



***ROSS COUNTY AGRICULTURAL SOCIETY***

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**ANNUAL FINANCIAL REPORT**

**For the Years Ended  
November 30, 2018 and 2017**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





# OHIO AUDITOR OF STATE KEITH FABER



Board of Directors  
Ross County Agricultural Society  
PO Box 614  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Agricultural Society, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period December 1, 2016 through November 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ross County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 6, 2019

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**ROSS COUNTY AGRICULTURAL SOCIETY**  
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**For the Years Ended November 30, 2018 and 2017**

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## Independent Auditor's Report

Board of Directors  
Ross County Agricultural Society  
P.O. Box 614  
Chillicothe, OH 45601

### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of Ross County Agricultural Society, Ross County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit; this responsibility includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 of the November 30, 2018 and 2017 financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2018 and 2017, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Ross County Agricultural Society, Ross County as of November 30, 2018 and 2017, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2019 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

March 4, 2019



**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Cash Balances**  
**For the Year Ended November 30, 2018**

	<b>2018</b>
<b><u>Operating Receipts</u></b>	
Admissions	\$265,143
Privilege Fees	123,201
Rentals	549,614
Sustaining and Entry Fees	24,034
Pari-mutuel Wagering Commission	4
Other Operating Receipts	228,143
	1,190,139
 <b><u>Operating Disbursements</u></b>	
Wages and Benefits	60,250
Utilities	290,299
Professional Services	239,401
Equipment and Grounds Maintenance	91,130
Race Purse	84,098
Senior Fair	18,244
Junior Fair	28,528
Capital Outlay	94,622
Other Operating Disbursements	294,558
Total Cash Disbursements	1,201,130
Total Cash Receipts Over/(Under) Cash Disbursements	(10,991)
 <b><u>Non-Operating Receipts and Disbursements</u></b>	
State Support	76,631
County Support	103,300
Principal	(95,484)
Interest	(2,276)
Unrestricted Donations, Sponsorships, & Promotions	2,280
Interest Income	3,866
Total Non-Operating Receipts (Disbursements)	88,317
Net Change in Cash Balance	77,326
Cash Balance - Beginning of the Year, As Restated (See Note 3)	480,071
Cash Balance - End of the Year	\$557,397

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

**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2018*

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**Note 1 – Reporting Entity**

*Description of the Entity*

The Agricultural Society of Ross County (the Society), Ross County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1944 to operate an annual agricultural fair. The Society sponsors the week – long Ross County Fair during August. During the fair, harness races are held, culminating in the running of the Ross County Fair Harness Races. Ross County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one (21) directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ross County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, and community events including the Easyrider Rodeo, American Cancer Society Relay for Life, Scioto County Poultry Association Swap Meet, Chillitown MX motocross racing, Bash for Cash demo derby, Southern Ohio Jeep Fest, NBHA Barrel race, Miller’s Swap Meet and Cruise In, Southern Ohio Home and Garden Show, Steer and Heifer Classic and goat show. The reporting entity does not include any other activities or entities of Ross County, Ohio.

Notes 12 and 13, respectively, summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Society’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

**Basis of Accounting**

The Society’s financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03 (D), This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Cash and Investments**

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of the sale are recorded as receipts or disbursements, respectively.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2018*

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**Note 2 – Summary of Significant Accounting Policies** – (Continued)

Property, Plant and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not include these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

Income Tax Status

This Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management is unaware of any actions or events that would jeopardize the Society's tax status.

Restricted Support

Restricted support includes amount that donors restrict for specific uses. These include building fund, trophies, race blankets and entertainment donations.

Race Purse

Ross County Harness stake races are held during the Ross County Fair. The Society pays all Sustaining and Entry Fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

*Sustaining and Entry Fees* – Horse owners and Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statements report these fees as Sustaining and Entry Fees.

*Ohio Fairs Fund* – The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 6 for additional information.

Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statements as Pari-mutuel Wagering Commission. See Note 6 for additional information.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2018**

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**Note 3 – Restatement of Beginning Balance**

The Beginning Balance was restated for Year Ended November 31, 2018. The balance was adjusted for two outstanding checks.

