



PIKE COUNTY AGRICULTURAL SOCIETY

ANNUAL FINANCIAL REPORT

For the Years Ended November 30, 2016 and 2015

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Directors
Pike County Agricultural Society
311 Mill Street
Piketon, Ohio 45661

We have reviewed the *Independent Auditor's Report* of the Pike County Agricultural Society, Pike County, prepared by J.L. Uhrig and Associates, Inc., for the audit period December 1, 2014 through November 30, 2016. 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 Pike County Agricultural Society is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 15, 2017

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PIKE COUNTY AGRICULTURAL SOCIETY
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For the Years Ended November 30, 2016 and 2015

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Independent Auditor's Report

Board of Directors
Pike County Agricultural Society
311 Mill Street
Piketon, OH 45661

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Pike County Agricultural Society, Pike County, Ohio (the Society) as of and for the years ended November 30, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit; this responsibility includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of America, 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 December 31, 2016 and 2015, or changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Pike County Agricultural Society, Pike County as of November 30, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2017 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.

J. L. Uhrig and Associates, Inc.

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

May 15, 2017

PIKE COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Cash Balance
For the Year Ended November 30, 2016

| | 2016 |
|---|-------------|
| <u>Operating Receipts:</u> | |
| Admissions | \$141,866 |
| Privilege Fees | 25,148 |
| Rentals | 69,829 |
| Sustaining and Entry Fees | 28,425 |
| Other Operating Receipts | 5,824 |
| Total Operating Receipts | 271,092 |
| <u>Operating Disbursements:</u> | |
| Utilities | 47,711 |
| Professional Services | 139,405 |
| Equipment and Grounds Maintenance | 165,253 |
| Race Purse | 92,652 |
| Senior Fair | 1,133 |
| Junior Fair | 7,596 |
| Other Operating Disbursements | 12,727 |
| Total Operating Disbursements | 466,477 |
| Excess of Operating Receipts Over (Under) Operating Disbursements | (195,385) |
| <u>Non Operating Receipts (Disbursements):</u> | |
| State Support | 120,968 |
| County Support | 20,000 |
| Donations/Contributions | 71,312 |
| Debt Services | (13,822) |
| Total Non Operating Receipts (Disbursements) | 198,458 |
| Excess of Operating Receipts and Non Operating Receipts Over (Under) Operating Disbursements and Non Operating Disbursements | 3,073 |
| Cash Balance at Beginning of Year | 97,432 |
| Cash Balance at End of Year | \$100,505 |

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

PIKE COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Cash Balance
For the Year Ended November 30, 2015

| | 2015 |
|---|-------------|
| <u>Operating Receipts:</u> | |
| Admissions | \$123,337 |
| Privilege Fees | 26,961 |
| Rentals | 68,269 |
| Sustaining and Entry Fees | 8,416 |
| Other Operating Receipts | 5,017 |
| Total Operating Receipts | 232,000 |
| <u>Operating Disbursements:</u> | |
| Utilities | 40,608 |
| Professional Services | 111,054 |
| Equipment and Grounds Maintenance | 63,723 |
| Race Purse | 81,533 |
| Senior Fair | 20,287 |
| Junior Fair | 8,306 |
| Other Operating Disbursements | 36,588 |
| Total Operating Disbursements | 362,099 |
| Excess of Operating Receipts Over (Under) Operating Disbursements | (130,099) |
| <u>Non Operating Receipts (Disbursements):</u> | |
| State Support | 76,760 |
| County Support | 3,300 |
| Donations/Contributions | 87,527 |
| Debt Services | (13,850) |
| Interest Income | 4 |
| Total Non Operating Receipts (Disbursements) | 153,741 |
| Excess of Operating Receipts and Non Operating Receipts Over (Under) Operating Disbursements and Non Operating Disbursements | 23,642 |
| Cash Balance at Beginning of Year | 73,790 |
| Cash Balance at End of Year | \$97,432 |

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

PIKE COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pike County Agricultural Society, Pike 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 1905 to operate an annual agricultural fair. The Society sponsors the week-long Pike County Fair during July and/or August. Harness Races are held on the days immediately prior to the Fair. Pike County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Pike County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rental and stall rental. In addition, the Society included the activity of the Junior Fair Board in the reporting entity of the Society for the years ended November 30, 2016 and 2015. The reporting entity does not include any other activities or entities of Pike County, Ohio.

