

Jackson County Agricultural Society  
Jackson County  
Regular Audit  
For the Years Ended November 30, 2019 and 2018



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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Jackson County Agricultural Society  
PO Box 382  
Wellston, Ohio 45692

We have reviewed the *Independent Auditor's Report* of the Jackson County Agricultural Society, Jackson County, prepared by Millhuff-Stang, CPA, Inc., for the audit period December 1, 2017 through November 30, 2019. 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 Jackson County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 1, 2020

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**Jackson County Agricultural Society**  
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*For the Years Ended November 30, 2019 and 2018*

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**Independent Auditor's Report**

Jackson County Agricultural Society  
Jackson County  
P.O. Box 382  
Wellston, Ohio 45692

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements, and related notes of the Jackson County Agricultural Society, Jackson County, (the Society) as of and for the years ended November 30, 2019 and 2018.

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

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

***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

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

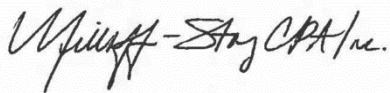
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Jackson County Agricultural Society, Jackson County, as of November 30, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent events of the Society. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2020, 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 the effectiveness of 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.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

April 14, 2020



**Jackson County Agricultural Society**  
**Jackson County**  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2019*

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<b>Operating Receipts</b>	
Admissions	\$ 110,774
Privilege Fees	16,185
Sales by Fairboard	54,849
Rentals	104,994
Sustaining and Entry Fees	23,080
Pari-mutuel Wagering Commission	<u>110</u>
<b><i>Total Operating Receipts</i></b>	<b><u>309,992</u></b>
<b>Operating Disbursements</b>	
Utilities	55,988
Professional Services	164,509
Equipment and Grounds Maintenance	26,571
Insurance and Bonding	14,037
Race Purse & Race Expense	85,549
Junior Fair	24,705
Capital Outlay	230,189
Other Operating Disbursements	<u>27,209</u>
<b><i>Total Operating Disbursements</i></b>	<b><u>628,757</u></b>
<b><i>Excess (Deficiency) of Operating Receipts</i></b>	<b><u>(318,765)</u></b>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	92,401
Donations/Contributions	164,175
Interest Income	63
Debt Proceeds	68,075
Debt Service	<u>(17,819)</u>
<b><i>Net Non-Operating Receipts (Disbursements)</i></b>	<b><u>306,895</u></b>
<b><i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i></b>	<b>(11,870)</b>
<b>Cash Balance, Beginning of Year</b>	<b><u>205,488</u></b>
<b><i>Cash Balance, End of Year</i></b>	<b><u><u>\$ 193,618</u></u></b>

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

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson County Agricultural Society, Jackson 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 1986 to operate an annual agricultural fair. The Society sponsors the week-long Jackson County Fair during July. During the fair, harness races are held. Jackson County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggering three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Jackson County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week as well as other year-round activities at the fairgrounds, including facility rental, track and stall rental and community events. The reporting entity does not include other activities or entities of Jackson County, Ohio.

Notes 6 and 7 summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity respectively.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

**C. Deposits**

All cash assets of the Society are maintained in interest bearing checking accounts.

**D. Property, Plant and Equipment**

The Society records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statement does not report these items as assets.

**E. Income Tax Status**

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

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Race Purse**

The Jackson County Harness stake races are held during the Jackson 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 Harness Horseman Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

**Ohio Fairs Fund**

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**G. 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.

The pari-mutuel wagering commission (the commission) is the Society’s share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**2. DEPOSITS**

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits was held in demand deposits insured by the Federal Deposit Insurance Corporation. The carrying amount of deposits at November 30, 2019 was as follows:

<b>Demand Deposits</b>	<b>\$193,618</b>
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**3. HORSE RACING**

**State Support Portion of Purse**

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year as State Support in the amount of \$68,572.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

**3. HORSE RACING (continued)**

**Pari-mutuel Wagering**

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

Total Amount Bet (Handle)	\$	6,830
Less: Payoff to Bettors		<u>(5,525)</u>
Pari-mutuel Wagering Commission		1,305
Tote Service Set Up Fee		(900)
Tote Service Commission		(168)
State Tax		<u>(127)</u>
Society Portion	\$	<u>110</u>

**4. DEBT**

Debt outstanding at the end of the year was as follows:

5.5% Note Payable for Playground Improvements	\$	23,376
5% Note Payable on a \$100,000 line of credit arrangement		<u>59,699</u>
	\$	<u>83,075</u>

The 5.5% note for playground equipment is an installment note due to Wesbanco Bank, Inc. (Wesbanco). This loan was negotiated in May 2017 and included repayment of an existing note for restroom repairs for \$6,806. The note bears interest at 5.5% and requires payments of \$500 principal plus interest each month until paid. The note matures in May 2022.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

**4. DEBT (continued)**

Amortization of the above installment debt, excluding interest, was scheduled at as follows:

<u>Year Ending November 30:</u>	<u>Playground Improvement Note</u>
2020	\$ 6,000
2021	6,000
2022	11,376
	<u>\$ 23,376</u>

The \$100,000 line of credit note is due to Ohio Valley Bank, Inc. The Society borrowed \$68,075 on this line of credit during 2019 to finance construction of a building. The loan bears interest at 5% and requires payments of \$3,023 monthly. The loan matures in August 2022.