Ending Cash Balance as of November 31, 2017	\$479,948
Change in Cash Balance	<u>123</u>
Beginning Cash Balance as of November 31, 2018	<u>\$480,071</u>

**Note 4 – Cash and Investments**

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2018 was as follows:

	November 30 2018
Demand Deposits	\$500
Checking Account	53,355
Money Market	<u>503,542</u>
Total Deposits and Investments	<u>\$557,397</u>

Deposits and Investments: Deposits and investments at Kingston National Bank are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5- Debt**

Debt outstanding at November 30, 2018 was as follows:

Description of Issue	Issue Date	Principal Balance 11-30-17	Issued in 2018	Retired In 2018	Principal Balance 11-30-18
Goat & Sheep Barn	3/4/15	\$95,484	\$0	\$95,484	\$0
Total		\$95,484	\$0	\$95,484	\$0

The Society obtained a note in order to purchase a new goat/sheep barn in 2015. The total amount of the note was \$400,000. The Society paid this loan off during 2018.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2018**

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**Note 6 – Horse Racing**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$63,200 for the year ended 2018, as State Support.

Additional Support

The Ohio Harness Horsemen’s Association contributed a portion of the video terminal revenue share in the amount of \$63,200 of which \$51,200 is to be used for purses and \$12,000 for other racing expenses.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society’s share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society’s net portion.

	2018
Total Amount Bet (Handle)	\$5,525
Less: Payoff to Bettors	(4,346)
Net Breakage	(66)
Pari-mutuel Wagering Commission	1,113
Tote Service Set Up Fee	(955)
Total Service Commission	(6)
State Tax	(148)
Society Portion	\$4

**Note 7– Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 30, 2019.

The Ross County Commissioners provide general insurance coverage for all the buildings on the Ross County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Society utilizes the Public Entities Pool of Ohio for general liability and vehicle insurance, with limits of \$2,000,000 for General Liability (\$2,000,000 each occurrence) and \$2,000,000 for vehicle liability.

**Note 8 – Social Security**

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants’ gross salaries. The Society has paid all contributions required through November 30, 2018.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2018**

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**Note 9 – Construction and Contractual Commitments**

The Society contracted with All Win Electric to upgrade 2 ½ rows of campsite electric in the amount of \$72,000.

**Note 10 – Contingent Liabilities**

The Society is presently defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Society’s financial condition.

**Note 11 – Related Party Transactions**

The Society purchased a used gas-powered pressure washer for \$1,000 from Board member Barry Haubeil, Jr.

**Note 12 – Junior Fair Board**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Ross County Fair. The Society disbursed \$13,387 directly to the Junior Fair Board and \$15,141 directly to vendors to support Junior Fair Activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board’s financial activity for the year ended November 30, 2018 follows:

	2018
Beginning Cash Balance	\$18,377
Receipts	29,526
Disbursements	(20,628)
Ending Cash Balance	\$27,275

**Note 13 – Junior Livestock Sale Committee**

The Junior Livestock Sale Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to the market or through the Ross County Jr Fair Sale Committee’s auction. A commission of 4% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the year ended November 30, 2018 follows:

	2018
Beginning Cash Balance	\$53,017
Receipts	875,646
Disbursements	(871,845)
Ending Cash Balance	\$56,818

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Cash Balances**  
**For the Year Ended November 30, 2017**

	<b>2017</b>
<b><u>Operating Receipts</u></b>	
Admissions	\$287,764
Privilege Fees	124,596
Rentals	542,920
Sustaining and Entry Fees	24,721
Pari-mutuel Wagering Commission	129
Other Operating Receipts	189,369
	1,169,499
 <b><u>Operating Disbursements</u></b>	
Wages and Benefits	62,083
Utilities	282,584
Professional Services	202,480
Equipment and Grounds Maintenance	82,115
Race Purse	82,663
Senior Fair	19,246
Junior Fair	25,416
Capital Outlay	306,552
Other Operating Disbursements	261,339
Total Cash Disbursements	1,324,478
Total Cash Receipts Over/(Under) Cash Disbursements	(154,979)
 <b><u>Non-Operating Receipts and Disbursements</u></b>	
State Support	124,205
County Support	103,300
Principal	(84,714)
Interest	(4,517)
Unrestricted Donations, Sponsorships, & Promotions	5,820
Interest Income	516
Total Non-Operating Receipts (Disbursements)	144,610
Net Change in Cash Balance	(10,369)
Cash Balance - Beginning of the Year	490,317
Cash Balance - End of the Year	\$479,948

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

**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2017*

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**Note 1 – Reporting Entity**

*Description of the Entity*

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross County Agricultural Society, Ross County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1944 to operate an annual agricultural fair. The Society sponsors the week-long Ross County Fair during August. During the fair, harness races are held, culminating in the running of the Ross County Harness Racing Program. Ross County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ross County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the Easyrider Rodeo, American Cancer Society Relay for Life, Swap Meet, Chillitown MX motocross racing, and Ross County 4-H Halloween Campout. The reporting entity does not include any other activities or entities of Ross County, Ohio.

