



**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY
Regular Audit
For the Years Ended November 30, 2018 and 2017**

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Marietta, OH 45750
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Vienna, WV 26105
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Coshocton County Agricultural Society
707 Kenilworth Avenue
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of the Coshocton County Agricultural Society, Coshocton County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit – Public Property Converted or Misappropriated

Ohio Auditor of State Uniform System of Accounting for Agricultural Societies manual (page 7) requires, in part, that expenses shall be recorded, when paid, in the appropriate expense account and that sufficient documentation shall be retained to support the expense.

For the period of May 20, 2013 through December 31, 2015, Pamela Bordenkircher served as Secretary for the Coshocton County Agricultural Society (the Society). In this capacity, Ms. Bordenkircher maintained the Society's bookkeeping software, generated Society checks, was an authorized signer on all Society bank accounts, and had control of the Society's credit card. There was no segregation of duties and no oversight of Ms. Bordenkircher's work. Society checks required dual signatures from both the Secretary and Treasurer. However, the Treasurer's signature was typically affixed using a signature stamp. Monthly payment reports were presented to the Society Board, but Ms. Bordenkircher manipulated the accounting software to conceal the unauthorized payments from the reports.

A review of Society expenditures revealed multiple categories of unauthorized payments as follows:

- 35 non-payroll Society checks were issued to Ms. Bordenkircher in the amount of \$25,288.
- Nine Society checks totaling \$4,257 were made payable to Home Loan Savings Bank. Ms. Bordenkircher received cash for all nine of these checks.
- Four cash withdrawals totaling \$16,000 were made from Society bank accounts. The withdrawal slips were signed by Ms. Bordenkircher. The corresponding accounting transactions and Society records were reviewed and revealed none of the withdrawals were for a Society purpose.
- Seven credit card transactions totaling \$763.

In addition to the unauthorized transactions noted, we also performed a reconciliation of Ms. Bordenkircher's payroll for the period of January 10, 2014 – October 30, 2015. This reconciliation showed Ms. Bordenkircher was underpaid by \$4,477. This underpayment was offset against the total unauthorized payments in the amount of \$46,308 which resulted in a net finding for recovery amount of \$41,831, as summarized below.

Finding for Recovery Summary

Scheme Category	Amount
Checks to Ms. Bordenkircher	\$ 25,288
Payments to Bank Cashed by Ms. Bordenkircher	\$ 4,257
Cash Withdrawals	\$ 16,000
Unsupported Credit Card Purchases	\$ 763
Total	\$ 46,308
Less Payroll Credit	\$ (4,477)
Finding For Recovery Total	\$ 41,831

On February 28, 2020, Ms. Bordenkircher was indicted by the Coshocton County Grand Jury for one count of grand theft (Ohio Rev. Code § 2913.02(A)(1), 2913.02(B)(2)), a felony of the fourth degree, and four counts of theft (Ohio Rev. Code § 2913.02(A)(1), 2913.02(B)(2)), felonies of the fifth degree. On October 9, 2020, Ms. Bordenkircher entered guilty pleas for all charges.

On December 14, 2020, Ms. Bordenkircher was sentenced by the Coshocton County Common Pleas Court (case number 2020CR0019) to 12 months confinement in a State Penal Institution for one count of grand theft and 11 months of confinement in a State Penal Institution for four counts of theft. The sentences shall be served concurrent to each other.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public property converted or misappropriated is hereby issued against Pamela Bordenkircher in the amount of \$41,831 and in the favor of the Coshocton County Agricultural Society.

On October 20, 2020, Public Entities Pool of Ohio, the Society's insurance company, issued check #7491 in the amount of \$41,831 to the Coshocton County Agricultural Society to repay the finding in full.

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. Coshocton County Agricultural Society is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

February 11, 2021

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 30, 2019

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the **Coshocton County Agricultural Society**, Coshocton County, (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 the 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 the 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.

