



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY  
Regular Audit  
For the Years Ended November 30, 2016 and 2015**

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Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
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# OHIO AUDITOR OF STATE KEITH FABER



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, 2014 through November 30, 2016. 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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

April 8, 2019

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

February 22, 2019

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

To the Board of Directors:

### ***Report on the Financial Statements***

We were engaged to audit the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the **Coshocton County Agricultural Society**, Coshocton County, (the Society) as of and for the years ended November 30, 2016 and 2015.

### ***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. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

The Society was unable to provide sufficient evidence to support the completeness, accuracy, cutoff and classification of admissions, privilege fees, rental receipts and donations/contributions in 2016 and 2015 and other operating receipts in 2016. The Society did not maintain ticket reconciliations to support admissions receipts and there were large variances between Bates Amusement ticket reconciliations and the amounts deposited by the Society.

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***Basis for Disclaimer of Opinion (Continued)***

Poor recordkeeping made us unable to identify specific transactions for audit purposes for donations/contributions in 2016 and 2015 and other operating receipts in 2016. The Society did not maintain support for privilege fees and rental receipts in 2016 and 2015.

The Society was also unable to provide sufficient evidence to support the completeness, accuracy, cutoff and classification of disbursements. Supporting documentation was not always available for the payment of invoices and cash withdrawals in both 2016 and 2015, which totaled to material amounts.

The Society used public funds to make illegal purchases and payroll compensation during 2015.

We were unable to obtain sufficient and appropriate audit evidence to determine the accuracy of the financial statement classifications of receipts or disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Disclaimer of Opinion***

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we express no opinion on these financial statements.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019, 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.



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



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE (REGULATORY CASH BASIS)  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

<b>Operating Receipts:</b>	
Admissions	\$ 390,875
Privilege Fees	152,999
Rentals	116,078
Sustaining and Entry Fees	33,395
Pari-mutuel Wagering Commission	481
Other Operating Receipts	<u>64,080</u>
Total Operating Receipts	<u>757,908</u>
<b>Operating Disbursements:</b>	
Wages and Benefits	76,248
Utilities	71,709
Professional Services	205,711
Equipment and Grounds Maintenance	101,079
Race Purse	92,106
Senior Fair	148,543
Junior Fair	23,789
Capital Outlay	6,654
Other Operating Disbursements	<u>36,832</u>
Total Operating Disbursements	<u>762,671</u>
(Deficiency) of Operating Receipts	(4,763)
(Under) Operating Disbursements	
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	91,596
Local Support	13,014
Donations/Contributions	34,684
Investment Income	70
Debt Service	<u>(16,107)</u>
Net Non-Operating Receipts (Disbursements)	<u>123,257</u>
Change in Cash Balance	118,494
Cash Balance, Beginning of Year	<u>80,469</u>
<b>Cash Balance, End of Year</b>	<u><u>\$ 198,963</u></u>

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 Year Ended November 30, 2016*

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## **Note 1 – Reporting 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.

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 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.

Note 7 summarizes the Junior Fair Board financial activity.

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

## **Note 2 – Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The Society's financial statements consist of a statement of receipts, disbursements, and changes in fund balance (regulatory cash basis).

### ***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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.

**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2016*

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***Capital Assets***

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

***Restricted Support***

Restricted support includes amounts that donors restrict for specific use.

***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.

***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 Fair Fund as Race Purse to winning horses.

***Sustaining and Entry Fees***

Horse owners and the 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 reports 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 4 for additional information.

***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.

The 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 4 for additional information.

**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2016*

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**Note 3 – Equity in Pooled 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, 2016, included demand deposits of \$198,963.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement the purse for the fiscal year ended November 30, 2016, of \$60,000 as State Support.

***Pari-mutuel Wagering***

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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.

Total Amount Bet (Handle)	\$14,637
Less: Payoff to Bettors	<u>(11,616)</u>
Pari-mutuel Wagering Commission	3,021
Tote Service Set Up Fee	(1,200)
Tote Service Commission	(893)
Sales Tax	<u>(447)</u>
Society Portion	<u><u>\$481</u></u>

**Note 5 – Debt**

Debt outstanding at November 30, 2016, is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Heritage Bank Loan	<u>\$32,253</u>	6.00%

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65 percent. The loan was entered into on June 24, 1999, and matures in November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 23, 2004, the Society refinanced the loan in the amount of \$157,553 at an interest rate of 6.00 percent and maturity date of January 2019.

