allocation of grant expenditures as required by this section of the grant agreement.

Finding Number	2002-016
CFDA Title and Number	Community Development Block Grant/ Economic Development Initiative (EDI) – CFDA # 14.246
Federal Award Number / Year	B-01-SP-OH-0502 / 2001
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	City of Xenia, Ohio

Questioned Costs

The Society did not complete any reporting requirements for the HUD grant award. Therefore, all expenditures posted to the separate HUD Checking account were those expenditures the Society classified as grant eligible expenditures. The Society did not demonstrate that certain amounts were spent in accordance with the grant agreement.

HUD Questioned Costs:	2002	2001
No support documentation	\$ 427	\$ 38,815
Specifically approved by FEMA:	13,141	97,502
Deemed unallowable per grant agreement:	124,978	116,545
Totals:	<u>\$138,546</u>	<u>\$ 252,862</u>

Per the grant agreement, the project would develop a larger, paved midway, add site enhancements such as a memorialized brick esplanade, historic site lighting fixtures, and will provide other paved areas to provide handicapped access to all buildings and the fair’s midway. Certain expenditures including the purchase of goods and services such as signage, sheet metal, legal services, pole barn and loan repayment, which are not deemed allowable per the grant agreement.

**Finding Number 2002-016
 (Continued)**

Additionally, a check was issued by the Society for \$140,000 (less \$32,215 in local funds) to Firststar Bank, for payment of Loan #9003. The Society did not document the original usage of the loan proceeds as part of this grant activity. A loan payment is not deemed to be an allowable cost for this grant. Further, there were insufficient funds in the account to cover the debit.

Further a portion of the expenditures posted to the HUD Checking account were submitted to Ohio EMA for FEMA grant approval. FEMA provided specific approval of these invoices as grant eligible. The Society should not submit expenditures for reimbursement on more than one grant. Therefore, these expenditures cannot be utilized to support the expenditure of HUD grant funds.

Finding Number	2002-017
CFDA Title and Number	Disaster Assistance Grant – CFDA # 83.544
Federal Award Number / Year	OH1343-DR/ 2001
Federal Agency	Federal Emergency Management Agency
Pass-Through Agency	Ohio Emergency Management Agency

Questioned Costs

The Society's FEMA grant funding, included \$44,551 as a federal administrative allowance. This allowance is associated with costs for requesting, obtaining and administering the Public Assistance Grant per page 1 of the Public Assistance Handbook, Funds/Documentation Section. Such costs include, overtime associated with administering the grant, purchase of office supplies, office equipment, and increased audit costs. The amounts received each year are shown below.

FEMA Questioned Costs:	2002	2001
Administrative Allowance	<u>\$ 10,335</u>	<u>\$ 34,216</u>

The Society did not demonstrate that these funds were spent in accordance with the Public Assistance Handbook requirements listed above. Therefore, these amounts are being questioned as to their allowability in accordance with the grant agreement.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
II	Financial Reporting could not produce complete listing of transactions in the form of a cash journal.	Yes	



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GREENE COUNTY AGRICULTURAL SOCIETY

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 23, 2004**