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

As described in Note 2 of the financial statements, the Society prepared the 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, and related notes of Coshocton County Agricultural Society, Coshocton 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 August 30, 2019, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2018**

Operating Receipts:	
Admissions	\$ 381,051
Privilege Fees	96,470
Rentals	76,453
Sustaining and Entry Fees	62,334
Pari-mutuel Wagering Commission	12,384
Other Operating Receipts	<u>28,456</u>
Total Operating Receipts	<u>657,148</u>
Operating Disbursements:	
Wages and Benefits	65,273
Utilities	66,226
Professional Services	198,652
Equipment and Grounds Maintenance	1,981
Race Purse	90,103
Senior Fair	217,295
Junior Fair	19,541
Capital Outlay	2,934
Other Operating Disbursements	<u>152,102</u>
Total Operating Disbursements	<u>814,107</u>
(Deficiency) of Operating Receipts	(156,959)
(Under) Operating Disbursements	
Non-Operating Receipts (Disbursements):	
State Support	92,724
County Support	2,800
Donations/Contributions	69,972
Investment Income	92
Debt Service	<u>(19,278)</u>
Net Non-Operating Receipts (Disbursements)	<u>146,310</u>
Change in Cash Balance	(10,649)
Cash Balance, Beginning of Year	<u>154,865</u>
Cash Balance, End of Year	<u><u>\$ 144,216</u></u>

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

Coshocton County Agricultural Society

Coshocton County, Ohio

Notes to the Financial Statements

For the Year Ended November 30, 2018

Note 1 – Reporting Entity

The Coshocton County Agricultural Society, Coshocton County (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 1851 to operate an annual agricultural fair. The Society sponsors the week – long Coshocton County Fair during October. During the fair, harness races are held, culminating in the running of the Home Talent Stakes. Coshocton 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 Coshocton County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including Balloon Races, Relay for Life, Rough Truck Circus, Fireworks, 4-H Activities and Horse Shows. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

Note 8 summarizes the Junior Fair Board's financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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). 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).

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

Capital Assets

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

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Home Talent stake races are held during the Coshocton 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 Horsemen's 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 report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund the State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse.

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

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

	2018
Demand deposits	<u>\$ 144,216</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Coshocton County Agricultural Society

Coshocton County, Ohio

Notes to the Financial Statements

For the Year Ended November 30, 2018

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2018, was \$63,200, as State 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 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.

	<u>2018</u>
Total Amount to Bet (Handle)	\$ 13,482
Less: Payoff to Bettors	<u>(10,729)</u>
Parimutuel Wagering Commission	2,753
Tote Service Set Up Fee	(1,350)
Tote Service Commission	(659)
Sales Tax	<u>(389)</u>
Society Portion	<u>\$ 355</u>

Note 5 – Risk Management

The (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:

	<u>2018</u>
Assets	\$35,381,789
Liabilities	(12,965,015)
Net Position	\$22,416,774

Coshocton County Agricultural Society

Coshocton County, Ohio

Notes to the Financial Statements

For the Year Ended November 30, 2018

Note 6 – Social Security

Society employees contributed to Social Security.

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

The Society paid \$17,931 toward the Peoples Bank mortgage loan. The debt has been paid in full as of November 30, 2018. No other debt is owed by the Society.

Note 8 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scouts, Girl Scouts, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Coshocton County Fair. The Society disbursed \$7,734 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. The Junior Fair Board's financial activity for the year ended November 30, 2018 follows:

	<u>2018</u>
Beginning Cash Balance	\$ 1,928
Receipts	9,522
Disbursements	<u>(7,734)</u>
Ending Cash Balance	<u><u>\$ 3,716</u></u>

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Operating Receipts:	
Admissions	\$ 381,766
Privilege Fees	99,839
Rentals	74,909
Sustaining and Entry Fees	69,961
Pari-mutuel Wagering Commission	11,220
Other Operating Receipts	<u>28,814</u>
Total Operating Receipts	<u>666,509</u>
Operating Disbursements:	
Wages and Benefits	66,767
Utilities	69,363
Professional Services	159,546
Race Purse	88,568
Senior Fair	231,347
Junior Fair	23,130
Capital Outlay	174,669
Other Operating Disbursements	<u>123,284</u>
Total Operating Disbursements	<u>936,674</u>
(Deficiency) of Operating Receipts	(270,165)
(Under) Operating Disbursements	
Non-Operating Receipts (Disbursements):	
State Support	206,680
County Support	2,800
Donations/Contributions	33,175
Investment Income	173
Debt Service	<u>(16,761)</u>
Net Non-Operating Receipts (Disbursements)	<u>226,067</u>
Change in Cash Balance	(44,098)
Cash Balance, Beginning of Year	<u>198,963</u>
Cash Balance, End of Year	<u><u>\$ 154,865</u></u>

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

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 1 – Reporting Entity

The Coshocton County Agricultural Society (the Society), Coshocton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week – long Coshocton County Fair during October. During the fair, harness races are held, culminating in the running of the Home Talent Stakes. Coshocton 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 Coshocton County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including Balloon Races, Relay for Life, Rough Truck, Circus, Fireworks, 4-H Activities and Horse Shows. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

Note 9 summarizes the Junior Fair Board's and Junior financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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). 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).