Notes 11 and 12, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of the sale are recorded as receipts or disbursements, respectively.

Property, Plant and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.



**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2017*

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**Note 2 – Summary of Significant Accounting Policies** – (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

Income Tax Status

This Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509(a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Restricted Support

Restricted support includes amount that donors restrict for specific uses. These include building fund, trophies, race blankets and entertainment donations.

Race Purse

Ross County Harness stake races are held during the Ross County Fair. The Society pays all Sustaining and Entry Fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

*Sustaining and Entry Fees* – Horse owners and Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statements report these fees as Sustaining and Entry Fees.

*Ohio Fairs Fund* – The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 5 for additional information.

Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statements as Pari-mutuel Wagering Commission. See Note 5 for additional information.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2017**

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**Note 3 – Cash and Investments**

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at November 30, 2017 follows:

	November 30, 2017
Demand Deposits	\$500
Checking Account	479,448
Total Deposits	\$479,948

Deposits: Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Deposits are collateralized through the Ohio Pooled Collateral System.

**Note 4 - Debt**

Debt outstanding at November 30, 2017 was as follows:

Description of Issue	Issue Date	Principal Balance 11-30-16	Issued in 2017	Retired In 2017	Principal Balance 11-30-17
Goat & Sheep Barn	3/4/15	\$180,198	\$0	\$84,714	\$95,484
Total		\$180,198	\$0	\$84,714	\$95,484

The Society obtained a note in order to purchase a new goat/sheep barn in 2015. The total amount of the note was \$400,000.

**Note 5 – Horse Racing**

**State Support Portion of Purse**

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$52,983 for the year ended 2017 as State Support.

**Additional Support**

The Ohio Harness Horsemen’s Association contributed a portion of the video terminal revenue share in the amount of \$60,600, of which \$49,000 is to be used for purses and \$11,600 for other racing expenses.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2017**

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**Note 5 – Horse Racing** – (Continued)

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society’s share of total pari-mutuel wagering bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society’s net portion.

	2017
Total Amount Bet (Handle)	\$7,566
Less: Payoff to Bettors	(5,958)
Net Breakage	(88)
Pari-mutuel Wagering Commission	1,520
Tote Service Set Up Fee	(1,000)
Total Service Commission	(192)
State Tax	(199)
Society Portion	\$129

**Note 6– Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 30, 2018.

The Ross County Commissioners provide general insurance coverage for all the buildings on the Ross County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Society uses Public Entities Pool of Ohio for general liability and vehicle insurance coverage for the year 2017 as follows:

Company	Type of Coverage	Amount of Coverage
Public Entities Pool of Ohio	General Liability	\$2,000,000
	Each Occurrence	2,000,000
	Auto Liability	2,000,000

**Note 7 – Social Security**

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants’ gross salaries. The Society has paid all contributions required through November 30, 2017.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2017*

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**Note 8 – Construction and Contractual Commitments**

At the present time, the Society has no significant outstanding construction or other contractual commitments.

**Note 9 – Contingent Liabilities**

The Society is presently defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

**Note 10 – Related Party Transactions**

The Society is not aware of any related party transactions with their Board Members.

**Note 11 – Junior Fair Board**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Ross County Fair. The Society disbursed \$25,415 in 2017 directly to the Junior Fair Board Organizations. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2017 follows:

	<u>2017</u>
Beginning Cash Balance	\$18,267
Receipts	14,359
Disbursements	<u>(14,249)</u>
Ending Cash Balance	<u><u>\$18,377</u></u>

**Note 12 – Junior Livestock Sale Committee**

The Junior Livestock Sale Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Youth may sell their animals directly to the market or through the Ross County's auction. A commission is charged to cover auction expenses. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2017 follows:

	<u>2017</u>
Beginning Cash Balance	\$54,149
Receipts	832,768
Disbursements	<u>(833,900)</u>
Ending Cash Balance	<u><u>\$53,017</u></u>

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards***

Board of Directors  
Ross County Agricultural Society  
P.O. Box 614  
Chillicothe, OH 45601

To the Board of Director:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ross County Agricultural Society, Ross County, Ohio (the Society), as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 4, 2019, wherein we noted the Society followed financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of internal control deficiencies, resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider a material weakness. However, unidentified material weaknesses may exist.

Board of Director  
Ross County Agricultural Society, Ross County  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*

### **Compliance and Other Matters**

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

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

March 4, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**ROSS COUNTY AGRICULTURAL SOCIETY**

**ROSS COUNTY**

### **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 23, 2019**