

**AUDIT REPORT
OF
PLATTE COUNTY AGRICULTURAL SOCIETY
OCTOBER 1, 2018, THROUGH SEPTEMBER 30, 2019**

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the Auditor of Public Accounts.**

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Issued on December 19, 2019

PLATTE COUNTY AGRICULTURAL SOCIETY

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PLATTE COUNTY AGRICULTURAL SOCIETY

822 15th Street
Columbus, NE 68601

LIST OF SOCIETY OFFICIALS

At September 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Directors	John Dubray III – Chairman	Jan. 2021
	Todd Stuthman – Vice Chairman	Jan. 2022
	Jim Hellbusch – Secretary	Jan. 2020
	Trevor Luchsinger – Treasurer	Jan. 2022
	Vaughn Blum	Jan. 2021
	Lance Schmidt	Jan. 2021
	Brock Pillen	Jan. 2022
	Paul Wilke	Jan. 2021
	John McPhail	Jan. 2022
	Jeremy Janssen	Jan. 2021
	Chris Finn	Jan. 2022
	Gregg Melliger	Jan. 2021
	Russell Placzek	Jan. 2020
	Jarad Drinnin	Jan. 2021
Travis Schultz	Jan. 2020	
General Manager	Brian Palmer	



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

PLATTE COUNTY AGRICULTURAL SOCIETY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Platte County Agricultural Society
Columbus, Nebraska

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte County Agricultural Society (Society), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Society's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Society as of September 30, 2019, and the respective changes in modified cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis is different from the accrual basis performed in the prior fiscal year. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the Society's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information on page 15 is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

the 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.



Craig Kubicek, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

December 17, 2019

PLATTE COUNTY AGRICULTURAL SOCIETY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 227,684	\$ -	\$ 227,684
Cash on Hand with County Treasurer	66,446	-	66,446
TOTAL ASSETS	294,130	-	294,130
NET POSITION			
Restricted	-	-	-
Unrestricted	294,130	-	294,130
TOTAL NET POSITION	\$ 294,130	\$ -	\$ 294,130

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

PLATTE COUNTY AGRICULTURAL SOCIETY
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

September 30, 2019

	General Fund	Fair Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 192,156	\$ 35,528	\$ 227,684
Cash on Hand with County Treasurer	55,371	11,075	66,446
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	\$ 247,527	\$ 46,603	\$ 294,130
 FUND BALANCE			
Committed To: Fair	\$ -	\$ 46,603	\$ 46,603
Unassigned	247,527	-	247,527
TOTAL CASH BASIS FUND BALANCES	\$ 247,527	\$ 46,603	\$ 294,130

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

PLATTE COUNTY AGRICULTURAL SOCIETY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General Fund	Fair Fund	Total
	<u> </u>	<u> </u>	<u> </u>
RECEIPTS			
Taxes	\$ 490,660	\$ 102,096	\$ 592,756
Charges for Services	636,209	88,383	724,592
Interest Income	185	92	277
Miscellaneous	18,499	8,000	26,499
TOTAL RECEIPTS	<u>1,145,553</u>	<u>198,571</u>	<u>1,344,124</u>
 DISBURSEMENTS			
General Government	1,033,825	-	1,033,825
Culture and Recreation - Fair	-	184,432	184,432
Capital Projects	137,911	-	137,911
Debt Service	18,518	-	18,518
TOTAL DISBURSEMENTS	<u>1,190,254</u>	<u>184,432</u>	<u>1,374,686</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(44,701)</u>	<u>14,139</u>	<u>(30,562)</u>
 OTHER FINANCING SOURCES (USES)			
Gain on Sale of Asset	4,750	-	4,750
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>4,750</u>	<u>-</u>	<u>4,750</u>
 Net Change in Modified Cash Basis Fund Balances	<u>(39,951)</u>	<u>14,139</u>	<u>(25,812)</u>
 CASH BASIS FUND BALANCES - BEGINNING	<u>287,478</u>	<u>32,464</u>	<u>319,942</u>
 CASH BASIS FUND BALANCES - ENDING	<u><u>\$ 247,527</u></u>	<u><u>\$ 46,603</u></u>	<u><u>\$ 294,130</u></u>

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

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2019

1. Summary of Significant Accounting Policies

The Platte County Agricultural Society (Society) is located in Platte County, Nebraska. According to its Articles of Incorporation, the object and purpose of the Society is as follows:

The object and purposes of the corporation shall comply with the County Agricultural Society Act which shall include providing for the organization, procedure, and financial support of Nebraska citizens who seek (1) to improve segments of the agricultural history, homes and communities of the state; (2) to cooperate with and to supplement and compliment the programs of the Institute of Agriculture and Natural Resources of the University of Nebraska and other state or local organizations; and (3) to educate the general public and to encourage the improvement in all things in pertaining to the interest of the agriculturalist, the mechanic, the merchant, and the citizen of any calling, by aiding such interest that are most conducive to the public good; to that end, this corporation shall have power to acquire, take, receive, own, improve, lease, hold and appropriate personal property and so much real estate as may be necessary, not exceeding 160 acres of land, for the purpose of holding County Fairs and to enter into any and all contracts necessary and advisable for the proper execution in carrying into effect the powers and functions of this corporation. A further object and purpose of this Society shall be to encourage improvement in all things pertaining to agriculture, industry, merchandising, domestic science and good citizenship. Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code.

