



Dave Yost • Auditor of State

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Receipts, Disbursements, and Changes in Cash Balances – For the Years Ended November 30, 2015 and 2014.....	3
Notes to the Financial Statement.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	17

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Dave Yost • Auditor of State

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 Statement

We have audited the accompanying financial statement of the cash balances, receipts, and disbursements, and related notes of the Champaign County Agricultural Society, Champaign County, (the Society) as of and for the years ended November 30, 2015 and 2014.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statement, the Society prepared the financial statement 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.

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Although the effects on the financial statement 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 the statement 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 *Additional Opinion Qualification* 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 statement referred to above does 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, 2015 and 2014, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Rental receipts are reported at \$257,459 and \$199,541 for the years ended November 30, 2015 and 2014, respectively, which are 24 percent of operating receipts for the year ended November 30, 2015, and 22 percent of operating receipts for the year ended November 30, 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as rental receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Champaign County Agricultural Society, Champaign County as of November 30, 2015 and 2014, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 19, 2016

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

	2015	2014
Operating Receipts:		
Admissions	\$567,045	\$530,338
Privilege Fees	79,303	84,964
Rentals	257,459	199,541
Sustaining and Entry Fees	14,696	19,880
Parimutuel Wagering Commission	10,492	8,286
Other Operating Receipts	156,470	77,211
Total Operating Receipts	1,085,465	920,220
Operating Disbursements:		
Wages and Benefits	133,788	118,638
Utilities	148,165	138,514
Professional Services	224,598	190,390
Equipment and Grounds Maintenance	293,364	208,328
Race Purse	106,801	76,525
Senior Fair	147,700	111,724
Junior Fair	30,207	44,557
Capital Outlay	303,862	269,406
Other Operating Disbursements	185,020	159,208
Total Operating Disbursements	1,573,505	1,317,290
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(488,040)	(397,070)
Non-Operating Receipts (Disbursements):		
State Support	65,994	16,437
County Support	28,906	7,591
Debt Proceeds	316,794	339,500
Donations/Contributions	156,004	139,214
Investment Income	142	224
Debt Service	(54,545)	(204,417)
Net Non-Operating Receipts (Disbursements)	513,295	298,549
Excess of Receipts Over Disbursements	25,255	(98,521)
Cash Balances, Beginning of Year	173,828	272,349
Cash Balances, End of Year	\$199,083	\$173,828

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

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society of Champaign 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 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. 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.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including 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 this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

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.

C. Deposits and Investments

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

D. Property, Plant, and Equipment

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

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. 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.

1. Sustaining and Entry Fees

Horse owners and the Western Ohio 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.

2. 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.

G. 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.

2. DEPOSITS

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at November 30, 2014 and 2015 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	<u>\$199,083</u>	<u>\$173,828</u>

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

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

3. HORSE RACING

A. State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money as State Support. The amount received to supplement the purse for the years ended in November of 2015 and 2014 was \$8,184 and \$10,144, respectively.

B. 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.

	2015	2014
Total Amount Bet (Handle)	\$51,965	\$40,996
Less: Payoff to Bettors	(41,473)	(32,710)
Parimutuel Wagering Commission	10,492	8,286
Tote Service Set Up Fee	(600)	(200)
Tote Service Commission	(4,837)	(3,904)
State Tax	(1,405)	(1,116)
Society Portion	\$3,650	\$3,066

4. DEBT

Debt outstanding at November 30, 2015 was as follows:

	Principal	Interest Rate
Grandstand/Horse Barn/Restrooms	\$309,500	4.00%
Truck and tractor loan	66,777	4.00%
New Race Barn	244,571	4.25%
Total	\$620,848	

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 loan and grandstand renovations for a total of \$300,000. On May 15, 2014, the Society refinanced the loan again, for a total of \$339,500, to build a new restroom at the horse arena. The loan now is for the restrooms and the grandstand renovations. The Wardell farm is now used for the collateral for this loan. The interest rate on this loan is 4.00% and comes due November 15, 2026. The \$30,000 principal payment is paid annually.

The Society entered into a loan with Perpetual Savings Bank on February 3, 2015 for the new race horse barn. The total loan amount for this loan is \$250,000. The Society makes monthly payments on this barn of \$2,219.29. The payments for this barn are paid by rentals of the barn. This loan comes due August 3, 2027. This loan has a rate of 4.25%.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

4. DEBT (Continued)

The Society has a loan with Security National Bank for a truck and tractor. The amount of this loan started at \$66,777. The Society makes 5 annual payments of \$14,990.91 on December 5 of each year. The interest rate on this loan is 4.00%.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Grandstand/ Horse Barn/ Restrooms	Truck and Tractor	New Race Barn	Interest	Total
2016	\$30,000	\$12,438	\$16,237	\$24,726	\$83,401
2017	30,000	12,781	16,927	22,494	82,202
2018	30,000	13,306	17,647	20,050	81,003
2019	30,000	13,845	18,397	17,561	79,803
2020	30,000	14,407	19,179	15,017	78,603
2021-2025	150,000		108,834	41,033	299,867
2026-2027	9,500		47,350	3,548	60,398
Total	<u>\$309,500</u>	<u>\$66,777</u>	<u>\$244,571</u>	<u>\$144,429</u>	<u>\$765,277</u>

5. RISK MANAGEMENT

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.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2017.

