

**AUDIT REPORT  
OF THE  
PLATTE COUNTY AGRICULTURAL SOCIETY  
OCTOBER 1, 2020, THROUGH SEPTEMBER 30, 2021**

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**Issued on March 28, 2022**

PLATTE COUNTY AGRICULTURAL SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
<b>List of Society Officials</b>	1
<b>Financial Section</b>	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Notes to Financial Statements	8 - 13
<b>Supplementary Information Section</b>	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - General All-Purpose Fund	14
<b>Government Auditing Standards Section</b>	
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 <i>Government Auditing Standards</i>	15 - 16

PLATTE COUNTY AGRICULTURAL SOCIETY  
 822 15<sup>th</sup> Street  
 Columbus, NE 68601

**LIST OF SOCIETY OFFICIALS**  
 At September 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Directors	Brock Pillen – Chairman	Jan. 2022
	Gregg Melliger – Vice Chairman	Jan. 2024
	Todd Stuthman – Treasurer	Jan. 2022
	Trevor Luchsinger – Secretary	Jan. 2022
	Cathy Johnson	Jan. 2023
	Lance Schmidt	Jan. 2024
	Beau Klug	Jan. 2024
	Jerry Osten	Jan. 2024
	Tony Delancey	Jan. 2023
	David Hellbusch	Jan. 2023
	Chris Finn	Jan. 2022
	Travis Schultz	Jan. 2024
	Jarad Drinnin	Jan. 2024
Mike Cielocha	Jan. 2024	
Vacant – District 5	Jan. 2022	
General Manager	Steve Oberg	
	Brian Palmer (resigned May 2021)	



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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 cash-basis financial statements of the governmental activities and each major fund of the Platte County Agricultural Society (Society), as of and for the year ended September 30, 2021, 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 cash basis of accounting described in Note 1. This includes determining that the 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 cash-basis financial position of the governmental activities and each major fund of the Society as of September 30, 2021, and the respective changes in 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 is not a required part of the basic financial statements.

The budgetary comparison information on page 14 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 March 25, 2022, 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  
Deputy Auditor  
Lincoln, Nebraska

March 25, 2022

PLATTE COUNTY AGRICULTURAL SOCIETY  
STATEMENT OF NET POSITION - CASH BASIS

September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 738,739
Cash on Hand with County Treasurer	77,401
TOTAL ASSETS	<u>\$ 816,140</u>
NET POSITION	
Unrestricted	<u>816,140</u>
TOTAL NET POSITION	<u>\$ 816,140</u>

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

**PLATTE COUNTY AGRICULTURAL SOCIETY  
STATEMENT OF ACTIVITIES - CASH BASIS**

For the Year Ended September 30, 2021

Functions/Programs:	Cash Disbursements	Program Cash Receipts	Net (Disbursement) Receipts and Changes in Net Position
<b>Governmental Activities:</b>			
General Government	\$ 854,325	\$ 549,561	\$ (304,764)
Culture and Recreation-Fair	121,235	39,386	(81,849)
Capital Projects	53,345	414	(52,931)
Total Governmental Activities	1,028,905	589,361	(439,544)
<b>General Receipts:</b>			
Property Taxes			575,330
Intergovernmental			250,000
Interest Income			287
PPP Debt Proceeds			58,124
Other Miscellaneous Receipts			78,017
Total General Receipts			961,758
Increase in Net Position			522,214
Net Position - Beginning of Year			293,926
Net Position - End of Year			\$ 816,140

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

PLATTE COUNTY AGRICULTURAL SOCIETY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
September 30, 2021

	General Fund	Fair Fund	Sinking Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 642,662	\$ 73,406	\$ 22,671	\$ 738,739
Cash on Hand with County Treasurer	37,707	19,845	19,849	77,401
<b>TOTAL ASSETS</b>	<b><u>\$ 680,369</u></b>	<b><u>\$ 93,251</u></b>	<b><u>\$ 42,520</u></b>	<b><u>\$ 816,140</u></b>
<b>FUND BALANCE</b>				
Committed To:				
Fair	\$ -	\$ 93,251	\$ -	\$ 93,251
Sinking	-	-	42,520	42,520
Unassigned	680,369	-	-	680,369
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b><u>\$ 680,369</u></b>	<b><u>\$ 93,251</u></b>	<b><u>\$ 42,520</u></b>	<b><u>\$ 816,140</u></b>

