

**ATTESTATION REPORT  
OF THE  
ANTELOPE COUNTY AGRICULTURAL SOCIETY  
JULY 1, 2013, THROUGH JUNE 30, 2015**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on February 3, 2016**

*The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Charlie Janssen was elected in November 2014, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th State Auditor.*

*The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.*

*We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.*

*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

## Audit Staff Working On This Examination

Deann Haeffner, CPA – Audit Manager

Rachel Heeney, CFE – Auditor-In-Charge

Our reports can be found electronically at: <http://www.auditors.nebraska.gov>

Additionally, you may request them by contacting us at:

### **Nebraska Auditor of Public Accounts**

State Capitol, Suite 2303

P.O. Box 98917

Lincoln, Nebraska 68509

Phone: 402-471-2111

ANTELOPE COUNTY AGRICULTURAL SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
<b>Background</b>	1
<b>Comments Section</b>	
Summary of Comments	2
Comments and Recommendations	3
<b>Financial Section</b>	
Independent Accountant's Report	4 - 5
Schedule of Cash Receipts, Disbursements, and Changes in Fund Balances	6
Notes to the Schedule	7

# ANTELOPE COUNTY AGRICULTURAL SOCIETY

## **BACKGROUND**

The Antelope County Agricultural Society (Agricultural Society) is located in Antelope County, Nebraska. The Agricultural Society's primary function is to operate an annual county fair. Board members are elected by the Society's members and manage the day to day operations, including the preparation and adoption of the annual budget. The majority of the Agricultural Society's receipts come from county fair proceeds and property taxes based on the annual budget. Disbursements are for operating the county fair and maintaining the fairgrounds.

The Agricultural Society is required to have an annual audit completed or request an audit waiver from the Auditor of Public Accounts (APA) under the authority of Neb. Rev. Stat. § 84-304. The Agricultural Society failed to have an audit performed or request an audit waiver for fiscal year 2014 in a timely manner, resulting in the APA conducting this examination.

# ANTELOPE COUNTY AGRICULTURAL SOCIETY

## SUMMARY OF COMMENTS

During our examination of the Antelope County Agricultural Society (Agricultural Society), we noted certain deficiencies and other operational matters that are presented here. By using qualifying words such as “alleged” or “allegedly” in comments to describe certain incidents or activities, the APA seeks to avoid the possibility that a report comment might be mistaken as containing an imputation of criminality. However, utilization of such modifying terms is not meant to indicate a lack of supporting documentation for the report comment or any insufficiency or other shortcoming relating thereto.

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:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Board Approval of Expenditures:*** Multiple expenditures were not approved by the Board prior to payment.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Agricultural Society.

Draft copies of this report were furnished to the Agricultural Society to provide its management with an opportunity to review and to respond to the comments and recommendations contained 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 examination.

ANTELOPE COUNTY AGRICULTURAL SOCIETY

**COMMENTS AND RECOMMENDATIONS**

**1. Segregation of Duties**

Good internal control includes a plan of organization, procedures, and documentation 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.

We noted the Agricultural Society lacked a segregation of duties. Specifically, the Agricultural Society maintained two bank accounts, each handled by a separate individual who was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities.

We recommend the Agricultural Society review this situation and implement procedures to ensure no one individual has both the control over the custody of assets (i.e., cash and checks received) and the ability to record activity into the accounting records.

*Society's Response: Through annual elections we have already improved segregation by the changing of our secretary position. There is no longer family relation handling two separate checking accounts. Also the treasurer provides a monthly detailed transaction sheet with line item income and expenses listing the check number and who it was expensed to. Although I agree more work could be done to provide even more transparency such as copies of mailed bank statements provided to each board member at each monthly meeting. Furthermore we are discussing the possible implementation of having a two person signature check system at our upcoming February meeting.*

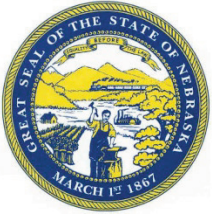
**2. Board Approval of Expenditures**

Good internal control and sound business practices require all transactions of an entity to have a documented approval by the Board prior to payment.

During testing, we noted 15 of 25 expenditures, totaling \$109,744, could not be traced to individually signed Board approval or approval in the Board minutes. When transactions are not approved prior to payment, there is an increased risk of loss, theft, or misuse of funds.

We recommend the Agricultural Society implement procedures to ensure all transactions are approved prior to payment.

