



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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RICHLAND COUNTY AGRICULTURAL SOCIETY  
RICHLAND COUNTY

REGULAR AUDIT

For the Years Ended November 30, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Richland County Agricultural Society  
750 N. Home Rd  
Mansfield, OH 44906

We have reviewed the *Independent Auditor's Report* of the Richland County Agricultural Society, Richland County, prepared by BHM CPA Group, 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 Richland 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 16, 2020

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***RICHLAND COUNTY AGRICULTURAL SOCIETY***  
***RICHLAND COUNTY***  
*For the Years Ended November 30, 2018 and 2017 Table*  
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**INDEPENDENT AUDITOR'S REPORT**

Richland County Agricultural Society  
Richland County  
750 North Home Road  
Mansfield, Ohio 44906

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Richland County Agricultural Society, Richland 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(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 2 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, 2018 and 2017, and the respective changes in financial position 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 by fund type, and related notes of the Richland County Agricultural Society, Richland County as of November 30, 2018 and 2017, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 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 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
May 28, 2020



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

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<b>Operating Receipts</b>	
Admissions	\$191,064
Privilege Fees	70,777
Rentals	301,377
Sustaining and Entry Fees	35,657
Pari-mutuel wagering commission	451
Other Operating Receipts	<u>83,399</u>
<i>Total Operating Receipts</i>	<u>682,725</u>
 <b>Operating Disbursements</b>	
Wages and Benefits	161,573
Utilities	118,185
Professional Services	105,389
Equipment and Grounds Maintenance	142,411
Race Purse	87,935
Senior Fair	25,814
Junior Fair	5,038
Other Operating Disbursements	<u>186,842</u>
<i>Total Operating Disbursements</i>	<u>833,187</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>(150,462)</u>
 <b>Non-Operating Receipts (Disbursements)</b>	
State Support	13,431
County Support	3,300
Donations/Contributions	187,056
Gain/(Loss) on Investment	(11,614)
Debt Service	<u>(11,701)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>180,472</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 30,010
 Cash Balance, Beginning of Year	 <u>79,995</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$110,005</u></u>

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

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 1 – Reporting Entity**

The Richland County Agricultural Society, Richland County, Ohio, (the Society) 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 1850 to operate an annual agricultural fair. The Society sponsors the week – long Richland County Fair during August. During the fair, harness races are held, culminating in the running of the Northern Ohio Colt Stakes. Richland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Richland 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 and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including a flea market and “Christmas Wonderland.” The reporting entity does not include any other activities or entities of Richland County, Ohio.

Notes 8 and 9, 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 statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Basis of Accounting***

This financial statement follows 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). 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 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).

This statement includes 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.

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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***Deposits 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 sale as receipts or disbursements, respectively.

The Society's mutual fund investment is recorded at the fair market value.

***Capital Assets***

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

***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) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

***Race Purse***

North Ohio Colt Stakes stake races are held during the Richland 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 the United States Trotting 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 4 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 statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 3 – Deposits and Investments**

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

	2018
Demand deposits	\$67,248
Investment (mutual funds)	42,757
Total deposits and investments	\$110,005

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2018, in the amount of \$13,431 as State Support.

***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 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 the 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)	\$ 12,099
Less: Payoff to Bettors	(9,150)
Parimutuel Wagering Commission	2,949
Tote Service Set Up Fee	(800)
Tote Service Commission	(1,328)
State Tax	(370)
Society Portion	\$ 451

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 5 – Risk Management**

The Richland County Commissioners provide general insurance coverage for all the buildings on the Richland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

The Society provides workers' compensation coverage on all employees through the State of Ohio worker's compensation fund. Coverage is currently in effect through June 30, 2020.

**Note 6 – Social Security**

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

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

**Note 7 – Debt**

Debt outstanding at November 30, 2018, was as follows:

	Principal	Interest Rate
County Loan	91,103	4.00%
Total	\$91,103	

Richland County loaned the Society \$500,000 on August 1, 2007, to construct a new exhibition barn for poultry, expanding a bath and shower facility, and improving water lines. The Society was originally to repay the loan in monthly installments of \$8,333, plus 4% interest. However, the County and Society have subsequently made verbally agreed-upon modifications to the original payment schedule. A formal written repayment plan has not yet been established.

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 8 – Junior Fair Board**

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Richland County Fair. The Society disbursed \$4,632 directly to the Junior Fair Board and \$406 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Richland County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board’s financial activity for the fiscal year ended November 30, 2018, follows:

	2018
Beginning Cash Balance	\$ 12,856
Receipts	11183
Disbursements	<u>(6,255)</u>
Ending Cash Balance	<u>\$ 17,784</u>

**Note 9 – 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 Richland County’s auction. A commission of 3 percent 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 fiscal year ended November 30, 2018, follows:

	2018
Beginning Cash Balance	\$ 68,483
Receipts	701,042
Disbursements	<u>(704,748)</u>
Ending Cash Balance	<u>\$ 64,777</u>

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**Richland County Agricultural Society**  
*Richland County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2017*

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<b>Operating Receipts</b>	
Admissions	\$159,989
Privilege Fees	70,681
Rentals	268,480
Sustaining and Entry Fees	35,211
Pari-mutuel wagering commission	482
Other Operating Receipts	<u>77,421</u>
<i>Total Operating Receipts</i>	<u>612,264</u>
 <b>Operating Disbursements</b>	
Wages and Benefits	171,366
Utilities	108,678
Professional Services	95,081
Equipment and Grounds Maintenance	105,113
Race Purse	87,940
Senior Fair	27,415
Junior Fair	5,544
Other Operating Disbursements	<u>149,684</u>
<i>Total Operating Disbursements</i>	<u>750,821</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>(138,557)</u>
 <b>Non-Operating Receipts (Disbursements)</b>	
State Support	14,280
County Support	3,300
Donations/Contributions	121,035
Sale of Asset	1,250
Gain on Investment	10,982
Miscellaneous Revenue	38,980
Debt Service	<u>(50,657)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>139,170</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 613
 Cash Balance, Beginning of Year ( <i>as restated</i> )	 <u>79,382</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$79,995</u></u>

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



**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 1 – Reporting Entity**

The Richland County Agricultural Society, Richland County, Ohio, (the Society) 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 1850 to operate an annual agricultural fair. The Society sponsors the week – long Richland County Fair during August. During the fair, harness races are held, culminating in the running of the Northern Ohio Colt Stakes. Richland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Richland 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 and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including a flea market and “Christmas Wunderland.” The reporting entity does not include any other activities or entities of Richland County, Ohio.

Notes 8 and 9, 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 statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Basis of Accounting***

This financial statement follows 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). 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 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).

This statement includes 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.

***Deposits 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 sale as receipts or disbursements, respectively.

The Society’s mutual fund investment is recorded at the fair market value.

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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***Capital Assets***

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

***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) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

***Race Purse***

North Ohio Colt Stakes stake races are held during the Richland 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 the United States Trotting 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 4 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 statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**Note 3 – Deposits and Investments**

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

	2017
Demand deposits	<u>\$26,194</u>
Investment (mutual fund)	<u>53,801</u>
Total deposits and investments	<u><u>\$79,995</u></u>

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2017, in the amount of \$14,280 as State Support.

***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 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 the 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)	\$ 12,115
Less: Payoff to Bettors	(9,194)
Parimutuel Wagering Commission	2,921
Tote Service Set Up Fee	(700)
Tote Service Commission	(1,417)
State Tax	(322)
Society Portion	\$ 482

**Note 5 – Risk Management**

The Richland County Commissioners provide general insurance coverage for all the buildings on the Richland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

The Society provides workers’ compensation coverage on all employees through the State of Ohio worker’s compensation fund. Coverage is currently in effect through June 30, 2020.

**Note 6 – Social Security**

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

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

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 7 – Debt**

Debt outstanding at November 30, 2017, was as follows:

	Principal	Interest Rate
County Loan	102,103	4.00%
Total	\$102,103	

Richland County loaned the Society \$500,000 on August 1, 2007, to construct a new exhibition barn for poultry, expanding a bath and shower facility, and improving water lines. The Society was originally to repay the loan in monthly installments of \$8,333, plus 4% interest. However, the County and Society have subsequently made verbally agreed-upon modifications to the original payment schedule. A formal written repayment plan has not yet been established.