In addition to other activities, the Society hosts the annual Platte County Fair. Columbus Exposition and Racing, Inc. (CER) rents the race track and simulcasting equipment from the Society to provide horse racing activities.

The following is a summary of the significant accounting policies utilized in the accounting system of the Society.

A. Reporting Entity

The Society is established under and governed by the laws of the State of Nebraska (State), and it is managed by 15 Directors who are elected to three-year terms. The Society is exempt from State and Federal income taxes on most of its activities. The financial statements include all funds of the Society that are not legally separate. The Society has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the Society or maintain a significant relationship with the Society, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Society to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Society.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Society (the primary government). No component units were identified.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis display information about the activities of the Society and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the Society, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental GAAP requires internal activity to be eliminated to minimize double counting. The Society reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. In addition to these activities, the Society is financed partially by fees charged to external parties for goods, services, entertainment, and gaming.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the Society's funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The Society uses only the governmental and proprietary fund categories. The Society Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Society reports the following major governmental funds:

General Fund. This is the Society's primary operating fund. It accounts for all resources of the Society, except those required to be accounted for in another fund.

Fair Fund. This fund accounts for earnings from revenues that are either legally restricted for expenditures or allocated to finance county fair functions.

The Society designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

Committed. The fund balance has been designated by the Society Board for a specific purpose.

Assigned. The fund balance has not been designated by the Society Board for a specific purpose, but it has been separated based on the type of revenue. Under Society Board policy, only the Board or General Manager can designate funds to specific purposes.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the Society are maintained and the government-wide financial statements were reported on the modified basis of cash receipts and disbursements. Consequently, these statements represent a summary of the modified cash activity of the various funds of the Society and do not include certain transactions that would be included if the Society prepared its financial statements in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. As such, the measurement focus includes only those assets, liabilities, and fund balances arising from cash transactions on the Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis. Under the modified cash basis, receipts are recognized when collected rather than when earned, and expenses are recognized when paid rather than incurred. This differs from governmental GAAP, which requires the government-wide financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the modified cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The Society's cash and cash equivalents are considered to be cash on hand and demand deposits.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the Modified cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the Society funds as paid. Upon termination, employees are paid for any unused vacation. Furthermore, employee vacation not used at the end of each calendar year is paid out. Under the modified cash basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the Society's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Budgetary Process. The Society adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the Society. The Society does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the Society budget-making authority prepares and transmits a budget for each Society fund to the Society Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The Society Board must hold at least one public hearing on the proposed budget. On or before September 20, the Society Board adopts the budget and appropriates the amounts specified in the budget for the activities and funds of the Society.

The Society Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The Society Board is also authorized to budget for the transfer of money between Society funds.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments**

Cash and cash equivalents included in the financial statement of the Society at September 30, 2019, consisted of the following:

Breakdown of Cash as of September 30, 2019

Cash	\$	3,800
Checking Accounts		66,293
Money Markets		157,591
Total Cash	\$	<u>227,684</u>

For purposes of classifying categories of custodial risk, the bank balances of the Society's deposits, as of September 30, 2019, were either entirely insured or collateralized with securities held by the Society's agent in the Society's name. The society had no investments; therefore, its exposure to interest rate fluctuation and credit risk was effectively eliminated.

3. **Property Taxes**

Property taxes are levied by the Society's Board on or before September 20 of each year for all political subdivisions in the Society. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

The county board may levy a tax upon all of the taxable property within the county for the operation of the county agricultural society up to \$.035/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Agricultural Societies may levy taxes in addition to the 3.5-cent limitation upon a vote of the people.

The levy set in September 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.011008/\$100 of assessed valuation. The levy set in September 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.010473/\$100 of assessed valuation.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the Society Board.

