

***CHAMPAIGN COUNTY AGRICULTURAL SOCIETY***

**CHAMPAIGN COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED NOVEMBER 30, 2017 and 2016**







# Dave Yost • Auditor of State

Board of Trustees  
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, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2015 through November 30, 2017. 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 "Dave Yost".

Dave Yost  
Auditor of State

October 29, 2018

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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, (the Society) as of and for the years ended November 30, 2017 and 2016.

***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, 2017 and 2016, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

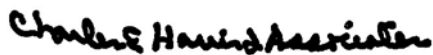
Rental receipts are reported at \$278,279 and \$311,525 for the years ended November 30, 2017 and 2016, respectively, which are 21 percent of operating receipts for the year ended November 30, 2017 and 23 percent of operating receipts for the year ended November 30, 2016. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as rental receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, 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 as of November 30, 2017 and 2016, and 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 July 24, 2018, 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.



***Charles E. Harris & Associates, Inc.***

July 24, 2018



**Champaign County Agricultural Society**  
*Champaign County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2017*

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<b>Operating Receipts</b>	
Admissions	\$575,909
Privilege Fees	80,453
Rentals	278,279
Sustaining and Entry Fees	34,330
Pari-mutuel Wagering Commission	10,105
Other Operating Receipts	<u>47,262</u>
<i>Total Operating Receipts</i>	<u>1,026,338</u>
 <b>Operating Disbursements</b>	
Wages and Benefits	123,061
Utilities	142,455
Professional Services	220,154
Equipment and Grounds Maintenance	149,693
Property Expense	129,156
Race Purse	146,327
Senior Fair	19,603
Junior Fair	24,052
Advertising Expense	18,379
Capital Outlay	181,702
Other Operating Disbursements	<u>187,966</u>
<i>Total Operating Disbursements</i>	<u>1,342,548</u>
<i>Excess (Deficiency) of Operating Receipts</i>	(316,210)
 <b>Non-Operating Receipts (Disbursements)</b>	
State Support	144,641
County Support	68,477
Debt Proceeds	220,000
Capital Assets Sold	34,660
Donations/Contributions - Restricted	122,937
Donations/Contributions - Unrestricted	5,058
Investment Income	127
Debt Service	<u>(208,941)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>386,959</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	70,749
Cash Balance, Beginning of Year	<u>168,578</u>
<i>Cash Balance, End of Year</i>	<u><u>\$239,327</u></u>

*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, 2017*

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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 balances (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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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, 2017*

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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 and investments at November 30 was as follows:

Demand deposits	\$239,327
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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, 2017*

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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, 2017, was \$144,641 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.

	2017
Total Amount Bet (Handle)	\$ 47,343
Less: Payoff to Bettors	(37,238)
Parimutuel Wagering Commission	10,105
Tote Service Set Up Fee	(300)
Tote Service Commission	(4,303)
State Tax	(1,299)
Society Portion	\$ 4,203

**Note 4 – Debt**

Debt outstanding at November 30, 2017, was as follows:

Note Payable for Tractor	\$28,202	4.00%
Grandstand loan	249,500	4.00%
Camping improvement loan	50,392	3.88%
Maintenance Building	100,000	4.00%
New Race Barn	212,181	4.25%
Total	\$640,275	

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2017*

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

Year Ending						
November 30:	Tractor	Grandstand	Camping	Race Barn	Maint. Bldg	Total
2018	\$14,991	\$39,380	\$6,739	\$26,631	\$16,432	\$104,173
2019	14,991	38,180	6,739	26,631	13,120	\$99,661
2020	0	36,980	6,739	26,631	12,740	\$83,090
2021	0	35,780	6,739	26,631	12,360	\$81,510
2022	0	34,580	6,739	26,631	11,980	\$79,930
2023-2027	0	106,420	26,956	124,278	54,200	\$311,854
2028-2032	0	0	0	0	5,119	\$5,119
	\$29,982	\$291,320	\$60,651	\$257,433	\$125,951	\$765,337

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 and 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 purchased 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 semi-annual payments of \$9,500 plus interest. Final payment is due May 5, 2028.