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 CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2021

	General Fund	Fair Fund	Sinking Fund	Total
<b>RECEIPTS</b>				
Taxes	\$ 281,936	\$ 147,075	\$ 146,319	\$ 575,330
Charges for Services	549,561	39,386	414	589,361
Intergovernmental	250,000	-	-	250,000
Interest Income	236	32	19	287
Miscellaneous	13,229	41,923	22,865	78,017
<b>TOTAL RECEIPTS</b>	<u>1,094,962</u>	<u>228,416</u>	<u>169,617</u>	<u>1,492,995</u>
<b>DISBURSEMENTS</b>				
General Government	686,599	-	167,726	854,325
Culture and Recreation - Fair	-	121,235	-	121,235
Capital Outlay/Improvements	-	-	53,345	53,345
<b>TOTAL DISBURSEMENTS</b>	<u>686,599</u>	<u>121,235</u>	<u>221,071</u>	<u>1,028,905</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>408,363</u>	<u>107,181</u>	<u>(51,454)</u>	<u>464,090</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
PPP Debt Proceeds	58,124	-	-	58,124
Transfers In	476	-	36,280	36,756
Transfers Out	-	(36,756)	-	(36,756)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>58,600</u>	<u>(36,756)</u>	<u>36,280</u>	<u>58,124</u>
<b>Net Change in Cash Basis Fund Balances</b>	<u>466,963</u>	<u>70,425</u>	<u>(15,174)</u>	<u>522,214</u>
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>213,406</u>	<u>22,826</u>	<u>57,694</u>	<u>293,926</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 680,369</u>	<u>\$ 93,251</u>	<u>\$ 42,520</u>	<u>\$ 816,140</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, 2021

### 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 purposes of the Society are 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 racetrack 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.

#### B. Basis of Presentation

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - 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

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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.

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.

**Sinking Fund.** This fund accounts for the costs associated with necessary construction and improvements to Society buildings and is primary funded with tax revenues.

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.

**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 basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. 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 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.

**Cash on Hand with County Treasurer.** The County Treasurer's cash represents revenues collected by the County Treasurer not yet remitted to the Society.

**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.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

The Society follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- 1) The Society prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- 2) The budget is published with subsequent public hearings to obtain taxpayer comments.
- 3) Prior to September 20, the Board adopts the budget, which is then filed with the appropriate State and county officials.
- 4) Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end, and any revisions require board approval.
- 5) The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31, with the first half being delinquent on May 1 and the second half being delinquent on September 1.

2. **Deposits and Investments**

Cash and cash equivalents included in the financial statement of the Society at September 30, 2021, consisted of the following:

**Breakdown of Cash as of September 30, 2021**

Cash	\$ 3,861
Checking Accounts	<u>734,878</u>
Total Cash	<u>\$ 738,739</u>

For purposes of classifying categories of custodial risk, the bank balances of the Society's deposits, as of September 30, 2021, 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 County Board on or before October 15 of each year for all political subdivisions in the County. 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.

PLATTE COUNTY AGRICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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 \$.035/\$100 limitation upon a vote of the people.

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.0103/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.008212/\$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. **Risk Management**

The Society is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Society is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 104 counties and local governments throughout Nebraska.

The Society pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each member and the entire Pool. If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the Society may be assessed for an additional contribution. Each member shall remain liable for such assessments, regardless of such member's withdrawal from participation or the termination of the agreement, and for liabilities of the pool incurred during such member's period of membership.

The Society has not paid any additional assessments to the Pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

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.

5. **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.

6. **Transfers**

The Society set up several new bank accounts during the previous fiscal year. The Society deposits County Treasurer funds to the main checking account and then transfers property taxes to the appropriate bank accounts. Transfers from the Fair Fund were to cover monthly payroll and other costs paid from the General Fund.

