



ROSS COUNTY AGRICULTURAL SOCIETY

ANNUAL FINANCIAL REPORT

**For the Years Ended
November 30, 2022 and 2021**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE KEITH FABER



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Board of Directors
Ross County Agricultural Society
PO Box 614
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Agricultural Society, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period December 1, 2020 through November 30, 2022. 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 Ross 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

September 14, 2023

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ROSS COUNTY AGRICULTURAL SOCIETY
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Independent Auditor's Report

Board of Directors
Ross County Agricultural Society
P.O. Box 614
Chillicothe, OH 45601

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Ross County Agricultural Society, Ross County, Ohio (the Society), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended November 30, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended November 30, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Society on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 14 to the financial statements, for 2021 and 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 16, 2023

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2022

	2022
<u>Operating Receipts</u>	
Admissions	\$271,936
Privilege Fees	119,132
Taxes	319
Rentals	767,034
Sustaining and Entry Fees	5,900
Pari-mutuel Wagering Commission	119
Other Operating Receipts	44,522
	1,208,962
 <u>Operating Disbursements</u>	
Wages and Benefits	59,869
Utilities	233,178
Professional Services	330,464
Equipment and Grounds Maintenance	204,810
Race Purse	89,871
Senior Fair	22,985
Junior Fair	20,634
Property and Rent Services	108,652
Capital Outlay	695,609
Other Operating Disbursements	105,764
Total Cash Disbursements	1,871,836
Total Cash Receipts Over/(Under) Cash Disbursements	(662,874)
 <u>Non-Operating Receipts and Disbursements</u>	
State Support	12,085
County Support	53,300
Principal	(51,545)
Interest	(6,019)
Unrestricted Grants and Donations	969,480
Interest Income	2,166
Total Non-Operating Receipts (Disbursements)	979,467
Net Change in Cash Balance	316,593
Cash Balance - Beginning of the Year	1,357,230
Cash Balance - End of the Year	\$1,673,823

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

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 1 – Reporting Entity

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross County Agricultural Society, Ross County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1944 to operate an annual agricultural fair. The Society sponsors the week-long Ross County Fair during August. During the fair, harness races are held, culminating in the running of the Ross County Harness Racing Program. Ross County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ross 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 the Chillicothe Trade Days Swap Meet, Bash for Cash demo derby, Southern Ohio Jeep Fest, NBHA barrel race, Miller’s Swap Meet and Cruise-in, Chillitown MX motocross racing, and Ross County Steer and Heifer Classic and goat shows. The reporting entity does not include any other activities or entities of Ross County, Ohio.

Notes 12 and 13, 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 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 117-2-3(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognized receipts when received in cash rather than when earned and recognized 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 117-3-03(D) permit.

Cash and Investments

The Society’s accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of the sale are recorded as receipts or disbursements, respectively.

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.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 2 – Summary of Significant Accounting Policies – (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

Income Tax Status

This 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.

Restricted Support

Restricted support includes amount that donors restrict for specific uses. These include building fund, trophies, race blankets and entertainment donations.

Race Purse

Ross County Harness stake races are held during the Ross 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 Colt Racing 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 statements 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. 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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 3 – Cash and Investments

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at November 30, 2022 follows:

	November 30, 2022
Demand Deposits	\$5,120
Checking Account	97,723
Total Deposits	\$102,843
Kingston National Bank Money Market	\$1,570,980
Total Investments	\$1,570,980
Total Deposits and Investments	\$1,673,823

Deposits and Investments: Deposits and investments held at Kingston National Bank are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$75,787 for the year ended 2022 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society’s share of total pari-mutuel wagering 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.

	2022
Total Amount Bet (Handle)	\$5,116
Less: Payoff to Bettors	(4,072)
Pari-mutuel Wagering Commission	1,044
Tote Service Set Up Fee	(600)
Total Service Commission	(178)
State Tax	(147)
Society Portion	\$119

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 5– Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Ross County Commissioners provide general insurance coverage for all the buildings on the Ross County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society utilized the Public Entities Pool of Ohio (PEP) for general and vehicle insurance with limits of \$2,000,000 for General Liability (\$2,000,000 each occurrence) and \$2,000,000 for vehicle liability.

Risk Pool Membership

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 (local entity’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, 2021:

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

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% of their gross salaries. The Society contributed an amount equal to 6.2% of participants’ gross salaries. The Society has paid all contributions required through November 30, 2022.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 7 – Debt

Debt outstanding at November 30, 2022, was as follows:

	Balance 11/30/2021	Issued in 2022	Retired in 2022	Balance 11/30/2022
Note Payable for Rabbit/Poultry Arena Construction Loan	\$160,500	\$0	\$51,545	\$108,955

On November 19, 2021, the Society secured a construction loan in the amount of \$160,500 at 3.75% for the construction of the Rabbit and Poultry Arena. The loan maturity date is November 19, 2024 with payments in the amount of \$57,564 due on November 19th in 2022, 2023 and 2024.