**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2016*

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Principal	Interest	Total
2017	\$14,524	\$1,023	\$15,547
2018	17,729	202	17,931
Total	<u>\$32,253</u>	<u>\$1,225</u>	<u>\$33,478</u>

**Note 6 – 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.

***Property and Liability***

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. York Risk Services Group, Incorporated (York), a division of York Insurance Services Group, Incorporated (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 York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts (at December 31, 2016, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

***Financial Position***

PEP’s financial statements conform to generally accepted accounting principles, and preliminarily show the following assets liabilities, and net position at December 2016 and 2015:

<u>Casualty and Property Coverage</u>	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

The casualty coverage assets and net position above include approximately \$12.0 million and \$11.0 million of unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016 and 2015, respectively. The amounts will be included in future contributions from members when the related claims are due for payment. The Society’s share of these unpaid claims collectible in future years is approximately \$14,370. This payable includes subsequent years’ contributions due if the Society terminates participation, as described in the last paragraph as follows.

**Coshocton County Agricultural Society**

*Coshocton County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2016*

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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. The contributions for the past three years are as follows:

<u>Year</u>	<u>Contributions to PEP</u>
2016	\$22,809
2015	23,076
2014	25,733

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.

**Note 7 – 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 \$23,789 directly to vendors to support Junior Fair activities in 2016. 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. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2016, is as follows:

	<u>2016</u>
Beginning Cash Balance	\$16,332
Receipts	16,867
Disbursements	<u>(33,103)</u>
Ending Cash Balance	<u>\$96</u>

**Note 8 – 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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE (REGULATORY CASH BASIS)  
FOR THE YEAR ENDED NOVEMBER 30, 2015**

<b>Operating Receipts:</b>	
Admissions	\$ 322,973
Privilege Fees	57,052
Rentals	31,816
Sustaining and Entry Fees	3,963
Pari-mutuel Wagering Commission	447
Other Operating Receipts	<u>1,122</u>
 Total Operating Receipts	 <u>417,373</u>
<b>Operating Disbursements:</b>	
Wages and Benefits	126,728
Utilities	64,248
Professional Services	238,974
Equipment and Grounds Maintenance	21,846
Race Purse	83,859
Senior Fair	57,961
Junior Fair	23,544
Capital Outlay	22,078
Other Operating Disbursements	<u>119,295</u>
 Total Operating Disbursements	 <u>758,533</u>
(Deficiency) of Operating Receipts	(341,160)
(Under) Operating Disbursements	
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	64,650
Local Support	3,249
Donations/Contributions	185,446
Investment Income	78
Debt Service	<u>(15,958)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>237,465</u>
 Change in Cash Balance	 (103,695)
 Cash Balance, Beginning of Year	 <u>184,164</u>
 <b>Cash Balance, End of Year</b>	 <b><u><u>\$ 80,469</u></u></b>

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 Year Ended November 30, 2015*

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## **Note 1 – Reporting 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.

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 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.

Note 7 summarizes the Junior Fair Board financial activity.

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

## **Note 2 – Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The Society's financial statements consist of a statement of receipts, disbursements, and changes in fund balance (regulatory cash basis).

### ***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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.



**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2015*

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***Capital Assets***

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

***Restricted Support***

Restricted support includes amounts that donors restrict for specific use.

***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.

***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 Fair Fund as Race Purse to winning horses.

***Sustaining and Entry Fees***

Horse owners and the 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 reports 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 4 for additional information.

***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.

The 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*  
*For the Year Ended November 30, 2015*

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**Note 3 – Equity in Pooled 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, 2015, included demand deposits of \$80,469.

*Deposits*

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Horse Racing**

*State Support Portion of Purse*

The financial statement reports Ohio Fairs Fund money, received to supplement the purse for the fiscal year ended November 30, 2015, of \$54,200 as State Support.

*Pari-mutuel Wagering*

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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.

Total Amount Bet (Handle)	\$12,317
Less: Payoff to Bettors	<u>(9,752)</u>
Pari-mutuel Wagering Commission	2,565
Tote Service Set Up Fee	(1,200)
Tote Service Commission	(524)
Sales Tax	<u>(394)</u>
Society Portion	<u><u>\$447</u></u>

**Note 5 – Debt**

Debt outstanding at November 30, 2015, is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Heritage Bank Loan	<u><u>\$46,129</u></u>	6.00%

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65 percent. The loan was entered into on June 24, 1999, and matures in November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 23, 2004, the Society refinanced the loan in the amount of \$157,553 at an interest rate of 6.00 percent and maturity date of January 2019.

