

Adams County Agricultural Society  
Adams County  
Regular Audit  
For the Years Ended November 30, 2014 and 2013



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548  
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978  
Fax: 888.876.8549  
[natalie@millhuffstangcpa.com](mailto:natalie@millhuffstangcpa.com) / [roush@millhuffstangcpa.com](mailto:roush@millhuffstangcpa.com)  
[www.millhuffstangcpa.com](http://www.millhuffstangcpa.com)





# Dave Yost • Auditor of State

Board of Directors  
Adams County Agricultural Society  
PO Box 548  
West Union, OH 45693

We have reviewed the *Independent Auditor's Report* of the Adams County Agricultural Society, Adams County, prepared by Millhuff-Stang, CPA, Inc., for the audit period December 1, 2012 through November 30, 2014. 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 Adams County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 14, 2015

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**Adams County Agricultural Society**  
**Adams County**  
*Table of Contents*  
*For the Years Ended November 30, 2014 and 2013*

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Title	Page
Independent Auditor's Report .....	1
Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) –For the Years Ended November 30, 2014 and 2013 .....	3
Notes to the Financial Statements .....	4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	7



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### Independent Auditor's Report

Board of Directors  
Adams County Agricultural Society  
P.O. Box 548  
West Union, Ohio 45693

#### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of the Adams County Agricultural Society, Adams County, (the Society) as of and for the years ended November 30, 2014 and 2013.

#### *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 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.

#### *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.

Adams County Agricultural Society  
Independent Auditor's Report  
Page 2

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, 2014 and 2013, or 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 of the Adams County Agricultural Society, Adams County, as of November 30, 2014 and 2013, and its 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(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, 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.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.

September 30, 2015

**Adams County Agricultural Society**  
**Adams County**  
*Statement of Receipts, Disbursements, and  
 Changes in Fund Balance (Cash Basis)*  
*For the Years Ended November 30, 2014 and 2013*

	2014	2013
Operating Receipts:		
Admissions	\$126,507	\$94,908
Privilege Fees	24,363	21,115
Rentals	20,109	15,320
Other Operating Receipts	16,565	17,595
Total Operating Receipts	187,544	148,938
Operating Disbursements:		
Wages and Benefits	6,204	7,921
Utilities	32,400	33,283
Professional Services	60,888	48,531
Equipment and Grounds Maintenance	12,391	10,513
Contest	25,203	21,737
Senior Fair	6,699	6,748
Junior Fair	9,494	6,145
Capital Outlay	7,837	69,395
Other Operating Disbursements	39,185	29,309
Total Operating Disbursements	200,301	233,582
Deficiency of Operating Receipts Under Operating Disbursements	(12,757)	(84,644)
Non-Operating Receipts (Disbursements)		
State Support	3,412	5,542
County Support	3,800	2,800
Restricted Donations/Contributions	27,543	16,402
Unrestricted Donations/Contributions	12,695	4,052
Investment Income	19	14
Proceeds from Insurance	0	68,792
Other Non-Operating Receipts	9,910	0
Debt Service:		
Principal Retirement	(13,795)	(13,523)
Interest and Fiscal Charges	(7,308)	(7,580)
Net Non-Operating Receipts (Disbursements)	36,276	76,499
Excess (Deficiency) of Receipts Over (Under) Disbursements	23,519	(8,145)
Fund Balance, Beginning of Year	31,542	39,687
Fund Balance, End of Year	<u><u>\$55,061</u></u>	<u><u>\$31,542</u></u>

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

**Adams County Agricultural Society**

**Adams County**

*Notes to the Financial Statements*

*For the Years Ended November 30, 2014 and 2013*

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**Note 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 the Adams County Agricultural Society, Adams County, Ohio (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 1851 to operate an annual agricultural fair. The Society sponsors the week-long Adams County Fair during July. Adams County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of nine-teen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Adams County and pay an annual membership fee to the Society.

**Reporting Entity**

This reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, and other year round activities at the fairgrounds including facility rental, stall rental, and community events including trade shows, horse shows, and car shows. The reporting entity does not include any other activities or entities of Adams County, Ohio.

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

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

**B. Basis of Accounting**

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

Interest earned is recognized and recorded when received.

**D. 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.

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific items.

**Adams County Agricultural Society**  
**Adams County**  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2014 and 2013*

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**F. 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.

**Note 2 – Deposits**

The carrying amount of cash at year end is as follows:

	2014	2013
Demand Deposits	\$55,061	\$31,542

*Deposits:* The Federal Depository Insurance Corporation (FDIC) insures up to \$250,000 of the Society's bank balance. At November 30, 2014 and 2013, the entire balance of the Society's deposits were covered by the FDIC.

**Note 3 – Debt**

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest Rate
USDA Mortgage Loan	\$48,856	5.75%
Mortgage Loan	33,788	6.00%
Vogel Loan	6,596	8.00%
Total	<u>\$89,240</u>	

The United States Department of Agriculture (USDA) Mortgage Loan bears an interest rate of 5.75% and is due to USDA Rural Development. The note was entered into on June 22, 1988 and matures on June 22, 2018. Proceeds of the note were used to construct a cattle barn and the USDA Rural Development has a mortgage against the cattle barn.

The Mortgage Loan was to refinance outstanding debts which included operating lines of credit from 2010 and 2011. It bears an interest rate of 6% and is due to a local financial institution. The loan was taken out for \$38,000 on May 31, 2012 and matures on June 1, 2018. The loan is collateralized by property located at 806 Boyd Avenue, adjacent to the fairgrounds.

The Vogel Loan was for the purchase of land for the Society. It bears an interest rate of 8% and is due to a local financial institution. The loan was taken out for \$12,000 on May 31, 2012 and matures on June 1, 2017. The loan is collateralized by specific equipment identified in the security agreement.

Amortization of the above debt, including interest is scheduled as follows:

Year Ending November 30:	USDA			
	Mortgage Loan	Mortgage Loan	Vogel Loan	Total
2015	\$14,334	\$ 3,850	\$ 2,920	\$ 21,104
2016	14,334	3,850	2,920	21,104
2017	14,334	3,850	1,460	19,644
2018	14,334	28,639	0	42,973
Total	<u>\$57,336</u>	<u>\$40,189</u>	<u>\$ 7,300</u>	<u>\$104,825</u>

**Adams County Agricultural Society**

**Adams County**

*Notes to the Financial Statements*

*For the Years Ended November 30, 2014 and 2013*

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**Note 4 – Risk Management**

The Adams County Commissioners provide general insurance coverage for all the buildings on the Adams County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$3,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Secretary/Treasurer is bonded with coverage of \$25,000.

**Note 5 – Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**Note 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 Adams County Fair. The Society disbursed \$6,145 in 2013 and \$9,494 in 2014 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair disbursements. 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 years ended November 30, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Beginning Cash Balance	\$6,157	\$5,241
Receipts	8,388	10,969
Disbursements	(10,124)	(10,053)
Ending Cash Balance	<u>\$4,421</u>	<u>\$6,157</u>

**Note 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 Adams County's auction. A commission of three percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Beginning Cash Balance	\$2,574	\$2,177
Receipts	270,347	336,092
Disbursements	(270,108)	(335,695)
Ending Cash Balance	<u>\$2,813</u>	<u>\$2,574</u>



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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Adams County Agricultural Society  
P.O. Box 548  
West Union, Ohio 45693

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 Adams County Agricultural Society, Adams County, (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2015, wherein we noted the Society followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Adams County Agricultural Society  
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*  
Page 2

### **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*.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.

September 30, 2015

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# Dave Yost • Auditor of State

ADAMS COUNTY AGRICULTURAL SOCIETY

ADAMS 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 29, 2015