Fiscal Year Ending November 30:	Rabbit/Poultry Arena Construction Loan
2023	\$57,564
2024	57,564
	\$115,128

The Society leases a mower and multi-function copier under noncancelable leases. The society disbursed \$7,088 to pay equipment lease costs for the year ending November 30, 2022.

Note 8 – Construction and Contractual Commitments

The Society is currently in contract with Sunrush Construction Company in the amount of \$206,555 for material and labor to construct a 50' x 150' rabbit and poultry show arena. This is part of a \$150,000 grant received from the Ohio Department of Agriculture with the entire project estimated to cost \$275,020.

Note 9 – Contingent Liabilities

The Society is presently defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

The Society was granted/awarded the following amounts in 2022:

\$726,000 Ross County Auditor – 2022 ARPA Funds

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 10 – Related Party Transactions

The Board member is the owner of a company from which the Society leased a mower during the year. The mower was valued at \$13,279 and the board pays for the equipment via a third party leasing company.

Note 11 – Subsequent Events

In December 2021, the Society received an American Rescue Plan/State & Local Coronavirus Funds Grant from the Ross County Commissioners in the amount of \$726,000 to install wired and wireless internet service on fairgrounds property. During the year of 2022 the Society paid \$246,058. As of November 30, 2022, \$479,942 remains.

Note 12 – 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 Ross County Fair. The Society disbursed \$6,815 directly to the Junior Fair Board (via premiums to Junior Fair members) and \$13,819 directly to judges and vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Ross County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2022 follows:

	<u>2022</u>
Beginning Cash Balance	\$30,121
Receipts	27,067
Disbursements	<u>(21,507)</u>
Ending Cash Balance	<u><u>\$35,681</u></u>

Note 13 – Junior Livestock Sale Committee

The Junior Livestock Sale 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 the market or through the Ross County Fair Livestock auction. A commission of 4% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2022 follows:

	<u>2022</u>
Beginning Cash Balance	\$50,983
Receipts	1,095,599
Disbursements	<u>(1,083,414)</u>
Ending Cash Balance	<u><u>\$63,168</u></u>

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2022

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Society did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Society's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2021

	2021
<u>Operating Receipts</u>	
Admissions	\$273,918
Privilege Fees	125,714
Taxes	1,738
Rentals	745,389
Sustaining and Entry Fees	8,510
Pari-mutuel Wagering Commission	191
Other Operating Receipts	48,256
	1,203,716
 <u>Operating Disbursements</u>	
Wages and Benefits	58,050
Utilities	182,959
Professional Services	289,012
Equipment and Grounds Maintenance	97,064
Race Purse	91,705
Senior Fair	12,061
Junior Fair	20,409
Property and Rent Services	91,593
Capital Outlay	144,042
Other Operating Disbursements	114,049
Total Cash Disbursements	1,100,944
Total Cash Receipts Over/(Under) Cash Disbursements	102,772
 <u>Non-Operating Receipts and Disbursements</u>	
State Support	227,661
County Support	53,300
Sale of Assets	10,725
Loan Proceeds	160,500
Unrestricted Grants and Donations	286,414
Interest Income	993
Total Non-Operating Receipts (Disbursements)	739,593
Net Change in Cash Balance	842,365
Cash Balance - Beginning of the Year	514,865
Cash Balance - End of the Year	\$1,357,230

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

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 1 – Reporting Entity

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross County Agricultural Society, Ross County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1944 to operate an annual agricultural fair. The Society sponsors the week-long Ross County Fair during August. During the fair, harness races are held, culminating in the running of the Ross County Harness Racing Program. Ross County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ross 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 the Easyrider Rodeo, Chillicothe Trade Days Swap Meet, Bash for Cash demo derby, Southern Ohio Jeep Fest, NBHA barrel race, Miller’s Swap Meet and Cruise-in, Chillitown MX motocross racing, and Ross County Steer and Heifer Classic and goat shows. The reporting entity does not include any other activities or entities of Ross County, Ohio.

Notes 12 and 13, 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 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 117-2-3(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognized receipts when received in cash rather than when earned and recognized 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 117-3-03(D) permit.

Cash and Investments

The Society’s accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of the sale are recorded as receipts or disbursements, respectively.

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.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 2 – Summary of Significant Accounting Policies – (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

Income Tax Status

This 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.

Restricted Support

Restricted support includes amount that donors restrict for specific uses. These include building fund, trophies, race blankets and entertainment donations.

