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**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY
Regular Audit
For the Years Ended November 31, 2014 and 2013**

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Dave Yost • Auditor of State

Board of Directors
Coshocton County Agricultural Society
707 Kenilworth Avenue
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of the Coshocton County Agricultural Society, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 12, 2017

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

September 28, 2015

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Coshocton County Agricultural Society**, Coshocton County, (the Society) as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2014 and 2013, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Operating Disbursements (Excluding Wages and Benefits) are reported at \$661,686 for the year ended November 30, 2013, which comprise approximately 84% of all expenditures for the Society. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Operating Expenditures (Excluding Wages and Benefits) for 2013. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Coshocton County Agricultural Society, Coshocton County, as of November 30, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Admissions	\$ 384,177	\$ 372,891
Privilege Fees	103,091	113,062
Rentals	49,390	66,762
Sustaining and Entry Fees	33,802	33,963
Pari-mutuel Wagering Commission	341	498
Other Operating Receipts	28,319	43,677
 Total Operating Receipts	 599,120	 630,853
Operating Disbursements:		
Wages and Benefits	111,142	104,780
Utilities	54,634	56,693
Professional Services	142,651	136,279
Equipment and Grounds Maintenance	118,823	94,365
Race Purse	57,273	46,793
Senior Fair	82,762	83,280
Junior Fair	24,964	21,740
Capital Outlay	49,328	18,675
Other Operating Disbursements	131,251	69,503
 Total Operating Disbursements	 772,828	 632,108
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (173,708)	 (1,255)
Non-Operating Receipts (Disbursements):		
State Support	45,412	17,374
Local Support	12,800	32,800
Donations/Contributions	39,033	26,804
Investment Income	77	40
Debt Service	(15,971)	(16,078)
 Net Non-Operating Receipts (Disbursements)	 81,351	 60,940
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (92,357)	 59,685
 Cash Balance, Beginning of Year	 276,521	 216,836
 Cash Balance, End of Year	 \$ 184,164	 \$ 276,521

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

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Coshocton County Agricultural Society, Coshocton County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week-long Coshocton County Fair during September and October. During the fair, harness races are held, culminating in the running of the Home Talent harness racing event. Coshocton County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Coshocton 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 including facility rental, track and stall rental, and community events including the 4th of July celebration, horse shows, and relay for life events. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

Notes 6 summarize the Junior Fair financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific use.

F. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

G. Race Purse

Speed program stake races are held during the Coshocton County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and Home Talent Colt Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

H. Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 3 for additional information.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

2. DEPOSITS

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2014 and 2013 was as follows:

	2014	2013
Demand Deposits	\$ 184,164	\$ 276,521

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2014 and 2013 was \$11,287 and \$13,133, respectively, as State Support. The financial statement also report fair money that was collected in 2014 in the amount of \$15,289, which corresponded to 2011 Ohio Fair Fund support.

Pari-mutuel Wagering

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

	2014	2013
Total Amount Bet (Handle)	\$11,522	\$11,518
Less: Payoff to Bettors	(9,162)	(9,153)
Pari-mutuel Wagering Commission	2,360	2,365
Tote Service Set Up Fee	(1,050)	(600)
Tote Service Commission	(631)	(925)
Sales Tax	(338)	(342)
Society Portion	\$341	\$498

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

4. DEBT

Debt outstanding at November 30, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Heritage Bank Loan	\$ 58,910	6.00%

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65%. The loan was entered into on June 24, 1999 and matures November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 26, 2004 the Society refinanced the loan in the amount of \$157,553 at an interest rate of 6.00% and maturity date of January 2019.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Ohio Heritage Loan	Interest	Total
2015	\$ 12,781	\$ 3,177	\$ 15,958
2016	13,569	2,389	15,958
2017	14,406	1,552	15,958
2018	15,309	649	15,958
2019	2,845	171	3,016
Total	\$ 58,910	\$ 7,938	\$ 66,848

5. RISK MANAGEMENT

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

5. RISK MANAGEMENT (CONTINUED)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Society's share of these unpaid claims collectible in future years is approximately \$17,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$24,122	\$25,733

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

5. RISK MANAGEMENT (CONTINUED)

Financial Position (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. 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 Coshocton County Fair. The Society disbursed \$24,964 and \$21,740 directly to vendors to support Junior Fair activities in 2014 and 2013, respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Beginning Cash Balance	\$3,198	\$1,404
Receipts	9,342	7,871
Expenditures	<u>(5,405)</u>	<u>(6,077)</u>
Ending Cash Balance	<u><u>\$7,135</u></u>	<u><u>\$3,198</u></u>

7. AUDITOR OF STATE INVESTIGATION

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation results may be reported on at a later date.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 28, 2015

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Coshocton County Agricultural Society**, Coshocton County, (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 28, 2015, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion on Operating Disbursements excluding Wages and Benefits for 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of audit findings to be material weaknesses.



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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-004 and 2014-005 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated September 28, 2015.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Annual Budget

The "Uniform System of Accounting of Agricultural Societies" requires each agricultural society to prepare a budget of its revenues and expenses. The budget shall cover the period December 1st through November 30th. The budget shall be considered approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of the accounts from the chart of accounts which are used by the Society. The Board did not formally approve a budget for either 2014 or 2013.