On September 13, 2017 the Society entered into a loan with Security National Bank for \$70,000 at 4% to be used as working capital for the fair sales activity. The loan was repaid on November 30, 2017.

**Champaign County Agricultural Society**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2017*

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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 April 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 \$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, 2017 follows:

	2017
Beginning Cash Balance	\$ 6,250
Receipts	2,591
Disbursements	(1,179)
Ending Cash Balance	\$ 7,662

**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, 2017, follows:

	2017
Beginning Cash Balance	\$ 10,393
Receipts	589,869
Disbursements	(592,340)
Ending Cash Balance	\$ 7,922

**Champaign County Agricultural Society**  
*Champaign County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2016*

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<b>Operating Receipts</b>	
Admissions	\$520,014
Privilege Fees	77,903
Rentals	311,525
Sustaining and Entry Fees	71,851
Pari-mutuel Wagering Commission	5,511
Other Operating Receipts	<u>50,612</u>
<i>Total Operating Receipts</i>	<u>1,037,416</u>
 <b>Operating Disbursements</b>	
Wages and Benefits	140,414
Utilities	132,143
Professional Services	242,106
Equipment and Grounds Maintenance	228,021
Property Expense	136,636
Advertising Expense	25,918
Race Purse	126,069
Senior Fair	15,136
Junior Fair	28,530
Capital Outlay	117,366
Other Operating Disbursements	<u>172,228</u>
<i>Total Operating Disbursements</i>	<u>1,364,567</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	 (327,151)
 <b>Non-Operating Receipts (Disbursements)</b>	
State Support	80,754
County Support	3,700
Debt Proceeds	125,000
Capital Assets Sold	53,766
Donations/Contributions - Restricted	176,999
Donations/Contributions - Unrestricted	10,008
Investment Income	133
Debt Service	<u>(153,714)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>296,646</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 (30,505)
 Cash Balance, Beginning of Year	 <u>199,083</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$168,578</u></u>

*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, 2016*

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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 balances (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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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, 2016*

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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, 2016*

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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 and investments at November 30 was as follows:

Demand Deposits	\$168,578
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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, 2016, was \$80,754, 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.

	2016
Total Amount Bet (Handle)	\$27,129
Less: Payoff to Bettors	(21,374)
Parimutuel Wagering Commission	5,511
Tote Service Set Up Fee	(600)
Tote Service Commission	(1,624)
State Tax	(748)
Society Portion	\$ 2,539

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

**Note 4 – Debt**

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

Note Payable for Tractor	\$41,513	4.00%
Grandstand loan	279,500	4.00%
Camping improvement loan	55,000	3.88%
New Race Barn	228,334	4.25%
Total	\$604,347	

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

Year Ending						
November 30:	Tractor	Grandstand	Camping	Race Barn	Total	
2017	\$14,991	\$39,380	\$6,739	\$26,631	\$87,741	
2018	14,991	38,180	6,739	26,631	\$86,541	
2019	14,991	36,980	6,739	26,631	\$85,341	
2020	0	35,780	6,739	26,631	\$69,150	
2021	0	34,580	6,739	26,631	\$67,950	
2022-2026	0	106,420	26,956	124,264	\$257,640	
<b>Totals</b>	<b>\$44,973</b>	<b>\$291,320</b>	<b>\$60,651</b>	<b>\$257,419</b>	<b>\$654,363</b>	

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 and 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 purchased 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 September 19, 2016 the Society entered into a loan with Security National Bank for \$70,000 at 4% to be used as working capital for the fair sales activity. The loan was repaid on November 15, 2016.