Race Purse

Ross County Harness stake races are held during the Ross 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 Colt Racing 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 statements 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. 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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 3 – Cash and Investments

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at November 30, 2021 follows:

	November 30, 2021
Demand Deposits	\$500
Checking Account	17,859
Total Deposits	\$18,359
Kingston National Bank Money Market	\$1,338,871
Total Investments	\$1,338,871
Total Deposits and Investments	\$1,357,230

Deposits and Investments: Deposits and investments held at Kingston National Bank are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$70,360 for the year ended 2021 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society’s share of total pari-mutuel wagering 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.

	2021
Total Amount Bet (Handle)	\$5,884
Less: Payoff to Bettors	(4,707)
Pari-mutuel Wagering Commission	1,177
Tote Service Set Up Fee	(550)
Total Service Commission	(286)
State Tax	(150)
Society Portion	\$191

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 5– Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Ross County Commissioners provide general insurance coverage for all the buildings on the Ross County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society utilized the Public Entities Pool of Ohio (PEP) for general and vehicle insurance with limits of \$2,000,000 for General Liability (\$2,000,000 each occurrence) and \$2,000,000 for vehicle liability.

Risk Pool Membership

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 (local entity’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, 2021:

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

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% of their gross salaries. The Society contributed an amount equal to 6.2% of participants’ gross salaries. The Society has paid all contributions required through November 30, 2021.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 7 – Debt

Debt outstanding at November 30, 2021, was as follows:

	Balance 11/30/2020	Issued in 2021	Retired in 2021	Balance 11/30/2021
Note Payable for Rabbit/Poultry Arena Construction Loan	\$0	\$160,500	\$0	\$160,500

On November 19, 2021, the Society secured a construction loan in the amount of \$160,500 at 3.75% for the construction of the Rabbit and Poultry Arena. The loan maturity date is November 19, 2024 with payments in the amount of \$57,564 due on November 19th in 2022, 2023 and 2024.

Fiscal Year Ending November 30:	Rabbit/Poultry Arena Construction Loan	Total
2022	\$57,564	\$57,564
2023	57,564	57,564
2024	57,564	57,564
	\$172,692	\$172,692

The Society leases a mower and multi-function copier under noncancelable leases. The society disbursed \$4,992 to pay equipment lease costs for the year ending November 30, 2021.

Note 8 – Construction and Contractual Commitments

The Society is currently in contract with Sunrush Construction Company in the amount of \$206,555 for material and labor to construct a 50' x 150' rabbit and poultry show arena. This is part of a \$150,000 grant received from the Ohio Department of Agriculture with the entire project estimated to cost \$310,000.

Note 9 – Contingent Liabilities

The Society is presently defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

The Society was granted/awarded the following amounts in 2021:

\$150,000	OH Dept. of Agriculture – Capital Grant for construction of rabbit/poultry show arena
\$11,115	Federal Small Business Administration PPP Loan (forgiven)
\$26,738	Ross-Chillicothe Convention & Visitors Bureau – CARES Act Funds
\$50,000	OH Dept. of Agriculture – HB 109 Support
\$3,424	OH Dept. of Agriculture – 2021 CARES Act Funds

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 10 – Related Party Transactions

The Board member is the owner of a company from which the Society leased a mower during the year. The mower was valued at \$13,279 and the board pays for the equipment via a third party leasing company.

Note 11 – Subsequent Events

In December 2021, the Society received an American Rescue Plan/State & Local Coronavirus Funds Grant from the Ross County Commissioners in the amount of \$726,000 to install wired and wireless internet service on fairgrounds property.

Note 12 – 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 Ross County Fair. The Society disbursed \$7,123 in 2021 directly to the Junior Fair Board (via premiums to Junior Fair members) and \$13,286 directly to judges and vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Ross County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2021 follows:

	<u>2021</u>
Beginning Cash Balance	\$21,702
Receipts	24,047
Disbursements	<u>(15,628)</u>
Ending Cash Balance	<u><u>\$30,121</u></u>

Note 13 – Junior Livestock Sale Committee

The Junior Livestock Sale 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 the market or through the Ross County Fair Livestock auction. A commission of 4% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2021 follows:

	<u>2021</u>
Beginning Cash Balance	\$38,798
Receipts	1,063,008
Disbursements	<u>(1,050,823)</u>
Ending Cash Balance	<u><u>\$50,983</u></u>

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2021

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Society received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Society's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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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***

Board of Directors
Ross County Agricultural Society
P.O. Box 614
Chillicothe, OH 45601

To the Board of Director:

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 Ross County Agricultural Society, Ross County, Ohio (the Society), as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated June 16, 2023, wherein we noted the Society followed financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of Covid-19 and the ensuring measures that will impact subsequent periods of the Society.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider a material weakness. However, unidentified material weaknesses may exist.

Board of Director
Ross County Agricultural Society, Ross County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 such 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 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 communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 16, 2023

OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY AGRICULTURAL SOCIETY

ROSS 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 9/26/2023

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