4. **Beginning Fund Balance Reconciliation**

The Society reported its basic financial statements on an accrual basis for fiscal year ended September 30, 2018, but it is reporting on a modified cash basis for the fiscal year ended September 30, 2019. Accordingly, the Society's ending accrual basis fund balance as of September 30, 2018, does not agree to the Society's beginning modified cash basis fund balance as of October 1, 2018, as shown in this report. The difference is due to the following accrual entries, which are not included in a modified cash basis audit:

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

4. **Beginning Fund Balance Reconciliation** (Concluded)

Accrual Basis Fund Balance as of 9/30/18	\$	847,466
Inventory		(29,089)
Receivables (property tax and on account)		(28,419)
Prepaid expenses		(9,310)
Property and equipment, net		(528,939)
Accrued expenses		23,740
Unearned revenue		26,721
Long-term debt		17,772
Modified cash basis Fund Balance as of 10/1/18	\$	<u>319,942</u>

5. **Risk Management**

The Society is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; fair participants, audiences, and facility renters; and natural disasters. There have been no significant reductions in insurance coverage from the prior year.

The Society pays workers' compensation coverage premiums annually based upon an estimate of salaries paid to employees. Ultimately, the premiums are retrospectively rated, basing the amount on actual salaries paid. Any additional or excess premium due to an adjustment to the ultimate cost is indeterminable.

As well, the Society is subject to laws and regulations relating to the protection of the environment. Society policy is to disclose any environmental or cleanup-related costs when it is both probable that a liability has been incurred and the amount can be reasonably estimated.

6. **Charges for Services**

Charges for services include revenues from a wide range of activities provided by the Society. Numerous revenue sources are included within charges for services, including ticket sales, concessions, rental fees, resale of food/beverages, and various other charges to users.

7. **Subsequent Events**

Subsequent events have been evaluated from the balance sheet date through December 17, 2019, the date at which the financial statements were available to be issued. Nothing of significance was noted.

PLATTE COUNTY AGRICULTURAL SOCIETY

OTHER INFORMATION

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE**

BUDGET AND ACTUAL - GENERAL ALL-PURPOSE FUND

For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS			
Property Taxes	\$ 588,253	\$ 592,756	\$ 4,503
Other Local Receipts	807,910	724,592	(83,318)
Interest Income	-	277	277
Miscellaneous Income	-	26,499	26,499
Gain on Sale of Asset	-	4,750	4,750
TOTAL RECEIPTS	<u>1,396,163</u>	<u>1,348,874</u>	<u>(47,289)</u>
DISBURSEMENTS			
Operating Expenses	1,139,044	1,218,257	(79,213)
Capital Outlay	257,750	137,911	119,839
Debt Service	-	18,518	(18,518)
TOTAL DISBURSEMENTS	<u>\$ 1,396,794</u>	<u>1,374,686</u>	<u>\$ 22,108</u>
Net Change in Cash Basis Fund Balance		<u>(25,812)</u>	
MODIFIED CASH BASIS FUND BALANCE - BEGINNING		<u>319,942</u>	
MODIFIED CASH BASIS FUND BALANCE - ENDING		<u><u>\$ 294,130</u></u>	

Notes to the Budgetary Comparison Schedule

As described in Note 1 to the financial statements, an all-purpose budget is adopted on the cash basis of accounting which is consistent with the financial reporting basis for governmental funds in the fund financial statements.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

PLATTE COUNTY AGRICULTURAL SOCIETY
**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**

Board of Directors
Platte County Agricultural Society
Columbus, Nebraska

We have audited, in accordance with 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 governmental activities, each major fund, and the aggregate remaining fund information of the Platte County Agricultural Society (Society), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Society's basic financial statements, and have issued our report thereon dated December 17, 2019. The report notes the financial statements were prepared on the modified cash basis of accounting.

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 preceding 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 were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 following deficiency to be a material weakness:

- The Society lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free of 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*.

Additional Items

We also noted certain matters that we reported to the management of the Society in a separate letter dated December 17, 2019.

Platte County Agricultural Society's Response to Findings

The Society's response to the findings identified in our audit are described in the attached Management Letter. The Society's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



Craig Kubicek, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

December 17, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

December 17, 2019

Board of Directors
Platte County Agricultural Society
Columbus, Nebraska

Dear Directors:

We have audited the basic financial statements of the Platte County Agricultural Society (Society) for the fiscal year ended September 30, 2019, and have issued our report thereon dated December 17, 2019. In planning and performing our audit of the basic financial statements of the Society, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the Society's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. Segregation of Duties – Control Environment

We noted that the Society lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. The Society performs several cash transactions, which adds to the importance of proper controls. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Additionally, the Auditor of Public Accounts (APA) identified the following control environment issues:

- There was a lack of policy regarding employee meals and discounts. In particular, no directive outlines what is allowed to be discounted at the on-site restaurant. The APA noted that one employee received a 50% discount for food, beer, and liquor on his restaurant bill. However, according to discussion with Society staff during our internal control questionnaire, the restaurant discounts were only to be on food purchases.
- There was a lack of policy regarding employee spending while in travel status, including restrictions on expense amounts or stipulations on what is an allowed travel expense on the purchasing card.