The Board should review the budgetary retirement under the "Uniform System of Accounting for Agricultural Societies" and formally approve a budget annually. The budget should be approved at the same level as the chart of accounts used by the Society, which is the object level. Budgetary amounts should be integrated, if possible, into the Society's computer system and monthly budget versus actual reports should be reviewed and approved by the Board. This will help ensure the Board is aware of all the Society's financial activity, as well as provide useful information to make informed decisions.

Management's Response – We did not receive a response from management to this finding.

FINDING NUMBER 2014-002

Material Weakness

Financial Statement Reporting

The financial statement presented in 2014 did not correctly report the financial activity of the Society. The problems with the annual financial report are noted as the following:

- It was discovered in 2014 the Society overstated receipts and expenditures by reporting \$27,000 respectively, of cash used by the Society's management for change as a disbursement when withdrawn and as a receipt when returned to the bank.
- In 2014, Senior Fair disbursements were improperly recorded as Other Operating Disbursements instead of Senior Fair

Sound financial reporting is the responsibility of the Secretary, Treasurer and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Society should review financial statements and ensure activity is properly reported and ending cash balances are properly reconciled. Also, the Society should consider consulting a QuickBooks expert in order to ensure the software is set to properly report activity on a cash basis. This will help ensure the Society properly reports activity in the correct year. The financial statements have been adjusted accordingly.

Management's Response – We did not receive a response from management to this finding.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003

Material Weakness

Supporting Documentation

During testing of various non-payroll transactions, privilege fee receipts, and rental receipts it was determined that supporting documentation was not maintained for the following:

- Supporting documentation such as an invoice was not maintained for 6 out of 17 transactions tested in 2013.
- Supporting documentation such as a rental agreement was not maintained for 1 out of 3 rental receipts tested in 2013.
- Supporting documentation such as a contract was not maintained for 1 out of 4 privilege fee receipts tested in 2014.

We were not able to perform additional testing to gain assurances for the disbursements, privilege fees, or rental receipts above. The privilege fees and rental receipt errors were immaterial to the financial statements. The lack of adequate supporting documentation increases the possibility the Society could be paying for unallowable items or losing out on revenue.

The Society should maintain a detailed support for all financial activity. The Society should establish procedures to ensure invoices are maintained and receipt support is on file. This will help ensure the Society is paying for only allowable items and receiving the correct amount of revenue.

Management's Response – We did not receive a response from management to this finding.

FINDING NUMBER 2014-004

Significant Deficiency

Ticket Reconciliations

The Society charges admission to enter the fairgrounds during the annual fair. The Society collects admission revenue daily and performs a ticket reconciliation after each day. Bates supplies the tickets for admissions in which the Society sales the tickets and Bates receives a percentage of the tickets sold. Bates performs a ticket reconciliation of the tickets given and received back from the Society. The following errors were noted during our testing:

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2014-004 (Continued)

Significant Deficiency (Continued)

Ticket Reconciliations (Continued)

The Society performed daily reconciliations in 2013, however the tickets sold on the Society's Record of Attendance did not match the Bates Ticket Spot Breakdown for the last day of the fair. For 2014, the Society did not perform detailed daily reconciliations of tickets sold. This resulted in differences between the Record of Attendance sheets from the Society and the Bates Ticket Spot Breakdown for the last two days of the fair. The Bates Ticket Spot Breakdown only indicates the number of tickets sold for the day, not the actual ticket numbers given to the Society. For 2013 and 2014, the differences could be attributed to tickets that were not sold however not given back to Bates and thus Bates Ticket Spot Breakdown counts those as tickets sold. We recommend the Society prepare detailed ticket reconciliation sheets for each day of the fair and reconcile the total tickets sold and the total tickets received and returned to Bates.

Management's Response – We did not receive a response from management to this finding.

FINDING NUMBER 2014-005

Significant Deficiency

Management Monitoring for Internal Control

The Society has not established effective internal control processes for monitoring of Societies financial activity. Examples of deficiencies in monitoring controls include the following;

- Lack of proper approval of timesheets
- Receipts were not presented to the Board for approval or review
- Privilege fee rates were not approved by the Board
- Pay rates are not formally documented and approved by the Board
- Lack of a review of Annual Financial Report for accuracy prior to submission to AOS

We recommend the Board establish effective internal control processes and address each of the above noted control weaknesses. This could include such things as receiving a monthly report package (budget vs. actual reports as well as revenue and expense reports), reviewing the monthly bank reconciliation and support, establishing pay rates annually, having a set time for reviewing and issuing payroll and non-payroll disbursements, and requiring two signatures on all checks. This will help the Board effectively monitor the Society's financial position and will aid in the timely detection of errors or irregularities.

Management's Response - We did not receive a response from officials to this finding.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Annual Budget	No	Reissued as finding 2014-001
2012-02	Financial Statement Reporting and Reconciliation	No	Partially Corrected; Reissued as finding 2014-002
2012-03	Ohio Fairs Fund Distribution	Yes	N/A

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Dave Yost • Auditor of State

COSHOCTON COUNTY AGRICULTURAL SOCIETY

COSHOCTON 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
OCTOBER 24, 2017**