

**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Athens County Agricultural Society
PO Box 669
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Athens County Agricultural Society, Athens County, prepared by Julian & Grube, Inc., for the audit period December 1, 2016 through November 30, 2017. 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 Athens County Agricultural Society is responsible for compliance with these laws and regulations

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

Keith Faber
Auditor of State
Columbus, Ohio

June 6, 2019

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**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Athens County Agricultural Society
Athens County
P.O. Box 669
Athens, Ohio 45701

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Athens County Agricultural Society, Athens County, Ohio, as of and for the fiscal year ended November 30, 2017.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 Athens County Agricultural Society's preparation and fair presentation of the financial statement 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 Athens County Agricultural 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 opinion.

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

As described in Note 2 of the financial statement, the Athens County Agricultural Society prepared this financial statement 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 statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Athens County Agricultural Society does not intend this statement 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Athens County Agricultural Society as of November 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Athens County Agricultural Society, Athens County as of November 30, 2017, for the fiscal year 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 22, 2019, on our consideration of the Athens County Agricultural 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 Athens County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 22, 2019

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

Operating Receipts	
Admissions	\$ 142,890
Privilege Fees	25,746
Rentals	67,357
Racing	15,995
Sales Activity	1,557
Utilities	875
Fees	17,314
Asset Sales	120
Sales by Fair Board	581
	<u>272,435</u>
<i>Total Operating Receipts</i>	
Operating Disbursements	
Salaries and Wages	31,927
Benefits	4,301
Administrative	17,790
Supplies	9,684
Utilities	34,770
Race	82,166
Service	87,318
Property	31,160
Advertising	6,601
Insurances	10,259
Rent/Leases	7,022
Capital Outlay	57,234
Senior Fair	6,979
Contest	7,255
Junior Fair	23,202
Miscellaneous	1,010
	<u>418,678</u>
<i>Total Operating Disbursements</i>	
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(146,243)</u>
Non-Operating Receipts (Disbursements)	
State Support	64,280
Taxes Pari-Mutuel Tax	81
Local Government	3,000
Restricted Support	87,511
Interest Received	205
	<u>155,077</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	
	8,834
Cash Balance, Beginning of Year	<u>114,292</u>
<i>Cash Balance, End of Year</i>	<u>\$ 123,127</u>

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

Athens County Agricultural Society
Athens County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 1 – Reporting Entity

The Athens County Agricultural Society (the “Society”), Athens County, Ohio, 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 1851 to operate an annual agricultural fair. The Society sponsors the week – long Athens County Junior Fair during August. Athens County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board Members from its membership. Members of the Society must be residents of Athens County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows, concerts and truck pulls. The reporting entity does not include any other activities or entities of Athens County, Ohio.

Notes 7 and 8, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and change 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.

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.

Athens County Agricultural Society
Athens County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

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.

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

Harness stake races are held during the Athens 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 Southern Valley Colt 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 racing receipts.

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. See Note 4 for additional information.

Athens County Agricultural Society
Athens County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 3 – Deposits

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

	2017
Demand deposits	\$71,598
Other time deposits (savings and NOW accounts)	51,529
Total deposits	\$123,127

Deposits

Deposits are insured by the Federal Depository 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 year ended November 30, 2017, was \$60,600 as Restricted Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany 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 race disbursements, State taxes, which are also paid from the Pari-mutuel Wagering Commission, are reflected in taxes, pari-mutuel tax non-operating disbursements, and the amount remaining is the Society’s net portion.

	2017
Total Amount Bet (Handle)	\$ 3,043
Less: Payoff to Bettors	(2,452)
Parimutuel Wagering Commission	591
Tote Service Set Up Fee	(1,100)
State Tax	(64)
Society Portion	\$ (573)

Athens County Agricultural Society
Athens County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2017.

The Athens County Commissioners provide general insurance coverage for all the buildings on the Athens County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$40,000.

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.

Note 7 – 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 Athens County Fair. The Society disbursed \$23,202 directly to the Junior Fair Board or 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. The accompanying financial statement do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2017, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 222
Receipts	973
Disbursements	<u>(824)</u>
Ending Cash Balance	<u>\$ 371</u>

Athens County Agricultural Society
Athens County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 8 – 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 County Fairs auction. A commission of 3.00 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 year ended November 30, 2017, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 13,872
Receipts	316,429
Disbursements	<u>(328,171)</u>
Ending Cash Balance	<u>\$ 2,130</u>



Julian & Grube, Inc.
Serving Ohio Local Governments

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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***

Athens County Agricultural Society
Athens County
P.O. Box 669
Athens, Ohio 45701

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 statement of the cash balances, receipts and disbursements of the Athens County Agricultural Society, Athens County, Ohio, as of and for the fiscal year ended November 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated May 22, 2019, wherein we noted the Athens County Agricultural 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 Athens County Agricultural 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 opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Athens County Agricultural 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 Athens County Agricultural Society's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Athens County Agricultural Society's financial statement is 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 22, 2019

OHIO AUDITOR OF STATE
KEITH FABER



ATHENS COUNTY AGRICULTURAL SOCIETY

ATHENS 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, 2019**