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 Society disbursed \$30,207 and \$44,557 in 2015 and 2014, respectively, directly to vendors to support the Junior Fair activities. 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. The accompanying financial statement does not include this activity.

The Junior Fair Board's financial activity for the year ended November 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Beginning Cash Balance	\$4,047	\$2,407
Receipts	2,347	2,102
Disbursements	(2,898)	(462)
Ending Cash Balance	<u>\$3,496</u>	<u>\$4,047</u>

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

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, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Beginning Cash Balance	\$43,435	\$31,840
Receipts	609,515	547,242
Disbursements	<u>(568,897)</u>	<u>(535,647)</u>
Ending Cash Balance	<u>\$84,053</u>	<u>\$43,435</u>

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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

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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Champaign County Agricultural Society, Champaign County, (the Society) as of and for the years ended November 30, 2015 and 2014, and the related notes to the financial statement, and have issued our report thereon dated August 19, 2016, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as rental receipts.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statement. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-002 through 2015-005 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

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

Society's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying schedule of 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 19, 2016

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness – Rental Receipts

The Society receives rental revenue from various vendors for rentals of buildings, grounds, arenas, camping areas, etc. The Society completes rental contracts with vendors describing the rental agreement issues including the type of rental and fee. Rental receipts reported by the Society in 2015 and 2014 were \$257,459 or 24 percent and \$199,541 or 22 percent of operating receipts, respectively.

During the audit period, there were multiple receipts for payment of rental fees that did not have a contract/agreement to support the charges. The Society could not provide any of the contracts for rental of the horse arena during 2014. Furthermore, there was an instance in which the amount charged per the contract did not agree to the rental rate approved by the Board, and two instances in which the Society did not charge the renter for the use of the facilities. There was no evidence that the free rentals were approved by the Board. The Society has no formal procedures in place to track the status of and payments on contracts.

In 2006, the Board agreed to compensate a Board member acting as a rental agent, ten percent of rental income collected for his duties involved with the rental contracts. Due to his passing, his wife received this payment for 2014. Based on the lack of evidential matter surrounding the rental income fees, the amount provided to the rental agent may have been incorrect; therefore misstating Wages and Benefits disbursements. Another board member was named rental agent for 2015, but was not compensated for his duties.

The Society should incorporate adequate procedures to properly document and account for all rental income, which includes the following:

- Maintaining signed rental contracts indicating fees due, deposit paid and remaining amount paid and the dates of payment, receipt number, and check number. If not paid in full, documentation of the reason why.
- Maintaining a listing of cancelled contracts and payments refunded, if applicable.
- Preparing detailed receipts for amounts collected.
- Recording amounts properly in the accounting records.

The Board should also review the payment made to the rental agent to determine if a reasonable amount was paid in relation to the revenues that are supported. In addition, any future payments to the rental agent should be reviewed and approved prior to payment in order for the Board to determine that the proper amount was paid.

Officials' Response:

The Society will keep better track of contracts and mail out invoices if not paid in an appropriate time after rental. The Society will attach receipts to the back of contracts for tracking purposes.

FINDING NUMBER 2015-002

Significant Deficiency – Admissions

The Society collected cash for admission into the fair for 2014 and 2015. Admission revenue was a significant account as it represented over fifty percent of operating receipts in 2014 and 2015.

In 2014 and 2015, the Society distributed envelopes to the gate sales personnel at various times each day, which contained a recorded number of admission wristbands and starting cash. The individual envelopes did not consistently contain a reconciliation of the number of wristbands sold to the cash collected or signature of gate sales personnel.

Management did maintain spreadsheets documenting the number of wristbands unsold (per gate by day), and the overage/shortage calculated. The Society did not investigate overages/shortages in 2014 and 2015. Furthermore, there were no policies or procedures in place to instruct gate sales personnel on the methods to use to ensure complete and accurate collections or otherwise to hold these personnel accountable for any significant shortages.

Additionally, upon examination of admission envelopes provided for audit, un-deposited cash totaling \$305 was left inside the envelopes. The Treasurer deposited this cash in the bank account on May 4, 2016.

The lack of adequate record keeping to account for admissions revenue could lead to undetected errors or irregularities within the normal course of business.

The Board of Directors should adopt and implement collection procedures that include the following:

- Completion of ticket accountability forms with those selling tickets and collecting cash including signatures
- Investigation and explanation of any discrepancies

The Treasurer should review and approve all ticket accountability forms, reconciliations, and overages/shortages to determine if any are missing. If unusual variances are noted, the Board should determine appropriate measures to be taken.