**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2015*

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>November 30:</u>			
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
	<u>\$46,129</u>	<u>\$4,761</u>	<u>\$50,890</u>

**Note 6 – 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.

***Property and Liability***

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. York Risk Services Group, Incorporated (York), a division of York Insurance Services Group, Incorporated (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 York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts (at December, 2015, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

***Financial Position***

PEP’s financial statements conform to generally accepted accounting principles, and preliminarily show the following assets liabilities, and net position at December 2015 and 2014:

<u>Casualty and Property Coverage</u>	<u>2015</u>	<u>2014</u>
Assets	38,307,677	35,402,177
Liabilities	<u>(12,759,127)</u>	<u>(12,363,257)</u>
Net Position	<u>\$25,548,550</u>	<u>\$23,038,920</u>

**Coshocton County Agricultural Society**

*Coshocton County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2015*

The casualty coverage assets and net position above include approximately \$11.0 million and \$10.8 million of unpaid claims to be billed to approximately 499 member governments in the future, as of December 31, 2015 and 2014, respectively. The amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$14,538. This payable includes subsequent years' contributions due if the Society terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they becomes 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. The contributions for the past three years are as follows:

Year	Contributions to PEP
2015	\$23,076
2014	25,733
2013	24,122

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.

**Note 7 – 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 \$23,544 directly to vendors to support Junior Fair activities in 2015. 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. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2015, is as follows:

	2015
Beginning Cash Balance	\$7,135
Receipts	15,483
Disbursements	(6,286)
Ending Cash Balance	<u>\$16,332</u>

**Coshocton County Agricultural Society**  
*Coshocton County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2015*

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**Note 8 – 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**

February 22, 2019

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

To the Board of Directors:

We were engaged to audit 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 cash balances, receipts, and disbursements by fund type of the **Coshocton County Agricultural Society**, Coshocton County, (the Society) as of and for the years ended November 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated February 22, 2019, 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. Our report disclaims an opinion on the financial statements because we were not able to obtain sufficient appropriate audit evidence to support an audit opinion.

***Internal Control Over Financial Reporting***

In connection with our engagement to audit the financial statements of the Society, 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.

*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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weakness. We consider findings 2016-001 through 2016-007 to be material weaknesses.

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***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2016-008 through 2016-012.

We also noted certain matters not requiring inclusion in this report that we communicated to management in a separate letter dated February 22, 2019.

***Society's Response to Findings***

The Society's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

***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, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Material Weakness**

**Admission Receipts**

Proper controls and procedures over receipts are key to provide assurances collections are accurate and complete.

During testing, we noted that the Society did not maintain admission receipts or ticket reconciliations for 2016 and 2015. It was also noted that the Society did not always maintain support for other receipts, such as privilege fees, rental receipts, other operating receipts, and donations and contributions, collected during 2016 and 2015.

Bates Amusement supplies the tickets for admissions that the Society sells during the week of the fair and Bates Amusement receives a percentage of the tickets sold. Bates Amusement performs a ticket reconciliation of the tickets given and received back from the Society. There were discrepancies between the deposits made by the Society and the Bates Amusement ticket reconciliation. Due to lack of ticket reconciliations maintained by the Society and discrepancies noted with the Bates Amusement reconciliations, we were unable to gain assurances over receipts recorded as Admissions for 2016 and 2015.

Failure to implement proper controls could result in errors in accounting for receipts or in undetected theft of funds. The Society should implement additional controls over the admissions and receipting process, including formal documentation of reconciliations of collections to ticket sales, to ensure that admissions are properly accounted for and supporting documentation is maintained for all receipts. Furthermore, a review of the admission reconciliation should be performed by a supervisor or other official to provide additional assurance as to the accuracy of deposits.