*Society's Response: This plain and simply comes down to having the due diligence of proper timing and presentation to the board of bills due at the time of the meeting. I have only served as Chairman for a couple months but I take it upon myself to correct these deficiencies. There are also other automatically generated expenses that may be triggering some deficiencies such as the writing of return of deposit checks after a party has rented the fair building. Having served on the board through and prior to the time period this audit is focusing on I feel confident that this is a simple lack of information and timing. As serving as Chairman I will police this with the utmost importance making sure that the proper motions and timing is maintained as it pertains to the handling of expenses and drafts written on the checking accounts.*



## 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  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

### ANTELOPE COUNTY AGRICULTURAL SOCIETY

#### INDEPENDENT ACCOUNTANT'S REPORT

Antelope County Agricultural Society  
Neligh, Nebraska

We have examined the accompanying Schedule of Receipts, Disbursements, and Changes in Fund Balances of the Antelope County Agricultural Society for the fiscal years ended June 30, 2015, and June 30, 2014. The Agricultural Society's management is responsible for the Schedule of Receipts, Disbursements, and Changes in Fund Balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Receipts, Disbursements, and Changes in Fund Balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the cash receipts, cash disbursements and cash balances of the Antelope County Agricultural Society, as of June 30, 2015, and June 30, 2014, based on the accounting system and procedures prescribed by the Antelope County Agricultural Society, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Receipts, Disbursements, and Changes in Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Receipts, Disbursements, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control

over the Schedule of Receipts, Disbursements, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Antelope County Agricultural Society Board, others within the Agricultural Society, and the appropriate Federal and regulatory agencies, 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.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen  
Auditor of Public Accounts

January 26, 2016



ANTELOPE COUNTY AGRICULTURAL SOCIETY  
**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
For the Fiscal Years Ended June 30, 2014, and June 30, 2015

	FYE 6/30/2014	FYE 6/30/2015	<b>Totals (Memorandum Only)</b>
<b>RECEIPTS</b>			
Personal and Real Property Taxes	\$ 125,798	\$ 126,552	\$ 252,350
State Receipts: Motor Vehicle Pro-Rate	343	403	746
State Receipts: Other	1,123	770	1,893
State Receipts: Property Tax Credit	9,612	5,417	15,029
Local Receipts: Nameplate Capacity Tax	-	2,807	2,807
Local Receipts: In Lieu of Tax	11	23	34
Local Receipts: Other	385,227	174,818	560,045
TOTAL RECEIPTS	<u>522,114</u>	<u>310,790</u>	<u>832,904</u>
<b>DISBURSEMENTS</b>			
Operating	227,659	203,326	430,985
Capital Improvements	154,364	-	154,364
Other Capital Outlay	2,054	9,767	11,821
Debt Service: Other	32,860	32,860	65,720
TOTAL DISBURSEMENTS	<u>416,937</u>	<u>245,953</u>	<u>662,890</u>
Net Change in Fund Balances	105,177	64,837	170,014
FUND BALANCES, BEGINNING	<u>(6,367)</u>	<u>98,810</u>	<u>92,443</u>
FUND BALANCES, ENDING	<u>\$ 98,810</u>	<u>\$ 163,647</u>	<u>\$ 262,457</u>
<b>FUND BALANCES CONSIST OF:</b>			
Deposits	\$ 97,156	\$ 162,653	\$ 259,809
Due From Other Government	1,654	994	2,648
TOTAL FUND BALANCES	<u>\$ 98,810</u>	<u>\$ 163,647</u>	<u>\$ 262,457</u>

The accompanying notes are an integral part of the schedule.

ANTELOPE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE SCHEDULE**

For the Fiscal Years Ended June 30, 2015, and June 30, 2014

**1. Basis of Accounting**

The accounting records of the Agricultural Society are maintained, and the Schedule of Receipts, Disbursements, and Changes in Fund Balances have been prepared, based on the cash basis of accounting, as prescribed by the Agricultural Society. Under this system of accounting, receipts are shown when money is deposited into the Agricultural Society's accounts, and disbursements are shown when checks or debits are issued against the accounts.

**2. Reporting Entity**

The Agricultural Society is a governmental entity established under and governed by the laws of the State of Nebraska. The Agricultural Society is managed by officials who are elected on a political ballot for three-year terms. The main focus of the Agricultural Society is to hold an annual county fair.

The Agricultural Society is managed by a Board that exercises control over activities that are relevant to the operations of the Agricultural Society. The Schedule of Receipts, Disbursements, and Changes in Fund Balances reflect all activity of the Agricultural Society, as recorded in the accounting software.

**3. Long-Term Debt**

The Agricultural Society issued a promissory note on September 23, 2013, in the amount of \$385,000, for the purpose of paying the costs of a new county fair building. Nine bond payments of \$16,430 are due twice a year, and one last payment of \$290,732 is due on April 23, 2018. The note payable balance, as of June 30, 2015, and June 30, 2014, was \$339,289 and \$359,464 respectively.

**4. Totals**

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes.

**5. Fund Balances**

Deposit balances reflect monies in checking accounts held at local banking institutions in the Agricultural Society's name. Due from Other Governments reflects monies being maintained at the Antelope County Treasurer for the Agricultural Society.