

***CHAMPAIGN COUNTY AGRICULTURAL SOCIETY***

**CHAMPAIGN COUNTY**

**REGULAR REPORT**

**FOR THE YEARS ENDED NOVEMBER 30, 2019 and 2018**





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Directors  
Champaign County Agricultural Society  
384 Park Avenue P.O. Box 38157  
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of the Champaign County Agricultural Society prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2017 through November 30, 2019. 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 Champaign 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

June 17, 2020

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY**  
**CHAMPAIGN COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Champaign County Agricultural Society, Champaign County, Ohio (the Society), as of and for the years ended November 30, 2019 and 2018.

***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 such 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.

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

As described in Note 2 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***

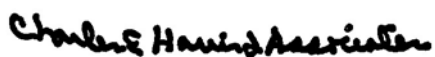
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Champaign County Agricultural Society, Champaign County, Ohio, as of November 30, 2019 and 2018, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the Society's internal control over financial reporting and on 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.



*Charles E. Harris & Associates, Inc.*  
March 23, 2020



**Champaign County Agricultural Society**  
*Champaign County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2019*

	2019
<b>Operating Receipts</b>	
Admissions	\$ 534,477
Privilege Fees	97,783
Rentals	282,243
Sustaining and Entry Fees	82,636
Pari-mutuel Wagering Commission	4,345
Other Operating Receipts	37,295
<i>Total Operating Receipts</i>	<i>1,038,779</i>
<b>Operating Disbursements</b>	
Wages and Benefits	136,163
Utilities	102,141
Professional Services	193,666
Equipment and Grounds Maintenance	156,683
Property Expense	123,187
Race Purse	339,876
Senior Fair	14,856
Junior Fair	20,188
Advertising Expense	19,507
Capital Outlay	155,195
Other Operating Disbursements	190,864
<i>Total Operating Disbursements</i>	<i>1,452,326</i>
<i>Excess (Deficiency) of Operating Receipts/Disbursements</i>	<i>(413,547)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	271,594
County Support	60,509
Debt Proceeds	92,750
Capital Assets Sold	30,953
Donations/Contributions - Restricted	136,804
Donations/Contributions - Unrestricted	50,170
Investment Income	343
Debt Service	(174,574)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>468,549</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>55,002</i>
Cash Balance, Beginning of Year	256,797
<i>Cash Balance, End of Year</i>	<i>\$ 311,799</i>

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

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Agricultural Society of Champaign County Society is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a County Agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1841 to operate an annual agricultural fair. The Society sponsors the week – long Champaign County Fair during August. During the fair, harness races are held, culminating in the running of the harness racing event. Champaign County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Champaign 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, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including flea markets. The reporting entity does not include any other activities or entities of Champaign County, Ohio.

Notes 6 and 7, respectively; summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

The Society’s management believes these financial statements present 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***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Deposits and Investments***

The Society’s funds are maintained in checking and savings account. The Society has no investments.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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***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.

***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***

Stake races are held during the Champaign 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 Western Colt Racing Association pay fees 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 3 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.

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.

**Note 2 – Deposits and Investments**

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

Demand deposits	\$311,799
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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 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, 2019, for \$249,519 as State 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.

	2019
Total Amount Bet (Handle)	\$ 44,765
Less: Payoff to Bettors	35,194
Parimutuel Wagering Commission	9,571
Tote Service Commission	(4,699)
State Tax	(1,191)
Society Portion	\$ 3,681

**Note 4 – Debt**

Debt outstanding at November 30, 2019, was as follows:

	Principal	Interest Rate
Grandstand loan	\$189,000	6.00%
Camping improvement loan	40,630	3.88%
Maintenance Building	81,000	4.00%
Chicken Barn	17,750	4.00%
New Race Barn	167,161	4.25%
Total	\$495,541	

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

Amortization of the above debt including interest is scheduled as follows:

November 30:	Chicken Barn	Grandstand	Camping	Race Barn	Maint. Bldg	Total
2020	\$2,189	\$36,980	\$6,739	\$26,631	\$12,740	\$85,279
2021	2,189	35,780	6,739	26,631	12,360	\$83,699
2022	2,189	34,580	6,739	26,631	11,980	\$82,119
2023	2,189	33,692	6,739	26,631	11,410	\$80,661
2024	2,189	32,573	6,739	26,631	11,030	\$79,162
2025-2029	10,945	40,155	13,478	71,016	36,879	\$172,473
	<u>\$21,890</u>	<u>\$213,760</u>	<u>\$47,173</u>	<u>\$204,171</u>	<u>\$96,399</u>	<u>\$583,393</u>

The Society entered into a \$134,275 Wardell farm Land loan in 1996 with Citizen's National Bank for purchasing farm land and refinanced the \$101,000 loan on February 27, 2004 with Perpetual Federal Savings Bank. On June 12, 2009 the Society refinanced the Wardell Loan and the Horse Barn and Grandstand renovations for a total of \$300,000. The loan bears an interest rate of 6.00% and matures on June 12, 2019. In May of 2014 the Society refinanced the loan again with a balance of \$339,500 with a rate of 4.25% and this now matures on November 2026.

The Society entered into a loan with Perpetual Savings Bank on February 3, 2015 for the new race horse barn. The total loan amount was \$250,000 with an interest rate of 4.25%. Monthly payments are \$2,219 and are made from rentals of the barn. The final loan payment is August 3, 2027.

On September 2016 the Society entered into a loan for camping improvements of \$55,000. It has a rate of 3.875% and matures on September 2026. The Society makes 10 annual payments of \$6,739.

On May 5, 2017 the Society entered into a loan with Perpetual Savings Bank for \$150,000 at 4% to be used to build a maintenance building. The loan is being repaid with annual payments of \$9,500 plus interest. Final payment is due May 5, 2028.

On September 13, 2019 the Society entered into a loan with Peoples Savings Bank for \$75,000 at 0% to be used as working capital for the fair sales activity. The loan was repaid on October 24, 2019.

On June 20, 2019 the Society entered into a loan with People Savings Bank for \$17,750 at 4% to be used to build a chicken barn. The loan is being repaid with annual payments of \$2,189 including interest. Final payment is due June 20, 2029.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 5 – Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2020.

The Champaign County Commissioners provide general insurance coverage for all the buildings on the Champaign County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$500,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$13,500. The Society’s general manager is bonded with coverage of \$1,000,000.

**Note 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 Champaign County Fair. The Junior Fair Board accounts for its activities separately. The Junior Fair Board’s financial activity for the year ended November 30, 2019 follows:

	2019
Beginning Cash Balance	\$ 9,387
Receipts	2,765
Disbursements	(1,967)
Ending Cash Balance	\$ 10,185

**Note 7 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Champaign County’s auction. A commission on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the year ended November 30, 2019, follows:

	2019
Beginning Cash Balance	\$ 27,458
Receipts	609,852
Disbursements	(606,614)
Ending Cash Balance	\$ 30,696

**Champaign County Agricultural Society**  
*Champaign County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2018*

	2018
<b>Operating Receipts</b>	
Admissions	\$ 515,069
Privilege Fees	102,244
Rentals	292,990
Sustaining and Entry Fees	96,352
Pari-mutuel Wagering Commission	5,412
Other Operating Receipts	45,888
<i>Total Operating Receipts</i>	<i>1,057,955</i>
<b>Operating Disbursements</b>	
Wages and Benefits	118,142
Utilities	131,322
Professional Services	181,872
Equipment and Grounds Maintenance	130,118
Property Expense	124,280
Race Purse	396,821
Senior Fair	32,218
Junior Fair	17,431
Advertising Expense	18,056
Capital Outlay	23,794
Other Operating Disbursements	194,367
<i>Total Operating Disbursements</i>	<i>1,368,421</i>
<i>Excess (Deficiency) of Operating Receipts/Disbursements</i>	<i>(310,466)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	295,684
County Support	28,300
Debt Proceeds	70,000
Capital Assets Sold	4,050
Donations/Contributions - Restricted	101,075
Donations/Contributions - Unrestricted	9,098
Investment Income	198
Debt Service	(172,797)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>335,608</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>25,142</i>
Cash Balance, Beginning of Year	231,655
<i>Cash Balance, End of Year</i>	<i>\$ 256,797</i>

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

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

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**Note 1 – Reporting Entity**

The Agricultural Society of Champaign County is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a County agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1841 to operate an annual agricultural fair. The Society sponsors the week – long Champaign County Fair during August. During the fair, harness races are held, culminating in the running of the harness racing event. Champaign County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Champaign County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds This includes the fair and harness racing during fair week. This includes the annual fair, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including flea markets. The reporting entity does not include any other activities or entities of Champaign County, Ohio.