**Management's Response** – The Board acknowledges your findings and has implemented the following concerning Admission Receipts:

- A new gate superintendent was put in place for 2017-2018.
- The Yellow Book was completed for 2017-2018. In addition, supporting documentation to include the Bates Report, Deposit Ticket and Bank Receipt, is completed on a daily basis and kept on file.
- Admission Receipts and Ticket Reconciliations are now accounted for by the gate superintendent and 2 individuals in the gate office and then reconciled with Bates Amusement daily. The following morning, the treasurer verifies the reconciliation and gate admissions and makes the deposit.
- NO DISCREPENCIES OCCURRED FOR 2017-2018.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-002**

**Material Weakness**

**Maintaining Supporting Documentation**

Maintenance of supporting documentation is an integral part of a sound, properly functioning control environment to ensure that a sufficient audit trail is maintained to support assertions of accuracy and to prove proper public purpose.

The Society incurred instances where supporting documentation was not available for the payment of invoices in both 2016 and 2015. There were also several instances of cash withdrawals made without supporting documentation. Not maintaining supporting documentation could result in the Society paying for goods and services not received or approved and results in an insufficient audit trail.

The Society did not maintain supporting documentation (such as an approved fee schedule and/or contract) to substantiate receipts collected for Privilege Fees and Rentals.

The Society should implement procedures to ensure that supporting documentation for all purchases of goods and services are maintained and attached to the check stub. Adequate supporting documentation should be maintained for cash withdrawals. Approved fee schedules and signed contracts should be maintained for all receipts collected for Privilege Fees and Rentals.

**Management's Response –**

- Effective 12/1/2016, all deposits have supporting documentation whether its cash, check or credit card. In addition, two board members on the Executive Committee initial the deposit on a monthly basis.
- Effective 12/1/2016, all invoices are attached to the check stub and filed accordingly. Once again, two board members on the Executive Committee initial the paid invoices on a monthly basis.
- Effective 12/1/2016, all contracts and expenditures over \$1500.00 are approved by the board and check stubs are attached. The prior statement concerning invoices applies to these contracts and expenditures as well.
- Cash Withdrawals occur when Start-Up Cash is needed. In 2017-2018, separate withdrawals and deposits were made for each entity requiring cash. The Director of each department signs a form acknowledging they received the cash and signs again when cash is returned.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-003**

**Material Weakness**

**Management Monitoring for Internal Control**

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

- Lack of proper approval of timesheets;
- Lack of formal approval of personnel matters;
- Receipts were not presented to the Board for approval or review;
- Disbursements were not presented to the Board for approval or review;
- Blank checks were signed by the Treasurer;
- Checks were signed via stamp;
- Privilege fees, rental fees and admission fees rates were not approved by the Board;
- Monthly financial reports (budget vs. actual, bank reconciliations, etc.) were not reviewed and approved by the Board;
- Pay rates are not formally documented and approved by the Board;
- An annual budget was not prepared and approved by the Board.

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 physical 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 –**

- Effective immediately, employees will initial timesheets. The treasurer will check timesheets and initial as well. Each supervisor will initial their departments employee timesheets. However, in 2017-2018, payroll timesheets and pay stubs were reviewed by two members of the Executive Board and initialed.
- Effective 12/1/2016, two Board Members on the Executive Committee review and initial receipts and disbursements monthly.
- ABSOLUTELY NO BLANK CHECKS ARE SIGNED AND THERE ARE NO SIGNATURE STAMPS. 100% of checks require two signatures, 1 by the treasurer and the other by either the president, vice president, or finance chair.
- Effective immediately, Privilege, Rental, and Admission Fees will be approved by the board annually and recorded in the minutes. The Secretary is authorized by the board to negotiate privilege fees as needed throughout the year. Rates will be presented to the board for approval if necessary.
- Effected 12/1/2016, Financial Reports from the prior month are presented at the monthly board meetings and approved by the board. This is documented in the minutes.
- Effective immediately, hiring of employees and a suggested pay rate will be approved by the board annually and documented in the minutes.
- A Planning Budget is currently in place for 2019.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-004**

**Material Weakness**

**Credit Cards**

The Society paid credit card expenses that were not always itemized or supported by receipts. The Society did not maintain a written credit card policy identifying guidance regarding allowable expenses, limitations, required supporting documentation, or review and approval of use. Neither the Treasurer nor Board reviewed monthly credit card expenditures to ensure items purchased were properly supported and allowable. The lack of documentation made it difficult to determine the nature of certain charges and whether each related to the operations of the Society.

It was the Society Treasurer and Board's responsibility to implement internal controls to reasonably ensure credit card transactions were supported, accurately recorded and for Society purposes. It was the Society Treasurer and Board's responsibility to monitor these control procedures and verify they were operating effectively. Failure to provide detailed guidance addressing required supporting documentation and allowable expenditures, and failing to review transactions resulted in personal purchases being paid by the Society in 2015.