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

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.

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do 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

Home Talent Colt stake races are held during the Coshocton 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 Horsemen's 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 report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse.

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

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

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 3 – Deposits (Continued)

	2017
Demand deposits	\$ 154,865

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2017, was \$60,600.00, as State 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 Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2017
Total Amount to Bet (Handle)	\$ 10,470
Less: Payoff to Bettors	(8,337)
Parimutuel Wagering Commission	2,133
Tote Service Set Up Fee	(1,200)
Tote Service Commission	(413)
Sales Tax	(298)
Society Portion	\$ 222

Note 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 Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 5 – Risk Management (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Society's share of these unpaid claims collectible in future years is approximately \$15,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u>
\$22,705

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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.

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 5 – Risk Management (Continued)

The Coshocton County Commissioners provide general insurance coverage for all the buildings on the County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of 2,000,000 and \$250,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$60,000.

Note 6 – Social Security

Society employees contributed to Social Security.

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 – Debt

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

	Principal	Interest Rate
Ohio Heritage Bank Loan	\$ 17,729	4.00%
Total	\$ 17,729	

The mortgage loan was entered into on January 26, 2004 and matures January 26, 2019 at a 4:00% interest rate. Proceeds of the loan were used to purchase three properties for a parking lot.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Principal	Interest	Total
2018	\$ 17,729	\$ 202	\$ 17,931
Total	\$ 17,729	\$ 202	\$ 17,931

Note 8 – Construction and Contractual Commitments

In 2017 we updated our Grandstand. The work is complete and paid in full.

Note 9 – 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 Coshocton County Fair. The Society disbursed \$5,527 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. The Junior Fair Board's financial activity for the year ended November 30, 2017, follows:

Coshocton County Agricultural Society
Coshocton County, Ohio
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 9 – Junior Fair Board (Continued)

	<u>2017</u>
Beginning Cash Balance	\$ 96
Receipts	7,359
Disbursements	<u>(5,527)</u>
Ending Cash Balance	<u><u>\$ 1,928</u></u>



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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., Suite A
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740 695 1569

1310 Market St., Suite 300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740 435 3417

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

August 30, 2019

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

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 of the **Coshocton County Agricultural Society**, Coshocton County, Ohio, (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated August 30, 2019, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

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

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-001.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance

Annual Budget

The “Uniform System of Accounting of Agricultural Societies” requires each agricultural society to prepare a budget of its revenues and expenses. The budget shall cover the period December 1st through November 30th. The budget shall be considered approved by the Board of Directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of the accounts from the chart of accounts which are used by the Society. The Board did not prepare or approve a budget for either 2018 or 2017.

The Board should review the budgetary retirement under the “Uniform System of Accounting for Agricultural Societies” and formally approve a budget annually. The budget should be approved at the same level as the chart of accounts used by the Society, which is the object level. Budgetary amounts should be integrated, if possible, into the Society’s computer system and monthly budget versus actual reports should be reviewed and approved by the Board. This will help ensure the Board is aware of all the Society’s financial activity, as well as provide useful information to make informed decisions.

The Board did prepare and approve a budget in 2019.

Management’s Response – We did not receive a response from Officials to this finding.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Admission Receipts	Corrected	N/A
2016-002	Maintaining Supporting Documentation	Corrected	N/A
2016-003	Management Monitoring for Internal Control	Corrected	N/A
2016-004	Credit Cards	Corrected	N/A
2016-005	Segregation of Duties and Internal Controls	Corrected	N/A
2016-006	Bank Reconciliations	Corrected	N/A
2016-007	Maintenance of Accounting System/Financial Statement Presentation	Corrected	N/A
2016-008	ORC 117.103 Fraud Reporting System	Not Corrected	Moved to Management Letter
2016-009	ORC 507.04 Board Minutes	Corrected	N/A
2016-010	ORC 117.38 Filing Hinkle Reports Timely	Not Corrected	Moved to Management Letter
2016-011	ORC 9.38 Timely Deposits	Corrected	N/A
2016-012	Annual Budget	Not Corrected	Repeated as Finding 2018-001

OHIO AUDITOR OF STATE KEITH FABER



COSHOCTON COUNTY AGRICULTURAL SOCIETY

COSHOCTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov