

CARROLL COUNTY AGRICULTURAL SOCIETY

CARROLL COUNTY

Audit Report

For the Years Ended November 30, 2018 and 2017





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Board of Directors
Carroll County Agricultural Society
PO Box 263
Carrollton, Ohio 44615

We have reviewed the *Independent Auditor's Report* of the Carroll County Agricultural Society, Carroll County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2016 through November 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2019

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Carroll County Agricultural Society
Carroll County
For the Years Ended November 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Carroll County Agricultural Society
Carroll County
PO Box 263
Carrollton, Ohio 44615

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Carroll County Agricultural Society, Carroll County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe 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 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements and related notes of the Carroll County Agricultural Society, Carroll County as of November 30, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, on our consideration of the Society's internal control over financial reporting and on 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.



Charles E. Harris & Associates, Inc.
May 30, 2019

Carroll County Agricultural Society
Carroll County
Statement of Receipts, Disbursements and
Changes in Fund Balance
For the Year Ended November 30, 2018

	2018
Operating Receipts:	
Admissions	\$ 255,487
Privilege Fees	36,900
Rentals	37,383
Sustaining and Entry Fees	21,683
Other Operating Receipts	33,683
Total Operating Receipts	385,136
Operating Disbursements:	
Current:	
Wages and Benefits	51,582
Utilities	38,114
Professional Services	165,569
Equipment and Grounds Maintenance	58,165
Race Purse	86,851
Senior Fair	16,257
Junior Fair	10,138
Other	154,819
Capital Outlay	272,672
Total Operating Disbursements	854,167
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(469,031)
Non-Operating Receipts (Disbursements):	
State Support	76,663
County Support	25,000
Donations and Contributions	483,077
Interest Income	36
Total Non-Operating Receipts (Disbursements)	584,776
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	115,745
Cash Balance, Beginning of Year	101,035
Cash Balance, End of Year	\$ 216,780

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

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

Note 1 – Reporting Entity

The Carroll County Agricultural Society (the Society), Carroll County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the 6-day Carroll County Fair during July. During the fair, harness races are held, culminating in the running of the Home Talent Colt stake race. Carroll County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Carroll 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 and harness racing during fair week. Other year-round activities at the fairgrounds include facility rental, winter storage rental, and community events including the Back to School Extravaganza, auctions, Daffodil Sale, ATV Rodeo, Job Fair, Fireworks and the Antique Power Show. The reporting entity does not include any other activities or entities of Carroll County, Ohio.

Note 9 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair Facilities Improvement Committee’s financial activity is reported in the Society’s financial statements.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

Home Talent Colt stake races are held during the Carroll County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and the Home Talent Colt Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as 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 statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

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

Note 3 – Deposits 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 deposits and investments at November 30 was as follows:

	2018
Demand deposits	\$ 216,780

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement the purse for the year ended November 30, 2018 was \$9,257 included in the financial statements as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement. Rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2018
Total Amount Bet (Handle)	\$ 4,182
Less: Payoff to Bettors	(3,344)
Parimutuel Wagering Commission	838
Tote Service Set Up Fee	(900)
State Tax	(108)
Society Portion	\$ (170)

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

Note 5 – Risk Management

The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Carroll County Commissioners provide general insurance coverage for all the buildings on the Carroll County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 in the aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

There have been no settlements paid in the past three years in excess of insurance coverage nor has coverage been significantly reduced.

Note 6 – Social Security

Society employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2018.

Note 7 – Debt

Debt outstanding at November 30, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Business Line of Credit	\$ 528	5.25%

The Society opened a business line of credit in September 2011. The property of the Carroll County Fair Grounds was used as collateral for this line of credit. The purpose of the line of credit was to make improvements to buildings on the property. The line of credit is renewable on a yearly basis in September. There is no set amortization schedule available for the line of credit.

Note 8 – Contingent Liabilities

The Society may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Society's financial condition.

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

Note 9 – Junior Livestock Sale Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Carroll County Fair’s auction. A commission of 2% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the year ended November 30, 2018 follows:

	<u>2018</u>
Beginning Cash Balance	\$ 13,446
Receipts	449,213
Disbursements	<u>(449,597)</u>
Ending Cash Balance	<u>\$ 13,062</u>

Carroll County Agricultural Society
Carroll County
Statement of Receipts, Disbursements and
Changes in Fund Balance
For the Year Ended November 30, 2017