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

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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 April 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’s financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 3,496
Receipts	4,505
Disbursements	(1,751)
Ending Cash Balance	\$ 6,250

**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, 2016 follows:

	2016
Beginning Cash Balance	\$ 28,752
Receipts	565,752
Disbursements	(584,111)
Ending Cash Balance	\$ 10,393

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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Champaign County Agricultural Society, Champaign County, (the Society) as of and for the years ended November 30, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated July 24, 2018, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2017-001 through 2017-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2017-004 to be a significant deficiency.

**Compliance and Other Matters**

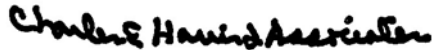
As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.**  
July 24, 2018

**CHAMPAIGN COUNTY AGIRCULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness – Rental Receipts**

The Society receives rental receipts from various vendors for rentals of building, grounds, arena 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 2017 and 2016 were \$278,279 or 27 percent and \$311,525 or 30 percent of operating receipts, respectively.

During our testing of rental receipts 8 out of 16 rental receipts for 2016 and 7 out of 23 for 2017, were missing deposit slips and other supporting documentation. The Society has no formal procedures in place to track the status of payments on contracts. 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 payments, 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:**

See Corrective Action Plan

**FINDING NUMBER 2017-002**

**Material Weakness – Admissions**

The Society collected cash for admission into the fair for 2016 and 2017. Admission receipts was a significant account as it represented over 50 percent of operating receipts in 2016 and 2017.

In 2016 and 2017, 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. During our audit we tested 10 grouped admissions for 2016 and 12 for 2017. We did not see any daily wristband reconciliations as described above.

**CHAMPAIGN COUNTY AGIRCULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2017-002 (continued)**

**Material Weakness – Admissions**

The reconciliation of wristbands sold along with beginning cash is a control procedure that when not followed 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 form 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:**

See Corrective Action Plan

**FINDING NUMBER 2017-003**

**Material Weakness – 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 12 time cards examined, 10 time cards included modifications. Time cards were not approved by supervisors, management or any board members. Employee pay rates could not be verified to any board approved hourly rate nor did the Society have an approved salary schedule for employees.

Without review and approval of employee time cards, the Society is at risk of over paying employees. A lack of approved pay rates can lead to improper payments to employees without timely detection by management. The Society should implement procedures requiring management to review and approve time cards of hourly employees. The Society should approve all pay rates for employees, hourly and salaried.

**Officials Response:**

See Corrective Action Plan



CHAMPAIGN COUNTY AGIRCULTURAL SOCIETY  
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS  
NOVEMBER 30, 2017 AND 2016

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

FINDING NUMBER 2017-004

**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, 2015 was \$3,669 greater than the Prior year's audited ending cash balance;
- Debt proceeds totaling \$70,000 and the corresponding repay were excluded from the annual report in 2016 and 2017.

When completing the financial statements, the Treasurer should utilize the cash basis ledgers, include all debt proceeds, 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:**

See Corrective Action Plan

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
 CHAMPAIGN COUNTY  
 For the Years Ended November 30, 2017 and 2016

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2015-001	Several rental receipts were missing contracts/agreements for support.	Not corrected	Reissued as finding # 2017-001.
2015-002	Society didn't adequately reconcile the sale of admissions wristbands with cash receipts.	Not corrected	Reissued as finding # 2017-002.
2015-003	Payroll timecards were not approved by management.	Not corrected	Reissued as finding # 2017-003
2015-004	Annual Report contained errors.	Not corrected	Reissued as finding # 2017-004
2015-005	Bank accounts were not properly reconciled.	Corrected	Reconciliations were prepared and accurate.

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT  
November 30, 2017 and 2016

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2017-001	The Society will maintain better control over all rental contracts and agreements and attach to receipts.	Immediately	Nancy Valentine, Treasurer
2017-002	Treasurer will sign the reconciliation after cash is counted and all unsold wrist bands are accounted for.	Immediately	Nancy Valentine, Treasurer
2017-003	Timecards will be initialed by a member of management.	Immediately	Nancy Valentine, Treasurer
2017-004	Annual report will include all transactions.	Immediately	Nancy Valentine, Treasurer

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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  
NOVEMBER 8, 2018