PLATTE COUNTY AGRICULTURAL SOCIETY

**NOTES TO FINANCIAL STATEMENTS**

(Concluded)

**7. Short-Term Debt**

In February 2021, the Society obtained a \$58,124 Paycheck Protection Program (PPP) loan for the purpose of paying payroll due to COVID-19. The Society made no principal or interest payments during the fiscal year. In September 2021, the PPP loan was forgiven. The Society's short-term debt is recorded in the governmental General Fund. Because this fund operates under the cash basis of accounting, a liability is not recorded in the government-wide financial statements or the governmental fund financial statements.

**8. Subsequent Events**

Subsequent events have been evaluated from the balance sheet date through March 25, 2022, the date at which the financial statements were available to be issued. Nothing of significance was noted.

PLATTE COUNTY AGRICULTURAL SOCIETY

SUPPLEMENTARY 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, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Property Taxes	\$ 573,542	\$ 575,330	\$ 1,788
Intergovernmental	1,000	250,000	249,000
Other Local Receipts	520,328	589,361	69,033
Interest Income	-	287	287
Miscellaneous Income	-	136,141	136,141
TOTAL RECEIPTS	1,094,870	1,551,119	456,249
<b>DISBURSEMENTS</b>			
Operating Expenses	883,930	975,560	(91,630)
Capital Outlay	220,000	53,345	166,655
TOTAL DISBURSEMENTS	\$ 1,103,930	1,028,905	\$ 75,025
Net Change in Cash Basis Fund Balance		522,214	
<b>CASH BASIS FUND BALANCE - BEGINNING</b>		293,926	
<b>CASH BASIS FUND BALANCE - ENDING</b>		\$ 816,140	

**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

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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 and each major fund of the Platte County Agricultural Society (Society), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Society's basic financial statements, and have issued our report thereon dated March 25, 2022. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **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 March 25, 2022.

**Society's Response to Findings**

The Society's response to the findings identified in our audit is 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  
Deputy Auditor  
Lincoln, Nebraska

March 25, 2022



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 25, 2022

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, 2021, and have issued our report thereon dated March 25, 2022. 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. During testing in the current fiscal year, we did not note any employees who received a discount on purchases other than food; nonetheless, we still recommend the Society create a formal policy on employee meals and discounts.
- There was a lack of policy regarding employee spending while in travel status. The Society has implemented procedures to limit debit card use; however, a formal policy on debit or credit card purchases should be put in place.
- Regarding 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 a formal capitalization policy that provides the threshold for when items should be added to inventory or fixed asset lists. There was also a lack of an annual inventory of fixed assets.

- There was a lack of policy for tracking expenditures to ensure that appropriate funds were utilized. During the fiscal year, the Society purchased alcohol, paid money to memorials, and awarded scholarships. Such disbursements are not allowable uses of public funds, including local property taxes and State and Federal monies. The disbursements came from a bank account that contained public funds. Because the Society lacked procedures for tracking expenditures, the APA was unable to determine whether these purchases were made with public monies.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. In particular, a satisfactory 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. Proper internal control also requires policies to govern the operations of the Society, providing guidance on such matters as meals, travel, purchasing card use, accumulated leave, capitalization, inventory, and tracking of expenditures.

The lack of a good internal control plan increases the risk of loss or misuse of Society funds.

This comment – including the lack of segregation of duties, which was addressed in the previous audit and continues to be a material weakness – was noted in the prior year.

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 policies for the proper governance of its operations, including meals, travel, debit card use, accumulated leave, capitalization, inventory, and tracking of expenditures.

*Society Response: Will put on agenda for next meeting to update handbook to state employee meals and discount policy, employee travel and spending, as well as vacation pay out. The board consulted with legal counsel to address these findings and we will remediate any concerns.*

## **2. Lack of Compliance with Bylaws**

The Society has created articles of incorporation, a constitution, and bylaws as a public benefit corporation under the Nebraska Nonprofit Corporation Act. The APA identified several issues while reviewing those governing documents during the fiscal year 2019 audit.

At the February 24, 2020, meeting of its Board of Directors (Board), the Society approved amendments to its constitution and bylaws. This corrected most of the issues noted during the fiscal year 2019 audit; however, one section of the bylaws, regarding the approval of all funds paid, remains a concern.