- For accumulated leave, the Society lacked a formalized policy for when such leave should be paid out at the end of each year or upon termination of employment. The employee handbook states only, “Vacation time accumulated **will not** carry over into the new year.” According to Society staff, any accumulated vacation is paid out at the end of the year or upon termination.
- There was a lack of formal capitalization policy that provides the threshold for when items should be added to inventory or fixed asset lists.
- During a cash count performed at the Society office, the APA noted that one check, totaling \$640, was not restrictively endorsed.
- Society disbursements under \$2,000 were not approved by anyone before payment. Rather, the General Manager and the Society Board reviewed the payments after the fact.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end. Also, good internal control requires the restrictive endorsement of checks immediately upon receipt. Lastly, good internal control ensures adequate review of all disbursements before payment is made.

The lack of such procedures increases the risk of loss or misuse of Society funds. The lack of segregation of duties was noted in the prior audit and continues to be a material weakness.

We recommend the Society review this situation and consider the need for a proper segregation of duties. As always, the Society must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties. We also recommend the Society strengthen control procedures by implementing or updating policies and procedures, immediately endorsing checks upon receipt, and implementing procedures that ensure all disbursements are reviewed prior to payment.

Society Response: PCAS does allow employees to receive a 50% discount on all items from the Grille with the exception of alcohol. We are working with our POS software providers to code all alcohol so that it can under no circumstances be discounted by an employee to another employee to prevent this mistake from happening in the future.

Management will work with the internal affairs committee to discuss a per diem for any Ag Society based travel.

Wording will be cleaned up in the employee manual to make the vacation policy more black and white.

2. Lack of Updated Articles of Incorporation, Constitution, and By-Laws

Per statute, the Society has adopted a constitution and by-laws, as well as filed articles of incorporation with the Secretary of State under the Nebraska Nonprofit Corporation Act. The Board last amended these documents on January 14, 2015; however, they were not officially approved until March 6, 2017.

The APA identified the following issues during our review of those governing documents:

1. Board of Directors Quorum

The Society’s 15-member Board of Directors held its monthly meeting on October 22, 2018; however, it lacked a quorum according to its established constitution, which requires 10 delegates present. Only nine Board members were present at the meeting, as six members were noted in the minutes as being absent.

The following is an excerpt from those meeting minutes:

PLATTE COUNTY AGRICULTURAL SOCIETY
MONTHLY MEETING of the BOARD OF DIRECTORS
PLACE: PCAS BOARD ROOM
TIME: 8:00 pm
OCTOBER 22, 2018

The meeting was called to order by John DuBray at 8:07pm with the following board members present: Randy Hinze, Jim Hellbusch, Vaughn Blum, Russell Placzek, Paul Wilke, Brock Pillen, and Greg Melliger. Absent were Travis Schultz, Lance Schmidt, Jeremy Janssen, Mike Ramaekers, Todd Stuthman and Jarad Drinnin. Trevor Luchsinger arrived at 8:15pm.

Article X (“Quorum”) of the Society’s Constitution states the following:

A quorum of the delegates of this Society shall consist of ten (10) delegates in good standing. A less number of delegates may adjourn the meeting to a future day.

2. Managerial Districts

At the January 10, 2018, annual meeting of the Board of Directors, the Board approved a proposal to change the township/district map for members. However, these approved changes are not yet reflected in the Society’s Constitution. Consequently, the five managerial districts noted in Article V (“Management”) of the Constitution do not represent the current makeup of the townships, villages, and cities represented.

3. Chairperson Duties

The General Manager of the Society is currently responsible for its day-to-day operations, including signing contracts, vouchers, and other documents. However, according to the Society’s by-laws, this should be done by the Chairperson.

According to Article IV (“Officers”), Section 3, of the by-laws, the Chairperson is responsible for the following:

The Chairperson shall preside at all meetings of the Board of Directors and of the delegates of the Society, shall sign all vouchers, certificates, contracts and other documents and instruments of this Society, shall make reports to the Board of Directors and delegates and perform all such duties as are incident to his office, or are properly required of him by the Board of Directors.

4. Treasurer Duties

The General Manager and Office Manager of the Society are currently responsible for the day-to-day financial operations of the Society, including depositing funds and issuing receipts. However, according to the Society’s by-laws, this should be done by the Treasurer.