We recommend the Society establish written policies and procedures related to credit card transactions that specifically address items such as authorized users, allowable and prohibited expenditures, and required documentation, including the submission of original, itemized receipts. The Society should also establish procedures for review and approval of credit card transactions and specifically designate those individuals required to review and approve transactions to ensure sufficient documentation is provided to support the nature and business purpose of credit card charges prior to paying bills. To be effective, the performance of internal controls must be sufficiently documented to provide assurance the control was in place and functioned as management intended.

**Management's Response** – A credit card policy has been established for 2019. This policy will be approved at the March board meeting.

**FINDING NUMBER 2016-005**

**Material Weakness**

**Segregation of Duties and Internal Controls**

Proper internal control procedures require various duties be segregated among different individuals. The duties of collecting, recording, depositing, reconciling and disbursing of the Society's monies should be separated.

There is insufficient segregation of duties within the Society. Due to the size of the Society and the number of volunteers, the Secretary prepares checks, reconciles the bank account, records receipts and disbursements and prepares deposits for the Society without a secondary review.

Failure to maintain sufficient segregation of duties could allow errors and/or irregularities to go undetected without the knowledge of the Board.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-005 (Continued)**

**Material Weakness (Continued)**

**Segregation of Duties and Internal Controls (Continued)**

In a small operation, such as the Society, it is not always possible to have enough individuals to properly segregate duties. Understanding this, it is recommended the Board take a more active role in monitoring transactions, such as examining cancelled checks, reviewing bank reconciliations and performing cash counts. It is further recommended these reviews be random and sporadic, rather than scheduled. Such reviews would act as a deterrent to irregularities and would allow the Society an opportunity to timely detect and correct any errors that may occur.

**Management's Response** – Effective immediately, the Finance Committee will randomly review financial records and report findings to the board at the next board meeting.

**FINDING NUMBER 2016-006**

**Material Weakness**

**Bank Reconciliations**

Prior to closing out the financial records each month, the bank account balances should be reconciled to the combined fund balances. This procedure is an important method of detecting errors in the financial records and bank account records. After this procedure is completed, any errors found should be immediately corrected, the financial records closed, and month end financial information generated by the Secretary.

The Society did not prepare monthly bank reconciliations to reconcile the bank statements to the Society's records. Not performing these monthly reconciliations resulted in errors that went undetected by the Society. This resulted in the Society's financial records being inaccurate and carrying incorrect fund balances. These errors also required the Society to obtain assistance from LGS to reconstruct the financial records for 2016 and 2015.

The Society should perform monthly reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. Further, these reconciliations should be reviewed and approved by the Board.

**Management's Response** – Effective 12/1/16, ALL Bank Reconciliations have been completed, balanced, and documented. The reconciliations are reviewed and initialed by two members of the Executive Committee monthly.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

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

**FINDING NUMBER 2016-007**

**Material Weakness**

**Maintenance of Accounting System/Financial Statement Presentation**

The Society should maintain an accounting system and accounting records sufficient to enable the Society to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Society utilized Quickbooks for financial purposes. Documentation was not maintained by individual transaction, which made us unable to identify individual transactions for audit purposes. Furthermore, the summarized information was sometimes entered weeks after-the fact. Due to difficulties in being able to identify individual transactions, receipts and disbursements, we were unable to determine if receipts and disbursements were properly classified, nor were we able to test individual transactions for accuracy and completeness.

In general, an accounting and information system should be designed to provide the Board with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations. Additionally, lack of supporting documentation could allow errors and/or fraud to occur and remain undetected for an extended period of time.

The Society should establish control procedures that would allow them to determine the completeness and existence of receipts and disbursements and require all supporting documentation to be maintained in order for the Society to ensure that all disbursements are accurate and appropriate.

**Management's Response** – The Board acknowledges that, prior to 12/1/2016, qualified personnel were not in place to maintain accurate financial practices. The Board takes full responsibility for this. Effective 12/1/2016, personnel are in place with proper financial and secretarial experience. Numerous control procedures have been implemented and we are striving to correct any internal deficiencies.