Article VI, “Funds,” of the amended constitution and bylaws provides the following:

*All funds of the Agricultural Society shall be kept in a bank, or banks, in Platte County, Nebraska, and shall be paid out only upon checks or drafts authorized by the Board of Directors and issued by the president, treasurer or general manager, or other designee, in accordance with this Constitution and Bylaws.*

(Emphasis added.) Currently, the Board is not authorizing all funds to be paid out upon checks or drafts. As noted in **Comment and Recommendation Number 1** (“Segregation of Duties – Control Environment”) herein, the Society has a debit card for incidental purchases. Any debit card purchases come directly out of the Society’s bank account without any authorization by the Board.

Good internal control requires procedures to ensure compliance with the provisions of the Society’s own governing documents.

Without such procedures, there is an increased risk for unauthorized activities and possible loss of funds.

A similar comment was included in the prior year’s report.

We recommend the Society implement procedures to ensure compliance with the requirements of its own governing documents or amend such provisions accordingly.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

### 3. **Payroll Issues**

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

- The Society gave bonuses and other gifts to its employees. The Board has granted the General Manager broad authority to oversee Society operations; however, the Society’s policy manual should contain specific provisions governing bonuses or gifts. Otherwise, the Board should approve each such award.

The table below details the employee bonuses and gifts distributed by the Society during fiscal year 2021:

Date	Type of Bonus	Vendor	Amount
12/11/2020	Bonus for Employee	Payroll	\$ 6,200
7/14/2021	Gift Cards for Fair Bonuses	Hy-Vee	\$ 736
<b>Total</b>			<b>\$ 6,936</b>

After fiscal year 2021, the Business Manager was paid a bonus of \$750 on December 23, 2021.

Article VI, “Funds,” of the Society’s amended constitution and bylaws provides the following:

*All funds of the Agricultural Society shall be kept in a bank, or banks, in Platte County, Nebraska, and shall be paid out only upon checks or drafts authorized by the Board of Directors and issued by the president, treasurer or general manager, or other designee, in accordance with this Constitution and Bylaws.*

- The Society did not pay certain employees at a different rate for overtime hours worked under the belief that all Society employees are exempt from overtime pay; however, the Society was unable to provide its guidance or authority for classifying all Society employees as overtime exempt. The APA questions that all Society employees are exempt from overtime pay per the Fair Labor Standards Act (FLSA). For example, the Society employs maintenance workers and restaurant workers that are normally not exempt from the overtime pay rule in the Act.

The U.S. Department of Labor (DOL) publication “Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act (FLSA)” (Revised September 2019) provides the following:

*This fact sheet provides general information on the exemption from minimum wage and overtime pay provided by Section 13(a)(1) of the FLSA as defined by Regulations, 29 C.F.R. Part 541.*

*The FLSA requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at not less than time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.*

This fact sheet continues to explain that certain employees are exempt from overtime pay. Such exempt employees include executives, administrators, professional employees, computer employees, outside sales employees, highly compensated employees, blue-collar workers, and police, fire fighters, paramedics & other first responders.

The APA does not consider maintenance workers and restaurant workers to fall under any of the employee types described above; therefore, it is unlikely that they should be classified as exempt from overtime pay.

While the Act also exempts agricultural workers from the overtime pay requirement, the APA doubts that an agricultural society qualifies as an agricultural organization under the FLSA. The DOL publication “Fact Sheet #12: Agricultural Employers Under the Fair Labor Standards Act (FLSA)” (Revised January 2020), provides the following definition for “Agriculture”:

*Agriculture includes farming in all its branches when performed by a farmer or on a farm as an incident to or in conjunction with such farming operations.*

- The former General Manager lived in a house located on the agricultural park grounds, and the Society paid for that dwelling’s utilities. The former General Manager resigned in May 2021. Subsequent to the former General Manager’s resignation, another Society employee moved into the residence, and the Society is currently paying for the dwelling’s rent and utilities. The APA questions whether this should be included as a taxable fringe benefit for both employees.