The above procedures will help strengthen internal accounting controls, reduce errors, and provide adequate documentation for financial statement presentation. The Board should review admissions reconciliations to provide additional control and assurance over these receipts.

Officials' Response:

The gate workers will sign each and every envelope. The Treasurer will sign the forms after the cash is counted and verify the left over wrist bands.

FINDING NUMBER 2015-003

Significant Deficiency – Payroll

Hourly employees of the Society are compensated for hours worked, which are derived from timecards that are stamped with the time at the beginning and end of the employees' shifts.

Of 8 time cards examined, 7 time cards included hand-written modifications or additions to the hours on the time card as documented by the time clock. Time cards were not approved by supervisors, management or any board members.

**FINDING NUMBER 2015-003
(Continued)**

Additionally, two employees' pay rates could not be verified to any board-approved hourly rate, nor did the Society have an approved salary schedule for all employees.

Without review and approval of employee time cards, the Society is at risk for paying employees in excess of actual hours worked. A lack of approved pay rates can lead to improper payments to employees without timely detection by management.

The Society should implement procedures to review time cards of hourly employees to ensure that employees are not compensated for more hours than those actually worked. The Society should approve all pay rates for employees or develop an approved salary schedule.

Officials' Response:

The President will start initialing time cards when he signs checks.

FINDING NUMBER 2015-004

Significant Deficiency - 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:

- Beginning cash balance on December 1, 2013 was \$109 less than the prior year's audited ending cash balance;
- Receipts and disbursements on the annual reports did not agree with the detailed ledgers;
- Debt payments totaling \$1,333 were excluded from the annual report in 2014, which was paid by the Poultry Advisors and also not properly recorded as Donations/Contributions;
- Debt proceeds in the amount of \$190,568 and the corresponding payment to retire old debt were excluded from the annual report in 2014;
- Debt proceeds totaling \$66,777 and the corresponding capital outlay were excluded from the annual report in 2015;
- Junior fair disbursements totaling \$1,186 paid by the Fair Sales account were included in the disbursements in 2014; and
- Donations from the Fair Sales account to the Society's savings accounts, in the amount of \$20,217, were excluded from the annual report in 2015.

The financial statements were adjusted to accurately reflect the financial activity of the Society during 2014 and 2015. Additionally, the Society posted \$28,740 in state support as other operating receipts in 2014. The reclassification was immaterial and therefore not adjusted.

When completing the financial statements, the Treasurer should utilize the cash basis ledgers, include all debt payments, and ensure that the beginning balance as of December 1 agrees to the prior year's audited ending cash 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.

Officials' Response:

In 2014, I knew how to do nothing. I was learning on my own as I went. I did not know how to record these transactions. I know now to use the cash basis from the document above.

FINDING NUMBER 2015-005

Significant Deficiency - Bank Reconciliations

The Society has three checking accounts and multiple savings accounts. The Treasurer performed bank reconciliations throughout the audit period for two of the checking accounts separately using the Quickbooks system. A bank reconciliation for all accounts was not completed and did not include the savings accounts. The deposit in transit for the 2015 general checking account reconciliation completed in Quickbooks was overstated by \$4,232.

The Society opened another checking account during the audit period, but did not reconcile the account or account for the activity within Quickbooks during the correct year. This resulted in errors on the annual report for receipts and disbursements as well as the checking account balances on the cash reconciliation statement in the annual reports. In 2014, admissions revenue was increased by \$12,840 and professional services expenditures were increased by \$651 to account for the transactions of the new account. In 2015, all activity was added to the Quickbooks system; however adjustments were needed to properly reflect only 2015 activity. Admissions revenue was decreased by \$8,942 and professional services expenditures were decreased by \$2,660. The cash reconciliation statement in the annual reports for 2014 and 2015 were incorrect as the checking account balances were understated by \$15,903 in 2014 and overstated by \$3,664 in 2015.

These adjustments were made to the Society's ledger and statement totals to arrive at the proper financial statement presentation.

Inaccurate bank reconciliations can cause material financial reporting misstatements and weaken cash controls over the Society's funds. The Society should implement procedures to improve the reconciliation process, which include performing a total cash balance reconciliation that includes the checking accounts and all savings accounts, and verify proper bank balances during the reconciliation process to avoid overstatements or understatements. The Board should review bank reconciliations and supporting documents to ensure balances are properly reconciled.

Officials' Response:

I don't know how to add the concert account. It is done by all credit cards. We make no deposits to this account. Also, did not know I was supposed to add the savings accounts. I have been doing better with adding or subtracting in the savings accounts.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material Weakness – Lack of accountability over rental revenue	No	Re-issued as Finding 2015-001
2013-002	Significant Deficiency – Inadequate accountability over admissions revenue	No	Re-issued as Finding 2015-002

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Dave Yost • Auditor of State

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
SEPTEMBER 29, 2016**