According to Article IV (“Officers”), Section 6, of the by-laws, the Treasurer is responsible for the following:

The Treasurer or his designee(s) shall have charge and custody of and be responsible for all funds and securities of the Society, receive and give receipts for all securities and monies due and payable to the Society for any source whatsoever, deposit all such monies in the name of the Society in such banks, trust companies, or in other depositories as shall be collected in accordance with the provisions of these bylaws, and in general perform all of the duties incident to the office of Treasurer and such other duties from time to time may be assigned by the Chairperson or by the Board of Directors.

5. Security Bond

The Society does not have a surety bond covering its employees, which currently is required by the Society's by-laws.

Article IV ("Officers"), Section 2 ("Security"), of the by-laws says the following:

Every person elected to office or employed in any capacity requiring receipts, or expenditures of money, or property, shall give a good and sufficient bond, approved by the Board of Directors of this Society, before entering upon the duties of his office.

6. Report to the State Fair

The Society does not currently make a detailed report to the Nebraska State Fair Board, which is required by the Society's constitution.

Article XIV ("Report to State Fair Board") of the Society's constitution says the following:

The officers of this Society shall, within ten (10) days after the annual meeting, make a detailed report to the Nebraska State Fair Board, of the newly elected officers for the ensuing year, together with a report of the preceding Fair.

7. Rules and Regulations

The Society does not currently have any office rules and regulations directing the employees of the Society.

Article III ("Directors"), Section 5 ("Duties"), of the Society's by-laws says the following:

The duties of the Board of Directors of this Society shall be to manage, direct and supervise all the affairs of this Society and provide such rules and regulations as may from time to time be deemed requisite, not in conflict with the Articles of Incorporation, Constitution and By-Laws of this Society.

Neb. Rev. Stat. § 2-252 (Reissue 2012) requires the Society to create a constitution and by-laws, as follows:

A county agricultural society shall adopt a constitution and bylaws and may, upon approval of its board of directors, file articles of incorporation with the Secretary of State pursuant to the Nebraska Nonprofit Corporation Act.

By failing to adopt and maintain updated articles of incorporation, constitution, and by-laws, the Society is not functioning as formally intended by those legal documents.

We recommend the Society implement procedures to ensure that its articles of incorporation, constitution, and by-laws are properly updated.

Society Response: The PCAS currently has the societies attorney work on updating this document to meet todays laws and business practices and looks to have a new document ready for approval for the annual meeting in Jan of 2020

3. Payroll Issues

During testing of the Society's payroll practices, the APA noted the following issues:

- The Office Manager's marital status for Federal income taxes is "married filing separately"; however, for State taxes, she files as "married." No designation was selected between single, married, and married filing separately on the employee's W-4 on file.

The Nebraska Department of Revenue's 2017 Circular EN states the following:

The same marital status and number of income tax withholding allowances claimed for federal purposes must be used for Nebraska.

- The Board approved a pay raise and bonus for the General Manager at its January 28, 2019, meeting, as follows:

John DuBray expresses thanks to Brian Palmer in which he will receive a 3% raise, with a \$1000.00 bonus. The bonus is separate from the raise.

Gregg Melliger makes a motion to approve Brian's compensations. Seconded by Paul Wilke. Motion Passes.

According to his paystub, the General Manager also received a \$750 bonus for fair sponsorships, which was not reflected in the above Board minutes. The APA observed a February 5, 2019, email message from a Board member approving the bonus after the meeting. That message stated also that the salary increase was to be effective as of February 4, 2019. However, the 3% raise took effect on the February 8, 2019, paycheck, which covered the earlier pay period from January 21, 2019, through February 3, 2019. Based on the email and minutes, it appears the raise should not have occurred until the following pay period.

- The compensation package for the General Manager, including his total annual salary, is not documented in either the Board's meeting minutes or a formal contract.

In addition, the General Manager lives in a house located on the agricultural park grounds, and the Society pays for that dwelling's utilities. The APA questions whether this should be included as a taxable fringe benefit to the employee. The Internal Revenue Service (IRS) has established a three-part test to determine whether the value of lodging should be excluded.

Internal Revenue Service (IRS) Publication 15-B (2019), "Employer's Tax Guide to Fringe Benefits," states the following:

Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it.

Furthermore, 26 CFR 1.119-1(b) provides, in relevant part, the following:

The value of lodging furnished to an employee by the employer shall be excluded from the employee's gross income if three tests are met:

- (1) The lodging is furnished on the business premises of the employer,*
- (2) The lodging is furnished for the convenience of the employer, and*
- (3) The employee is required to accept such lodging as a condition of his employment.*

The requirement of subparagraph (3) of this paragraph that the employee is required to accept such lodging as a condition of his employment means that he be required to accept the lodging in order to enable him properly to perform the duties of his employment.