The Internal Revenue Service (IRS) has established a three-part test to determine whether the value of lodging should be excluded. IRS Publication 15-B (2022), “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 policy or agreement with the Board was ever made to establish that the lodging is a condition of employment for either employee or certain types of employees. Any such policy or agreement should establish guidelines covering what benefits or privileges are allowed to be received, including profiting from cattle or other personal property kept on the Society grounds. Furthermore, the former 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. For the current employee living in the Society’s house, the Society stated the lodging was a condition of their employment; however, the Society was unable to provide documentation to support that this employee’s acceptance of lodging was an actual condition of their employment with the Society.

Good internal control requires procedures to ensure 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. Additionally, the procedures should provide for determining whether fringe benefits given to Society employees must be included in their taxable wages. Those same procedures should ensure also that employee bonuses or gifts are either governed by a formal policy or approved by the Board. Further, these procedures should ensure that all required employees covered by the FLSA receive overtime pay, and legal guidance is obtained regarding overtime exemptions.

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

A similar comment was included in the prior year’s report.

We recommend the Society implement procedures to ensure that all provisions for employee compensation, including those allowing for certain fringe benefits, are specified in written policies or agreements formally approved by the Society’s Board. Additionally, the procedures should provide for determining whether fringe benefits given to Society employees must be included in their taxable wages. Those same procedures should ensure also that employee bonuses or gifts are either governed by a formal policy or approved by the Board. We recommend further that these procedures ensure required employees covered by the FLSA receive overtime pay, and legal guidance is obtained regarding overtime exemptions and taxable fringe benefits.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

**4. Questioned Charges**

On March 3, 2022, the APA was informed that the Society had recently become aware of questionable purchases made by an employee on the Society’s charge accounts at two retail stores, Menards and Bomgaars Supply, Inc. The Society provided receipts and other supporting documentation from both businesses showing a total of \$357.74 in questioned charges from purchases made on October 22, 2021, October 30, 2021, and December 19, 2021.

The following table summarizes the suspect purchases, which appear personal in nature:

Vendor	Date	Amount	Description
Bomgaars	10/22/2021	\$ 52.99	GROOMING KIT
Bomgaars	10/22/2021	\$ 34.99	JEAN,M. FLEX CARP.
Bomgaars	10/22/2021	\$ 21.99	DUNGAREE
Menards	10/30/2021	\$ 85.99	HD PROJECTOR W/ BLUETOOTH PJ300B 3011345 1@\$85.99
Menards	10/30/2021	\$ 9.99	MOUSE GAMING XCA2-1014-BLK 3016081 1@\$9.99
Menards	10/30/2021	\$ 14.99	MOUSE PAD RGB XCA2-1010-BLK 3016074 1@\$14.99
Menards	10/30/2021	\$ 39.99	WIFI P/T CAMERA INDOOR CAM/PAN/WIFI 3581092 1@\$39.99
Menards	12/19/2021	\$ 9.99	2PK BT TAG TRACKER XEX6-0101-PP3 3039667 1@\$9.99
Menards	12/19/2021	\$ 14.88	2PK PET GLOVE PET GLOVE 2539297 1@\$14.88
Menards	12/19/2021	\$ 14.99	40X30 LINED JEANS 30303 6608937 1@\$14.99
Menards	12/19/2021	\$ 19.99	40X32 LINED CARP PANT 53917B DK BROWN 6610369 1@\$19.99
Menards	12/19/2021	\$ 14.99	BLUETOOTH FM TRANSMITTER BTFM4 3036157 1@\$14.99
Menards	12/19/2021	\$ 13.99	CARDIFF CLIP LED LAMP TL2102 3472308 1@\$13.99
Menards	12/19/2021	\$ 2.99	FITNESS ARMBAND-WHT DB GG-FAB-WHT 3030303 1@\$2.99
Menards	12/19/2021	\$ 4.99	MEN'S CREW SOCK 6PK- WHITE 6612128 1@\$4.99
<b>Total</b>		<b>\$ 357.74</b>	

A total of \$125.98 worth of the above merchandise appears to have been returned to Menards on November 2, 2021. Per discussion with the Society’s General Manager, the employee responsible for the questioned purchases was made to sign a disciplinary form promising to pay back the Society in full and has been prohibited from making further purchases at these businesses with the Society’s accounts.