**FINDING NUMBER 2016-008**

**Noncompliance**

**Ohio Revised Code Section 117.103(B)(1)** states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, **Ohio Revised Code Section 117.103(B)(2)** states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

For 2016 and 2015, the Society neither made its current employees aware of the new fraud reporting system, nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Noncompliance (Continued)**

We recommend the Society communicate the fraud reporting system to its current employees and implement a process for informing new employees.

**Management's Response** – Effective immediately, employees are informed about the Fraud Reporting System. A copy of said document is signed by employee and kept in personnel's file.

**FINDING NUMBER 2016-009**

**Noncompliance**

**Ohio Rev. Code Section 507.04** requires the Society keep a complete and accurate record of the proceedings of the Board at all of its meetings, and of all its accounts and transactions.

During our review of the Society's minutes we noted the prior meeting minutes were not consistently reviewed and approved by the Board. Also, there was no indication that the Treasurer provided the Board with monthly financial reports of receipt and expenditure activity, budget versus actual comparisons or bank reconciliations for review and approval. We also noted the board minutes were vague and did not always contain adequate documentation to memorialize the activities of the meeting. We also noted board minutes were not signed.

The lack of documentation and subsequent approval of the Board actions could result in the intentions of the Board not being accurately documented or carried out.

The Society should maintain a complete and accurate minute record, which reflects Board review and approval of all pertinent financial documentation. Additionally, minutes of the previous meeting should be reviewed and approved at each Society meeting and approval should be documented in the minutes. Board minutes should also be signed.

**Management's Response** – Effective 12/1/2016, all Board Minutes reflect a complete and accurate detail of all pertinent information.

**FINDING NUMBER 2016-010**

**Noncompliance**

**Ohio Rev. Code Section 117.38** requires cash-basis entities file annual reports with the Auditor of State within 60 days of the fiscal year end. These forms must be filed on forms prescribed by the Auditor of State. Any public office which does not file the report by the required date shall pay a penalty of \$25 for each day the report remains un-filed, not to exceed \$750. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Auditor of State may provide waivers of these dates and penalties in certain circumstances.

The Society did not publish the notice of availability of the required reports for fiscal years 2016 and 2015. The annual reports were also not filed within the required 60 days of fiscal year end.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-010 (Continued)**

**Noncompliance (Continued)**

As an important part of restoring public accountability, we recommend the Society file its complete annual report with the Auditor of State within 60 days of fiscal year end. The Society should also publish notice in a local newspaper stating the financial report is available for public inspection at the Society's office.

**Management's Response** – Effective 12/1/2016, all Financial Annual Reports have been filed within the required time frame. A notification was published in the local paper in 2017-2018.

**FINDING NUMBER 2016-011**

**Noncompliance**

**Timely Deposits**

**Ohio Revised Code Section 9.38** requires that deposits of public money be made in a timely manner. Public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the receipt, unless the receipts are less than \$1,000 and the money can be safeguarded. In this case, the deposit must be made within three business days.

It was noted during the audit that the Society held funds of varying amounts greater than the allowable 1 to 3 business days without depositing them in accordance with **Ohio Revised Code Section 9.38** during 2016 and 2015.

As a result, not only is there a risk of loss from burglary, misplacement, or misappropriation, but the cash is not available for expenditures or investment.

We recommend that the Society monitor collections and ensure that monies are deposited in accordance with state statute. This will improve cash flow and reduce the risk of loss. Further guidance regarding specific dollar amounts may be found in the Ohio Compliance Supplement.

**Management's Response** – Effective 12/1/2016, all deposits were made in a timely manner.

**FINDING NUMBER 2016-012**

**Noncompliance**

**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 1<sup>st</sup> through November 30<sup>th</sup>. 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 prepare or approve a budget for either 2016 or 2015.



COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY

SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

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

FINDING NUMBER 2016-012 (Continued)

**Noncompliance (Continued)**

**Annual Budget (Continued)**

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** – A planning Budget has been created for 2019. At the end of 2019, a comparison will be made between the actual vs. budget.

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Annual Budget	Not Corrected	Repeated as Finding 2016-012
2014-002	Financial Statement Reporting	Not Corrected	Repeated as Finding 2016-007
2014-003	Supporting Documentation	Not Corrected	Repeated as Finding 2016-002
2014-004	Ticket Reconciliations	Not Corrected	Repeated as Finding 2016-001
2014-005	Management Monitoring for Internal Control	Not Corrected	Repeated as Finding 2016-003

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
APRIL 18, 2019**