Notes 6 and 7, respectively; summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

The Society’s management believes these financial statements present 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***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Deposits and Investments***

The Society’s funds are maintained in checking and savings accounts. The Society has no investments.



**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

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***Proper, 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.

***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***

Stake races are held during the Champaign 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 Western Colt Racing 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 3 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.

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.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

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**Note 2 – Deposits and Investments**

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

Demand Deposits	\$256,797
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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 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, 2018, for \$277,165.84, as State 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.

	2018
Total Amount Bet (Handle)	\$ 55,079
Less: Payoff to Bettors	(43,277)
Parimutuel Wagering Commission	11,802
Tote Service Commission	(5,790)
State Tax	(1,552)
Society Portion	\$ 4,460

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

**Note 4 – Debt**

Debt outstanding at November 30, 2018, was as follows:

	Principal	Interest Rate
Note Payable for Tractor	\$14,347	4.25%
Grandstand loan	219,000	4.00%
Camping improvement loan	45,606	3.88%
Maintenance Building	90,500	4.00%
New Race Barn	189,284	4.25%
Total	\$558,737	

Amortization of the above debt including interest is scheduled as follows:

Year Ending November 30	Tractor	Grandstand	Camping	Race Barn	Maintenance Building	Total
2019	\$14,991	\$38,180	\$6,739	\$26,631	\$13,120	\$99,661
2020	-	36,980	6,739	26,631	12,740	83,090
2021	-	35,780	6,739	26,631	12,360	81,510
2022	-	34,580	6,739	26,631	11,980	79,930
2023	-	33,380	6,739	26,631	11,410	78,160
2024-2026	-	<u>78,040</u>	<u>20,217</u>	<u>97,633</u>	<u>47,909</u>	<u>243,799</u>
Total	<u>\$14,991</u>	<u>\$256,940</u>	<u>\$53,912</u>	<u>\$230,788</u>	<u>\$109,519</u>	<u>\$666,150</u>

The Society entered into a \$134,275 Wardell farm Land loan in 1996 with Citizen’s National Bank for purchasing farm land and refinanced the \$101,000 loan on February 27, 2004 with Perpetual Federal Savings Bank. On June 12, 2009 the Society refinanced the Wardell Loan and the Horse Barn and Grandstand renovations for a total of \$300,000. The loan bears an interest rate of 6.00% and matures on June 12, 2019. In May of 2014 the Society refinanced the loan again with a balance of \$339,500 with a rate of 4.25% and this now matures on November 2026.

The Society entered into a loan with Perpetual Savings Bank on February 3, 2015 for the new race horse barn. The total loan amount was \$250,000 with an interest rate of 4.25%. Monthly payments are \$2,219 and are made from rentals of the barn. The final loan payment is August 3, 2027.

The Society entered into a loan with Park National Bank on December 26, 2014 for \$66,777 at 4% and used the proceeds to purchase a truck and a tractor. The loan is being repaid with 5 annual payments of \$14,991. The final payment is due December 5, 2019.

On September 2016 the Society entered into a loan for camping improvements of \$55,000. It has a rate of 3.875% and matures in September 2026. The Society makes 10 annual payments of \$6,739.

On May 5<sup>th</sup> 2017 the Society entered into a loan of \$150,000 for the purchase of a new maintenance building. The loan has a rate of 4.00% and is for a period of 10 years with a payment due once a year. The Society makes the interest payments and the Champaign County Commissioner pay the principal.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

On September 13<sup>th</sup> 2018 the Society entered into a loan for working capital for the sales account of \$70,000 with 0% interest. This loan was paid in full on October 18, 2018.

**Note 5 – Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2019.

The Champaign County Commissioners provide general insurance coverage for all the buildings on the Champaign County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$13,500. The Society’s general manager is bonded with coverage of \$1,000,000.