**5. RISK MANAGEMENT**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Jackson County Agricultural Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018 (the latest information available):

Cash and investments	\$ 35,381,789
Actuarial liabilities	\$ 12,965,015

During 2019, the Society made no payments for causality claims that exceeded the limits of the casualty policy and no payments for property claims that exceeded the limits of the property policy.

During 2019, the Society did not make any significant changes to coverage from the prior year.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Jackson County Fair. In 2019 the Society disbursed \$-0- directly to the Junior Fair Board and \$24,705 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, 2019 is as follows:

Beginning Cash Balance	\$	1,595
Receipts		2,105
Disbursements		<u>(1,342)</u>
Ending Cash Balance	\$	<u>2,358</u>

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Jackson County auction. A commission, as a percent of selling price, on auction sales of 2% for steers, 6% for rabbits, poultry and turkeys and 4% for all other market animals is retained by the Junior Livestock Sale Committee to cover auction costs. 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, 2019 is as follows:

Beginning Cash Balance	\$	16,181
Receipts		312,188
Disbursements		<u>(318,210)</u>
Ending Cash Balance	\$	<u>10,159</u>

**8. SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. In addition, the impact of the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Jackson County Agricultural Society**  
**Jackson County**  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2018*

<b>Operating Receipts</b>	
Admissions	\$ 114,950
Privilege Fees	14,509
Sales by Fairboard	44,755
Rentals	85,440
Sustaining and Entry Fees	10,874
Pari-mutuel Wagering Commission	140
Other Receipts	<u>30,000</u>
<b><i>Total Operating Receipts</i></b>	<b><u>300,668</u></b>
<b>Operating Disbursements</b>	
Utilities	56,771
Professional Services	166,819
Equipment and Grounds Maintenance	22,108
Insurance and Bonding	13,746
Race Purse & Race Expenses	86,308
Junior Fair	8,595
Capital Outlay	6,859
Other Operating Disbursements	<u>38,287</u>
<b><i>Total Operating Disbursements</i></b>	<b><u>399,493</u></b>
<b><i>Excess (Deficiency) of Operating Receipts</i></b>	<b><u>(98,825)</u></b>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	84,962
County Support	10,000
Donations/Contributions	120,910
Interest Income	68
Debt Service	<u>(15,273)</u>
<b><i>Net Non-Operating Receipts (Disbursements)</i></b>	<b><u>200,667</u></b>
<b><i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i></b>	<b>101,842</b>
<b>Cash Balance, Beginning of Year</b>	<b><u>103,646</u></b>
<b><i>Cash Balance, End of Year</i></b>	<b><u><u>\$ 205,488</u></u></b>

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

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson County Agricultural Society, Jackson 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 1986 to operate an annual agricultural fair. The Society sponsors the week-long Jackson County Fair during July. During the fair, harness races are held. Jackson County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggering three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Jackson County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week as well as other year round activities at the fairgrounds, including facility rental, track and stall rental and community events. The reporting entity does not include other activities or entities of Jackson County, Ohio.

Notes 6 and 7 summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity respectively.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

**C. Deposits**

Cash assets of the Society are maintained in interest bearing checking accounts. The Society also has cash held in escrow by Wesbanco, Inc. See Note 2 for more information.

**D. Property, Plant and Equipment**

The Society records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statement does not report these items as assets.

**E. Income Tax Status**

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



**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Race Purse**

The Jackson County Harness stake races are held during the Jackson 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 Harness Horseman Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

**Ohio Fairs Fund**

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**G. 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.

The pari-mutuel wagering commission (the commission) is the Society’s share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**2. DEPOSITS**

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits was held in demand deposits insured by the Federal Deposit Insurance Corporation. The Society also has an outside bank account held in escrow by WesBanco, Inc. to segregate funds for the purpose of satisfying a loan. The carrying amount of deposits at November 30, 2018 was as follows:

Demand Deposits	\$ 185,135
Cash in Escrow Account	<u>20,353</u>
Total	<u><u>\$ 205,488</u></u>

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**3. HORSE RACING**

**State Support Portion of Purse**

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year as State Support in the amount of \$68,400.