While the first two criteria appear to have been met, no formal agreement with the Board was ever made to establish that the lodging is a condition of employment. The General Manager did not move into the house initially upon his hire, as it was being rented out. Thus, it would appear that, at least initially, such residency was not a condition of employment.

Good internal control requires procedures to ensure that all Society personnel have the same marital status and number of income tax withholdings for both State and Federal income tax filings. Those same procedures should ensure also that all provisions for employee compensation, including those allowing for certain fringe benefits, are specified in written policies formally approved by the Society's Board. Finally, the procedures should provide for determining whether fringe benefits given to Society employees must be included in their taxable wages.

Without such procedures, there is an increased risk for not only loss or misuse of Society funds but also inaccurate tax filings with the IRS.

We recommend the Society implement procedures to ensure that all Society personnel have the same marital status and number of income tax withholdings for both State and Federal income tax filings. Those same procedures should ensure also that all provisions for employee compensation, including those allowing for certain fringe benefits, are specified in written policies formally approved by the Society's Board. Finally, the procedures should provide for determining whether fringe benefits given to Society employees must be included in their taxable wages.

Society Response: Quickbooks did not offer the same choices for withholding for Nebraska and Federal. We are currently find a solution for this and it will corrected by Jan 01, 2020.

The Internal Affairs Committee will work with the General Manager to possibly establish a contract of employment addressing the issues concerning the GM compensation and housing. A recommendation then will be made to the board so that it can be made public.

4. Debit/Purchasing Card Program

The Society has a bank-issued debit card for personnel use incidental purchases and/or expenses while in travel status. As noted in **Comment and Recommendation Number 1** herein, the Society has not established policies or procedures for proper use of the purchasing card. Additionally, the APA identified several issues with how the Society's purchasing card has been used, including personal purchases, a lack of supporting documentation, and sales tax paid. Further details regarding these issues are provided below.

Personal Purchases

On several occasions, the General Manager used the Society's debit card for personal purposes and later reimbursed the Society, as summarized below.

- The APA observed 11 Uber debit card charges, totaling \$230.91, which appear to have been related to personal travel of the General Manager. These charges were paid back by adjusting future net pay under the pay account of "Employee Meals." According to Society staff, the General Manager had his Uber account tied to the Society's debit card.

- The APA tested a \$240 debit card charge on November 26, 2018, at “On The Rocks Pub” in San Antonio, Texas, which included \$179 in drinks and a \$61 tip. The General Manager was invoiced by the Society to reimburse this amount on November 30, 2018; however, the \$240 was not paid back until July 30, 2019.

Lack of Supporting Documentation

The APA noted certain occasions where the Society did not have adequate documentation to support the debit card charges:

- During two hotel stays (October and November 2018), the Society had only the hotel folio receipts to support the charges. However, additional amounts were charged to the room, including room service, bar charges, and others that should have been accompanied by an itemized receipt. The tables below provide a summary of the purchases made during each hotel stay:

JW Marriot Charges Nashville, TN	Amount
Room Fee	\$ 1,116.00
Room Taxes	\$ 180.20
Stompin’ Grounds	\$ 105.00
Bourbon Steak	\$ 187.00
Cumberland Bar	\$ 217.96
Cabana Club	\$ 17.82
Room Service	\$ 80.42
Minibar	\$ 69.60
Total	\$ 1,974.00

Hilton Palacio Del Rio San Antonio, TX	Room 1	Room 2
Room Fee	\$ 596.00	\$ 596.00
Room Taxes	\$ 99.84	\$ 99.84
Coffee Cupboard	\$ 9.74	
The River’s Edge	\$ 111.80	
Bottle Water	\$ 5.90	\$ 11.80
Valet	\$ 19.00	
Sales Tax	\$ 2.06	\$ 0.98
Room Service		\$ 28.35
Total		\$ 1,581.31

- The APA tested a \$110 debit card charge made on November 26, 2018, at “Jimmy Buffett’s Margaritaville” in San Antonio, TX; however, the receipt was not itemized.

Sales Tax Paid

The APA identified two instances of State sales taxes being paid on purchases made with the Society’s debit card, including \$27.99 in sales tax paid at Wunderlich’s and \$16.78 at Wal-Mart, both of which here in Columbus. Neb. Rev. Stat. § 77-2704.15(1)(a) (Reissue 2018) says that purchases made by the State or other specified public entities are exempt from sales tax, as follows:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any . . . county agricultural society . . .

This issue, as well as the others noted, might have been avoided had the Society implemented a formal policy that sets out the acceptable use of its debit card. As noted already, however, no such policy exists.

In authorizing Nebraska’s political subdivisions to implement their own purchasing card programs, Neb. Rev. Stat. § 13-610 (Reissue 2012) establishes certain requirements for the use of such non-cash payment instruments, as follows:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision’s purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

(3) Vendors accepting a political subdivision's purchasing card shall obtain authorization for all transactions. Authorization shall be from the financial institution, card-issuing bank, credit card company, charge card company, debit card company, or third-party merchant bank contracted to provide such service to the political subdivision. Each transaction shall be authorized in accordance with the instructions provided by the political subdivision.

(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

(5) Upon the termination or suspension of employment of an individual using a purchasing card, such individual's purchasing card account shall be immediately closed and he or she shall return the purchasing card to the political subdivision.

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

In Op. Att'y Gen. No. 219 (July 23, 1984), the Nebraska Attorney General opined that county agricultural societies are not political subdivisions. Consequently, such organizations are not subject to § 13-610. Nevertheless, that statute, containing specific strictures upon the use of governmental purchasing cards, provides a workable model for other entities to adopt as a basic guideline for their own purchasing card programs.

Other Debit Card Issue

The APA noted that, on September 1, 2018, the Society purchased 20 cases (30-packs) of Busch Light beer, totaling \$427.79, for resale. However, State law requires the purchase of alcohol for resale to be made from a licensed wholesaler.

Neb. Rev. Stat. § 53-175 (Cum. Supp. 2018) states, in relevant part, the following:

No licensed retailer of alcoholic liquor shall purchase such liquor other than from a licensed wholesaler who has his or her place of business within this state.

Good internal control requires the implementation of a formal policy to ensure that the Society's debit card is used in a way that not only safeguards the entity's funds from theft or misappropriation but also provides for compliance with applicable State laws. Among other things, such policy should prohibit the debit card from being used for personal purchases, even if those expenditures are later reimbursed. The policy should also require that itemized receipts accompany all purchases made with the debit card. No less important, the policy should emphasize that State sales taxes are not to be paid on any debit card purchases, and no such purchases may be made except as permitted by law.

We recommend the Society implement a formal policy to ensure the appropriate use of its debit card. At a minimum, that policy should prohibit personal purchases with the debit card, regardless of reimbursement. The policy should also require itemized receipts for all debit card purchases. Furthermore, the policy should state explicitly that State sales taxes are not to be paid on any debit card purchases, which must be permissible by law.

Society Response: The Internal Affairs Committee will discuss this finding on each individual basis and find a solution for future purchases.

5. Disbursement Processes

In addition to the issues addressed in the preceding debit card comment and recommendation, the APA identified other concerns pertaining to the Society's disbursement processes. Those concerns are summarized below:

- The APA noted that, on December 20, 2018, the Society paid \$1,173.70 to Hy-Vee supermarket; however, no documentation was on file to support the purchase. The memo in QuickBooks identified the purchase as "2018 christmas gifts." According to Society staff, the purchase included a \$500 gift card, a \$200 gift card, four \$100 gift cards, and applicable fees. The Society indicated these gift cards were given to Society staff by the General Manager as Christmas gifts.
- One rental agreement signed by the Society had rates transposed, which was not noticed before the contract was signed. During the fiscal year, the Society had two rental agreements with John Deere in Columbus, one from April – November 2018 and another from April – November 2019. The hourly rate for the 2018 contract was \$16.67, with an estimated use of 150 hours. In the 2019 contract, the hourly rate was \$150, with an estimated use of 16.67 hours.

Good internal control requires procedures to ensure both adequate supporting documentation for all disbursements of Society funds and a thorough review of all Society contracts before they are signed.

Without such procedures, there is an increased risk for the loss or misuse of Society funds.

We recommend the implementation of procedures to ensure all Society purchases are supported by adequate documentation, and all Society contracts are reviewed thoroughly before being signed. We also recommend the Society work with John Deere to resolve the contractual error noted in this comment. The Society needs to have an approved policy on file regarding employee recognition, including Christmas gifts. When gift cards are provided, documentation must be maintained on file as to whom they were issued and proper procedures in place to determine if the amount needs to be added to staff W-2's.

Society Response: Attention to detail will prevent future findings like this.

6. Receipt Processes

In testing receipts, the APA noted certain inconsistencies with the Society's contracting and billing for the use of its buildings and equipment. Those issues are summarized below:

- In two cases, the Society did not charge the chair rental rate specified in the contracts. In both cases, the customer was charged \$.50 per chair, but the contracts stated \$2.00 and \$1.50, per chair respectively.
- One contract was dated July 2019 for an event that occurred in February 2019.
- The Society permitted an event to be held at its arena; however, no contract or agreement was on file supporting the use fee charged and received.

Good internal control and sound business practices require procedures to ensure that fee amounts charged and collected for the use of the Society’s facilities are supported by written contracts that reflect accurately the terms of the underlying agreements.

Without such procedures, there is an increased risk for the loss or misuse of Society funds.

We recommend the Society implement procedures to ensure fee amounts charged and collected for the use of the Society’s facilities are supported by written contracts that reflect accurately the terms of the underlying agreements.

Society Response: Attention to detail and noting changes to contracts in the appropriate places on the contract will prevent future findings.

7. Society Payments By Vendor

As specified in our letter to the Society on March 15, 2019, the APA planned to include a schedule of expenditures by category for the fiscal year. The Society utilizes QuickBooks to allocate costs; however, a number of County Fair transactions are combined within the General fund.

The Society has been working with Platte County to report its expenditures of property tax funds received. At this time, the APA was unable to identify accurately the specific expenditures of the Society that were paid using the County tax dollars received. During this fiscal year, the Society received \$592,756 in property taxes and \$756,118 from other income sources.

Per our discussions with Society staff, all transactions involving the expenditure of property tax monies will be separated into three different checking accounts in the next fiscal year. These three checking accounts will include the property taxes as divided by the County as General, Sinking/Building, and Fair funds.

In the table below, the APA has summarized a list of the Society’s top payees, who received over \$7,500 during the fiscal year, with a short description of the purpose of those payments.

Name	Amount	APA Description
Payroll Costs	\$ 373,355.98	Payroll Costs for General Manager, Office Staff, Event Staff, and others.
Loup Power District	\$ 111,761.53	Power Utility Costs
Sysco Lincoln	\$ 79,349.81	Food, paper and disposables, and chemical/janitorial purchases
Eagle Distributing Inc.	\$ 76,093.60	Purchases for resale (Alcohol and Beverages)
Unico Group, Inc.	\$ 61,481.60	Insurance Costs
Capital City Electric	\$ 42,050.12	Remodel of arena lighting
City of Columbus	\$ 30,995.62	Water and Sewer Utility Costs
Home 360	\$ 28,585.05	Remodel of bathrooms on-site
Cash	\$ 22,000.00	Provided to NE Extension Office to pay Fair premiums to ribbon recipients
Rocknocker Music Co, Inc	\$ 20,250.00	Fair Entertainment
William Morris Endeavor	\$ 20,025.00	Fair Entertainment
Nebraska Bush Pullers	\$ 19,450.00	Fair Entertainment
U&I Sanitation	\$ 17,433.00	Garbage Utility Costs
Columbus Plumbing Co.	\$ 16,669.55	Repairs and Maintenance to grounds
Gabriel, Burger & Else, CPA, PC	\$ 16,650.00	Audit and Consulting Costs
Platte Valley Equipment	\$ 15,500.50	Equipment Rental

Name	Amount	APA Description
Premier Midwest Beverage Co.	\$ 15,364.20	Purchases for resale (Alcohol and Beverages)
Republic National Distributing Company	\$ 15,063.15	Purchases for resale (Alcohol and Beverages)
Coca-Cola of Omaha	\$ 14,402.72	Purchases for resale
Sure Sound & Lighting Inc.	\$ 13,620.50	Fair Equipment
Indoff, Incorporated	\$ 12,564.68	Office and Cleaning Supplies
Southern Glazer's of NE	\$ 12,225.11	Purchases for resale (Alcohol and Beverages)
Foreman Supply Inc.	\$ 10,275.00	Remodel of windows on house located on property
Frontier	\$ 9,957.14	Phone Service Utility Costs
Earth Alarm Records	\$ 9,025.00	Fair Entertainment
BTE Inc.	\$ 7,545.00	Fair Entertainment
Brian A. Howe	\$ 7,500.00	Fair Entertainment
Total for Payees Paid More Than \$7,500	\$ 1,079,193.86	

Note: Hundreds of vendors whom the Society paid less than \$7,500 during the fiscal year were not included above.

Good internal control and sound business practices require procedures to ensure that the Society's expenditure of property tax revenues is properly documented and reported.

Without such procedures, there is an increased risk for the misuse of public funds.

We recommend the Society adequately document the expenditure of property tax dollars received in their accounting records. This will help ensure the property tax dollars are expended and used as anticipated by the Platte County Board.

Society Response: Segregating the tax money received from the county into their own checking accounts will prevent the comingling of monies and streamline the receipts and disbursements process for more clear tracking of tax dollars.

* * * * *

It should be noted that this report is critical in nature, as it contains only our comments and recommendations on areas noted for improvement and does not include our observations on any strong features of the Society.

Draft copies of this report were furnished to the Society to provide its management with an opportunity to review this document and to respond to the comments and recommendations included herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the Society, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Craig Kubicek, CPA, CFE
Assistant Deputy Auditor