**Note 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 Champaign County Fair. The Junior Fair Board accounts for its activities separately. The Junior Fair Board’s financial activity for the year ended November 30, 2018 follows:

	2018
Beginning Cash Balance	\$ 7,672
Receipts	5,331
Disbursements	(3,606)
Ending Cash Balance	\$ 9,397

**Note 7 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Champaign County’s auction. A commission on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the year ended November 30, 2018 follows:

	2018
Beginning Cash Balance	\$ 6,631
Receipts	642,154
Disbursements	(621,326)
Ending Cash Balance	\$ 27,458

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

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**Note 8 – Prior Period Adjustment**

The ending cash balance reported at November 30, 2017 included the Junior Fair Board cash balance. That amount should not have been included. The beginning cash has been restated to reflect the elimination of that balance.

Cash Balance, November 30, 2017	\$ 239,327
Junior Fair Board balance	<u>(7,672)</u>
Cash Balance Restated December 1, 2017	<u>\$ 231,655</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of the Champaign County Agricultural Society, Champaign County, Ohio (the Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated March 23, 2020, 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented or detected and corrected on a timely basis. *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 Findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings 2019-001.

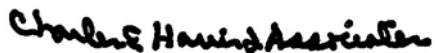
We also noted certain other matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated March 23, 2020.

***Entity's Responses to Findings***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
March 23, 2020

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness and Noncompliance – Accounting Records**

Ohio Administrative Code (OAC) § 117-2-02(D) in part states that the local office should maintain adequate documentation to support the amounts recorded on its accounting ledger. It is management’s responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society’s receipts are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of the receipt records.

The Society did not maintain adequate support for certain types of receipts. During our testing of receipts 24 out of 87 receipts for 2018 and 35 out of 86 receipts for 2019, were missing deposit slips and/or other supporting documentation.

Lack of proper support for transactions for certain types of receipts enhances the Society’s risk of not depositing all funds collected. We recommend the Society Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society, including, but not limited to gate receipts.

We further recommend the Treasurer implement procedures to adequately track and reconcile these types of gate receipts to help prevent loss of funds and improve financial reporting. Those procedures could include a ticket system that is tracked, including the amount sold, voided, and complimentary tickets/sales. Reconciliation of ticket sales and cash collected and deposited should be done. A proper ticket inventory should also be maintained that documents the inventory of tickets purchased and tickets on-hand.

**Official’s Response:**

See Corrective Action Plan



**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS (Continued)  
NOVEMBER 30, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-002**

**Material Weakness – Annual Report Presentation**

The annual financial statements report the financial activity and condition of the Society for the year, so due care should be given to provide an accurate presentation. The financial statements contained the following errors:

- Debt proceeds totaling \$70,000 and the corresponding repayment was excluded from the annual report in 2018 and \$75,000 and the corresponding repayment was excluded from the annual report in 2019.
- Information on a new loan totaling \$17,750 was excluded from the Notes to the Financial Statements for the year ended November 30, 2019. Other debt information was incorrect in the footnotes for each year.

When completing the financial statements, the Treasurer should utilize the cash basis ledgers, include all debt proceeds, and ensure that the beginning loan balances, as of December 1, agrees to the prior year's audited ending loan balance. In addition, the Treasurer should reconcile the annual report with the detailed ledgers. These procedures should be implemented to improve the accuracy and reliability of financial reporting and accountability.

**Official's Response:**

See Corrective Action Plan

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
 CHAMPAIGN COUNTY  
 For the Years Ended November 30, 2019 and 2018

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Several rental receipts were missing contracts/agreements for support.	Corrected	Rental receipts were supported by contracts/agreements.
2017-002	Society didn't adequately reconcile the sale of admissions wristbands with cash receipts.	Not corrected	See corrective action plan
2017-003	Payroll timecards were not approved by management.	Corrected	Timecards approved by management
2017-004	Annual Report contained errors.	Not corrected	See corrective action plan

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT  
November 30, 2019 and 2018

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2019-001	The Society will maintain better control over all rental contracts and agreements and attach to receipts.	Immediately	Nancy Valentine, Treasurer
2019-002	Annual report will include all transactions and debt information.	Immediately	Nancy Valentine, Treasurer

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY**

**CHAMPAIGN 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  
JUNE 30, 2020**