**Pari-mutuel Wagering**

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

Total Amount Bet (Handle)	\$ 6,642
Less: Payoff to Bettors	<u>(5,352)</u>
Pari-mutuel Wagering Commission	1,290
Tote Service Set Up Fee	(800)
Tote Service Commission	(210)
State Tax	<u>(140)</u>
Society Portion	<u><u>\$ 140</u></u>

**4. DEBT**

Debt outstanding at the end of the year was as follows:

5.5% Note Payable for Playground Improvements	\$ 29,376
	<u>\$ 29,376</u>

The Wesbanco loan for playground improvements was negotiated in May 2017 and included repayment of an existing note for restroom repairs for \$6,806. The note bears interest at 5.5% and requires payments of \$500 principal plus interest each month until paid. The note matures in May 2022.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**4. DEBT (continued)**

Amortization of the above debt, excluding interest, was scheduled at as follows:

<u>Year Ending November 30:</u>	<u>Playground Improvement Note</u>
2019	\$ 6,000
2020	6,000
2021	6,000
2022	11,376
	<u>\$ 29,376</u>

The Society borrowed \$100,000 from Wesbanco for improvements to the lighting system at the fairgrounds. That note bore interest at 5.05% and required intermittent principal payments with interest settled monthly. The maturity date for that loan was January 7, 2018 and was repaid in December 2017.

**5. RISK MANAGEMENT**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Jackson County Agricultural Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**5. RISK MANAGEMENT (continued)**

Cash and investments	\$ 35,381,789
Actuarial liabilities	\$ 12,965,015

During 2018, the Society made no payments for causality claims that exceeded the limits of the casualty policy and no payments for property claims that exceeded the limits of the property policy.

During 2018, the Society did not make any significant changes to coverage from the prior year.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Jackson County Fair. In 2018 the Society disbursed \$0- directly to the Junior Fair Board and \$8,595 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 is as follows:

Beginning Cash Balance	\$ 2,027
Receipts	1,320
Disbursements	<u>(1,752)</u>
Ending Cash Balance	<u>\$ 1,595</u>

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Jackson County auction. A commission, as a percent of selling price, on auction sales of 2% for steers, 6% for rabbits, poultry and turkeys and 4% for all other market animals is retained by the Junior Livestock Sale Committee to cover auction costs. 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 is as follows:

Beginning Cash Balance	\$ 58,861
Receipts	308,942
Disbursements	<u>(351,622)</u>
Ending Cash Balance	<u>\$ 16,181</u>

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

**8. SUBSEQUENT EVENTS**

**The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. In addition, the impact of the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.**

**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***

**Independent Auditor's Report**

Board of Directors  
Jackson County Agricultural Society  
P.O. Box 382  
Wellston, Ohio 45692

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 Jackson County Agricultural Society, Jackson County, (the Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2020, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society.

**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 opinion 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.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

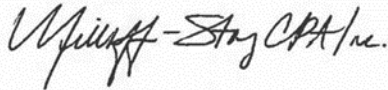
As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Society's Response to Findings**

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Society's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

April 14, 2020

**Jackson County Agricultural Society**  
*Schedule of Findings and Responses*  
*For the Years Ended November 30, 2019 and 2018*

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**Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS**

**FINDING NUMBER 2019-001**

**Significant Deficiency – Rentals**

Having sound internal controls over the receipting process for rentals is pertinent to a properly functioning control environment. During the testing of rental receipts there were several instances where we were unable to determine if charges for rentals were being calculated correctly. This was due to lack of an established fee schedule and use of formal rental agreements and/or missing rental agreements.

We recommend the Society implement procedures to ensure rental receipts can be tied to supporting documentation. If rentals are recorded in a batch, the individual supporting documents that makes up that batch should be clearly marked, making recalculation quick and easy. If there are contracts for rentals, they should be maintained and readily available.

***Client Response:***

I am entering a more detailed memo in Quickbooks and more detail on the receipts, also I am putting a copy of receipts in each month's folder.

**FINDING NUMBER 2019-002**

**Significant Deficiency – Segregation of Duties**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Society's staff did not allow for an adequate segregation of duties; the Treasurer performed all accounting functions. It is therefore important that the Society Board function as a finance committee to monitor financial activity closely. There was limited documentation of the extent to which the Board reviewed bank reconciliations, financial reports and records to monitor financial activity of the Society. Financial reports were not approved on a consistent basis per review of the Board minutes.

This could result in the ledgers of the Society not being posted up-to-date, errors in the reconciliation, and errors and omissions occurring in the Society's annual report without the timely knowledge of the Board.

Financial information should be presented to the Board on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. A periodic review should also be performed on the Society's ledgers to gain assurances that the records are posted up to date, in agreement with the presented reports and reflect authorized transactions. These reviews should be documented in the minutes of the Board meetings.

***Client Response:***

Each month I will provide necessary reports for the board to review.



**Jackson County Agricultural Society**  
*Schedule of Prior Audit Findings*  
*For the Years Ended November 30, 2019 and 2018*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Take, or Finding No Longer Valid, Explain
2017-001	Noncompliance & Material Weakness – Supporting Documentation for Expenditures	Yes	
2017-002	Material Weakness – Revenues	No	Partially corrected. Reissued, in part, as a finding 2019-001 and in management letter
2017-003	Material Weakness – Adjustments	No	Partially corrected. Reissued, in part, in management letter
2017-004	Significant Deficiency – Segregation of Duties	No	Reissued as finding 2019-002

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# OHIO AUDITOR OF STATE KEITH FABER



**JACKSON COUNTY AGRICULTURAL SOCIETY**

**JACKSON 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  
JUNE 18, 2020**