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

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Property, Plant and Equipment

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.

PIKE COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies – (Continued)

Race Purse

The Pike County Harness Races are held during the Pike 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 Southern Valley Colt Circuit 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 3 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 3 for additional information.

Note 2- Deposits

The carrying amount of deposits at November 30, 2016 and 2015 was as follows:

| | November 30 2016 | November 30 2015 |
|-----------------|---------------------|---------------------|
| Demand Deposits | \$100,505 | \$97,432 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Note 3 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2016 and 2015 was \$21,225.43 and \$14,738.76, respectively. These are included as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statements, 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.

PIKE COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 3 – Horse Racing – (Continued)

| | 2016 | 2015 |
|---------------------------------|---------|---------|
| Total Amount Bet (Handle) | \$2,902 | \$1,801 |
| Less: Payoff to Bettors | (2,319) | (1,440) |
| Pari-mutuel Wagering Commission | 583 | 361 |
| | | |
| Tote Service Commission | (1,100) | (1,000) |
| State Tax | (76) | (47) |
| Society Portion | (\$593) | (\$686) |

Note 4 – Debt

Debt outstanding was as follows:

| | Principal Balance 11/30/2015 | Issued in 2016 | Retired in 2016 | Principal Balance 11/30/2016 |
|------------------------------------|------------------------------------|----------------|-----------------|------------------------------------|
| Pike County Bond Anticipation Note | \$55,000 | \$0 | \$12,000 | \$43,000 |
| Total | \$55,000 | \$0 | \$12,000 | \$43,000 |

| | Principal Balance 11/30/2014 | Issued in 2015 | Retired in 2015 | Principal Balance 11/30/2015 |
|------------------------------------|------------------------------------|----------------|-----------------|------------------------------------|
| Pike County Bond Anticipation Note | \$67,000 | \$0 | \$12,000 | \$55,000 |
| Total | \$67,000 | \$0 | \$12,000 | \$55,000 |

Pike County issued a bond anticipation note in the amount of \$67,000 on February 24, 2014.

| | Pike County Bond Anticipation Note | | |
|-------------------------|------------------------------------|----------|----------|
| | Principal | Interest | Total |
| Year Ended December 31: | | | |
| 2017 | \$12,000 | \$860 | \$12,860 |
| 2018 | 12,000 | 620 | 12,620 |
| 2019 | 12,000 | 380 | 12,380 |
| 2020 | 7,000 | 140 | 7,140 |
| Total | \$43,000 | \$2,000 | 45,000 |

PIKE COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 5– Risk Management

The Pike County Commissioners provide general insurance coverage for all the buildings on the Pike County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society’s Treasurer is bonded with coverage of \$10,000. General liability and vehicle insurance limits of \$5,000,000.

Note 6 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Pike County Fair. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board for 2016 and 2015 recorded no financial activities through the fair board as donations were used for activities. Starting in 2017 the Junior Fair Board funds will have a line item through the Senior Fair Board.

Note 7 – 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 market or through the Pike County’s auction. A commission per head on auction sales of \$11 for all market animals is retained by the Junior Livestock Sale Committee to cover auction costs.

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, 2016 and 2015 follows:

| | <u>2016</u> | <u>2015</u> |
|------------------------|------------------|------------------|
| Beginning Cash Balance | \$23,952 | \$20,139 |
| Receipts | 453,451 | 502,095 |
| Disbursements | <u>(464,303)</u> | <u>(498,282)</u> |
| Ending Cash Balance | <u>\$13,100</u> | <u>\$23,952</u> |

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Board of Directors
Pike County Agricultural Society
311 Mill Street
Piketon, Ohio 45661

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 Pike County Agricultural Society, Pike County, Ohio (the Society), as of and for the years ended November 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 15, 2017, 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.

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
Pike County Agricultural Society, Pike 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

May 15, 2017



Dave Yost • Auditor of State

PIKE COUNTY AGRICULTURAL SOCIETY

PIKE 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 27, 2017