The questioned purchases addressed herein give rise to numerous possible statutory concerns. To start, Neb. Rev. Stat. § 28-511 (Reissue 2016) provides, in relevant part, the following:

*(1) A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.*

(2) A person is guilty of theft if he or she transfers immovable property of another or any interest therein with the intent to benefit himself or herself or another not entitled thereto.

Likewise, Neb. Rev. Stat. § 28-512 (Reissue 2016) states the following, as is relevant:

*A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:*

*(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*

*(2) Prevents another from acquiring information which would affect his judgment of a transaction; or*

*(3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship; or*

*(4) Uses a credit card, charge plate, or any other instrument which purports to evidence an undertaking to pay for property or services delivered or rendered to or upon the order of a designated person or bearer (a) where such instrument has been stolen, forged, revoked, or canceled, or where for any other reason its use by the actor is unauthorized, or (b) where the actor does not have the intention and ability to meet all obligations to the issuer arising out of his use of the instrument.*

In addition to these potential statutory concerns, good internal controls require procedures to ensure that no one person is in a position both to perpetuate and to conceal financial errors or irregularities.

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

We recommend the Society implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. Furthermore, we are forwarding the information herein to both the Nebraska Attorney General and the Platte County Attorney for further review.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

## **5. Interfund Transfers**

During the audit, the APA noted that interfund transfers reported in the Society's accounting system did not agree to the interfund transfers reported on the Society's financial statements as of September 30, 2021.

The following table summarizes these interfund transfers and variances by fund:

<b>Fund</b>	<b>QuickBooks</b>	<b>Financials</b>	<b>Variance</b>
General Fund	\$ 93,739.00	\$ 476.00	\$ 93,263.00
Fair Fund	\$ (68,356.00)	\$ (36,756.00)	\$ (31,600.00)
Sinking Fund	\$ (25,383.00)	\$ 36,280.00	\$ (61,663.00)
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Sound accounting practices and good internal controls require procedures to ensure that all fund activity, including interfund transfers, is accurately recorded in the accounting records.

Without such procedures, there is an increased risk of not only the Board not being fully apprised of the financial status of the Society's funds but also the loss, theft, or misuse of Society money.



We recommend the Society implement procedures to ensure that all fund activity, including interfund transfers, is accurately recorded in the accounting records.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

## **6. Lack of Supporting Documentation**

During testing, the APA noted two instances in which the Society failed to maintain adequate supporting documentation. Those instances are summarized below:

- The Society lacked adequate documentation to support one payment of \$625 to The Wild Plum, a bed and breakfast. Per the Society, the expense was incurred to provide lodging for a band during the 2021 County fair.
- The most recent arrangement between the Society and Columbus Exposition and Racing, Inc., (CER) should document adequately all accepted terms as either properly adopted addendums to the original usage agreement or newly formed independent agreements. Over the years, changes to the original agreement have not been documented adequately and signed by both parties.

Good internal control and sound business practices require procedures to ensure proper documentation is maintained for all disbursements, and all agreements with the Society are formalized in written documents specifying all the provisions thereof and signed by all parties involved.

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

A similar comment was included in the prior year's report.

We recommend the Society implement procedures to ensure that proper documentation is maintained for all disbursements. We further recommend procedures are created to ensure that all agreements with the Society are formalized in written documents specifying all the provisions thereof and signed by all parties involved.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

## **7. Improper Payment of Sales Tax and Late Fees**

The APA identified four instances of State sales taxes, totaling \$68, being paid on purchases made by the Society. Additionally, the Society paid \$20 in unnecessary late fees to Dish Network.

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Reissue 2018), 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 . . .*

Good internal control requires procedures to ensure that the Society does not pay State sales taxes on any of its purchases or unnecessary late fees.

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

A similar comment was included in the prior year's report.

We recommend the Society implement procedures to prevent both the payment of State sales taxes on any of its purchases and unnecessary late fees.

*Society Response: The board consulted with legal counsel to address these findings and we will remediate any concerns.*

\* \* \* \* \*

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the 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 management with an opportunity to review the report and to respond to the comments and recommendations included in this report. 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.

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.

Sincerely,



Craig Kubicek, CPA, CFE  
Deputy Auditor