



ROSS 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
Ross County Agricultural Society
PO Box 614
Chillicothe, Ohio 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, 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 Ross 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

May 23, 2017

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ROSS COUNTY AGRICULTURAL SOCIETY
Table of Contents
For the Years Ended November 30, 2016 and 2015

Independent Auditor’s Report.....	1
Financial Statements:	
Statement of Receipts, Disbursements and Changes in Cash Balances For the Year Ended November 30, 2016	3
Statement of Receipts, Disbursements and Changes in Cash Balances For the Year Ended November 30, 2015	4
Notes to the Financial Statements	5
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	10

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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 Financial Statements

We have audited the accompanying financial statements and related notes of Ross County Agricultural Society, Ross 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 Ross County Agricultural Society, Ross 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 April 13, 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

April 13, 2017

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2016

	2016
<u>Operating Receipts</u>	
Admissions	\$264,228
Privilege Fees	124,531
Rentals	326,727
Sustaining and Entry Fees	7,123
Pari-mutuel Wagering Commission	1,513
Non-Fair Income	205,253
Other Operating Receipts	153,559
	1,082,934
<u>Operating Disbursements</u>	
Wages and Benefits	63,023
Utilities	240,999
Professional Services	326,819
Equipment and Grounds Maintenance	112,604
Race Purse	88,448
Senior Fair	27,186
Junior Fair	25,501
Advertising	17,705
Rent/Lease	23,843
Capital Outlay	126,471
Other Operating Disbursements	86,002
Total Cash Disbursements	1,138,601
Total Cash Receipts Over/(Under) Cash Disbursements	(55,667)
<u>Non-Operating Receipts and Disbursements</u>	
State Support	74,739
County Support	103,300
Principal	(128,761)
Interest	(10,470)
Sale of Fixed Asset	7,679
Unrestricted Donations, Sponsorships, & Promotions	41,855
Interest Income	495
Total Non-Operating Receipts (Disbursements)	88,837
Net Change in Cash Balance	33,170
Cash Balance - Beginning of the Year	457,147
Cash Balance - End of the Year	\$490,317

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

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2015

	2015
<u>Operating Receipts</u>	
Admissions	\$284,816
Privilege Fees	120,145
Rentals	315,006
Sustaining and Entry Fees	16,165
Non-Fair Income	174,242
Other Operating Receipts	122,123
	1,032,497
 <u>Operating Disbursements</u>	
Wages and Benefits	60,341
Utilities	222,712
Professional Services	260,479
Equipment and Grounds Maintenance	99,636
Race Purse	75,279
Senior Fair	39,837
Junior Fair	29,135
Advertising	16,432
Rent/Lease	26,752
Capital Outlay	565,991
Other Operating Disbursements	79,959
Total Cash Disbursements	1,476,553
Total Cash Receipts Over/(Under) Cash Disbursements	(444,056)
 <u>Non-Operating Receipts and Disbursements</u>	
State Support	68,695
County Support	103,300
Restricted Donations, Sponsorships, & Promotions	400,000
Unrestricted Donations, Sponsorships, & Promotions	16,380
Principal	(91,041)
Interest	(8,959)
Interest Income	607
Total Non-Operating Receipts (Disbursements)	488,982
Net Change in Cash Balance	44,926
Cash Balance - Beginning of the Year	412,221
Cash Balance - End of the Year	\$457,147

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, 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 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.

Reporting Entity

The reporting entity includes all the activity occurring on the fairgrounds. This includes the annual fair and 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, Relay for Life, Swap Meet, Chillitown MX Motocross racing, and Ross County 4-H Halloween Campout. The reporting entity does not include any other activities or entities of Ross 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

The Society's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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.

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, 2016 and 2015

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

Restricted Support

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

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.

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.

Note 2- Debt

Debt outstanding at November 30, 2016 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Principal Balance 11-30-15</u>	<u>Issued in 2016</u>	<u>Retired In 2016</u>	<u>Principal Balance 11-30-16</u>
Goat & Sheep Barn	3/4/15	\$308,959	\$0	\$128,761	\$180,198
Total		<u>\$308,959</u>	<u>\$0</u>	<u>\$128,761</u>	<u>\$180,198</u>

The Society obtained a note in order to purchase a new goat/sheep barn in 2015. The total amount of the note was \$400,000. The note is to be repaid in semi-annual payments of \$89,231 plus interest at 3.75%.

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

Note 3 – Cash and Investments

The carrying amount of cash and investments at November 30, 2016, and November 30, 2015, follows:

	November 30 2016	November 30 2015
Demand Deposits	500	500
Total Deposits	500	500
Repurchase Agreement	489,817	456,647
Total Investments	489,817	456,647
Total Deposits and Investments	490,317	457,147

Deposits: The Federal Depository Insurance Corporation insures up to \$250,000 of the Society's bank balance. The Society's financial institution transfers securities to the Society's agent to collateralize repurchase agreements.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$60,000 for the year ended 2016, as State Support.

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$54,000 for the year ended 2015, as State Support.

Additional Support

The Ohio Harness Horsemen's Association contributed a portion of the video terminal revenue share in the amount of \$60,000, of which \$49,000 is to be used for purses and \$11,000 for other racing expenses.

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

Note 4 – Horse Racing – (Continued)

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 system called Tote Services, and these expenses are included in Professional Services 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.

	2016	2015
Total Amount Bet (Handle)	\$6,931	\$7,806
Less: Payoff to Bettors	(5,455)	(6,158)
Less: Net Breakage	(86)	(102)
 Pari-mutuel Wagering Commission	 1,390	 1,546
 Tote Service Set Up Fee	 (700)	 (350)
Total Service Commission	(306)	(605)
State Tax	(180)	(188)
 Society Portion	 \$204	 \$403

Note 5– Risk Management

The Society does not provide any employee benefits to its employees, other than Workers Compensation through the State of Ohio workers compensation fund.

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

The Society used HAAS & Wilkerson Insurance for both years and Public Entities Pool of Ohio for most of 2016. Insurance coverage for the years 2016 and 2015 follows:

Company	Type of Coverage	Amount of Coverage
HAAS & Wilkerson Insurance	General Liability	\$5,000,000
2015- May 2016	Each Occurrence	1,000,000
	Auto Liability	1,000,000
 Company	 Type of Coverage	 Amount of Coverage
Public Entities Pool of Ohio	General Liability	\$2,000,000
May – December 2016	Each Occurrence	2,000,000
	Auto Liability	2,000,000

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

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 Ross County Fair. The Society disbursed \$25,501 in 2016 and \$29,135 in 2015 directly on behalf of the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursements. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2016 and November 30, 2015 follows:

	2016	2015
Beginning Cash Balance	\$19,565	\$19,191
Receipts	16,526	21,773
Disbursements	(17,824)	(21,399)
Ending Cash Balance	\$18,267	\$19,565

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 the market or through the Ross County's auction. A commission is charged to cover auction expenses. 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, 2016 and 2015 follows:

	2016	2015
Beginning Cash Balance	\$47,657	\$40,880
Receipts	772,984	789,561
Disbursements	(766,491)	(782,784)
Ending Cash Balance	\$54,150	\$47,657

**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 Ross County Agricultural Society, Ross 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 April 13, 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
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

April 13, 2017

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Dave Yost • Auditor of State

ROSS COUNTY AGRICULTURAL SOCIETY

ROSS 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 20, 2017