**Note 8 – Junior Fair Board**

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Richland County Fair. The Society disbursed \$4,429 directly to the Junior Fair Board and \$625 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Richland paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	\$8,813
Receipts	10,114
Disbursements	(6,071)
Ending Cash Balance	\$12,856

**Richland County Agricultural Society**  
*Richland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 9 – 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 Richland County’s auction. A commission of 3 percent 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 fiscal year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	\$ 55,004
Receipts	609,027
Disbursements	(595,548)
Ending Cash Balance	\$ 68,483

**Note 10 – Beginning Balance Restatement**

A restatement of beginning cash fund balances as of December 1, 2016 was required to properly account for checks that were voided that related to prior audit periods. The Society voided checks writing during 2010 through 2016 which restated their beginning fund balance at December 1, 2016. Voiding these checks had the following effects on cash fund balances at December 1, 2016:

General Fund Balance, December 1, 2016 - As previously stated	\$ 65,798
Void checks from prior period	13,584
General Fund Balance, December 1, 2016 - Restated	\$ 79,382



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Richland County Agricultural Society  
Richland County  
750 North Home Road  
Mansfield, Ohio 44906

To the Board of Directors:

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 cash balances, receipts, and disbursements by fund type of the Richland County Agricultural Society, Richland County, (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 May 28, 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.

***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-002 to be a significant deficiency.

**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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-003.

**Society's Response to Findings**

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Society's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 report is not suitable for any other purpose.



BHM CPA Group, Inc.  
Piketon, Ohio  
May 28, 2020

**Richland County Agricultural Society  
Richland County  
Schedule of Findings  
November 30, 2018 and 2017**

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**1. SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2018-001**

**Noncompliance – Unallowable Interest**

Ohio Rev. Code § 135.14(B) indicates the treasurer or governing board may invest or deposit any part or all of the interim moneys. The following classifications of obligations shall be eligible for such investment or deposit:

- (1) United States treasury bills, notes, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
- (3) No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section.

In prior years, the Society invested a donation of \$7,000 in a mutual fund investment account which invests in, among other things, common stock of corporations. As of November 30, 2018, this investment account was still open and valued at \$42,757. A mutual fund which invests in corporate common stock is not an eligible investment for the Society, based on the Revised Code Section noted above.

Placing Society monies in unallowable investments could lead to greater risk of investment losses.

We recommend the Society ensure investments are only made in compliance with Ohio Revised Code requirements. The Society should divest itself of the mutual fund investment account when it is economically feasible and place these funds in eligible investments.

**Officials' Response:** The Society will look into other options for this investment.

**FINDING NUMBER 2018-002**

**Significant Deficiency – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended November 30, 2017:

- During 2017, proceeds from an insurance check related to a horse barn fire were applied to the Society's loan and these transactions were not recorded in the Society's accounting system or on the Society's financial statements. Miscellaneous revenue was increased by \$38,980 and Debt Services Expenditures increased by \$38,980 to account for this transaction.



**Richland County Agricultural Society**  
**Richland County**  
**Schedule of Findings**  
**November 30, 2018 and 2017**

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**FINDING NUMBER 2018-002**  
**(Continued)**

These errors were not identified and corrected prior to the Society preparing its financial statements due to deficiencies in the Society's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes.

To help ensure the Society's financial statements and notes to the statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board, to help identify and correct errors and omissions.

**Officials' Response:** We did not receive a response to this finding.

**FINDING NUMBER 2018-003**

**Noncompliance – Timely Deposits**

**Ohio Rev. Code § 9.38** provides that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The Board has not taken action to extend the time period for deposits under \$1,000 to three business days after receipt.

It was noted that 41% of receipts tested during 2017 and 41% of receipts tested during 2018 were not deposited in accordance with ORC 9.38

We recommend that Society implement the necessary internal controls to ensure that the deposits are completed in a timely manner.

**Officials' Response:** We did not receive a response to this finding.

**Richland County Agricultural Society**  
**Richland County**  
**Schedule of Prior Audit Findings**  
**November 30, 2018 and 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2016-001	Rental Receipts – Significant Deficiency	Yes	
2016-002	Monthly Bank Reconciliations – Material Weakness	Yes	
2016-003	Debit Card Expenditures and Supporting Documentation – Noncompliance / Significant Deficiency	Yes	
2016-004	Unallowable Investment – Noncompliance	No	Reissued as Finding 2018-001
2016-005	Finding for Recovery Repaid Under Audit – Alcohol Purchase	Yes	

# OHIO AUDITOR OF STATE KEITH FABER



**RICHLAND COUNTY AGRICULTURAL SOCIETY**

**RICHLAND 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 30, 2020**