	2017
Operating Receipts:	
Admissions	\$ 166,551
Privilege Fees	37,022
Rentals	28,107
Sustaining and Entry Fees	23,105
Pari-mutuel Wagering Commission	87
Other Operating Receipts	30,544
Total Operating Receipts	285,416
Operating Disbursements:	
Current:	
Wages and Benefits	50,447
Utilities	37,108
Professional Services	147,173
Equipment and Grounds Maintenance	55,538
Race Purse	82,774
Senior Fair	20,942
Junior Fair	11,363
Other	85,217
Capital Outlay	76,530
Debt Service:	
Principal Retirement	3,653
Interest and Other Fiscal Charges	219
Total Operating Disbursements	570,964
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(285,548)
Non-Operating Receipts (Disbursements):	
State Support	74,880
County Support	25,000
Donations and Contributions	203,762
Interest Income	38
Total Non-Operating Receipts (Disbursements)	303,680
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	18,132
Cash Balance, Beginning of Year	82,903
Cash Balance, End of Year	\$ 101,035

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

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

Note 1 – Reporting Entity

The Carroll County Agricultural Society (the Society), Carroll County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the 6-day Carroll County Fair during July. During the fair, harness races are held, culminating in the running of the Home Talent Colt stake race. Carroll County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Carroll 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 and harness racing during fair week. Other year-round activities at the fairgrounds include facility rental, winter storage rental, and community events including the Back to School Extravaganza, auctions, Daffodil Sale, ATV Rodeo, Job Fair, Fireworks and the Antique Power Show. The reporting entity does not include any other activities or entities of Carroll County, Ohio.

Note 9 summarizes the Junior Livestock Sale Committee's financial activity. The Junior Fair Facilities Improvement Committee's financial activity is reported in the Society's financial statements.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

Home Talent Colt stake races are held during the Carroll County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and the Home Talent Colt Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as 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 statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

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

Note 3 – Deposits 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 deposits and investments at November 30 was as follows:

	2017
Demand deposits	\$ 101,035

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement the purse for the year ended November 30, 2017 was \$10,002 included in the financial statements as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement. Rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2017
Total Amount Bet (Handle)	\$ 3,235
Less: Payoff to Bettors	(2,583)
Parimutuel Wagering Commission	652
Tote Service Set Up Fee	(900)
State Tax	(86)
Society Portion	\$ (334)

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

Note 5 – Risk Management

The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Carroll County Commissioners provide general insurance coverage for all the buildings on the Carroll County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 in the aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

There have been no settlements paid in the past three years in excess of insurance coverage nor has coverage been significantly reduced.

Note 6 – Social Security

Society employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2017.

Note 7 – Debt

Debt outstanding at November 30, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Business Line of Credit	\$ 528	5.00%

The Society opened a business line of credit in September 2011. The property of the Carroll County Fair Grounds was used as collateral for this line of credit. The purpose of the line of credit was to make improvements to buildings on the property. The line of credit is renewable on a yearly basis in September. There is no set amortization schedule available for the line of credit.

Note 8 – Contingent Liabilities

The Society may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Society's financial condition.

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

Note 9 – Junior Livestock Sale Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Carroll County Fair's auction. A commission of 2% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2017 follows:

	<u>2017</u>
Beginning Cash Balance	\$ 9,878
Receipts	440,329
Disbursements	<u>(436,761)</u>
Ending Cash Balance	<u>\$ 13,446</u>

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Carroll County Agricultural Society
Carroll County
PO Box 263
Carrollton, Ohio 44615

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of the Carroll County Agricultural Society, Carroll County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 30, 2019, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Carroll County Agricultural Society

Carroll County

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion 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 that are required to be reported under *Government Auditing Standards*.

We also noted a certain matter not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 30, 2019.

Society's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Society's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.

May 30, 2019

Carroll County Agricultural Society
Carroll County
Schedule of Findings
November 30, 2018 and 2017

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2018-001 – Material Weakness

Audit Adjustments and Reclassifications

During audit procedures performed, errors were noted in the Society’s financial statements that required audit adjustments and reclassifications as follows:

- The withdrawal of cash from Society bank accounts to fill ATM machines and the subsequent deposits of cash into Society bank accounts once the use of the machines was completed were incorrectly recorded as Receipts and Expenses on the Society’s financial statements.
- Various errors were made when the financial statements were compiled.
- The note disclosures filed with the annual report did not include required disclosures regarding pari-mutual wagering or the finances of the Junior Livestock Committee.

The accompanying financial statements and the Society’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Society and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Society adopt policies and procedures to identify and correct errors and omissions in a timely manner. We also recommend the use of duplicate receipt books and individual posting of amounts received. Management can use the Ohio Fairs Redbook, the Uniform System of Accounting for Agricultural Societies, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Finding Number: 2018-002 – Material Weakness

Bank Reconciliations

A bank to book reconciliation should be performed monthly and reviewed and approved by an individual with appropriate fiscal authority. The reconciliation of the Society’s bank accounts with its cash ledgers is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the Society. As part of the bank reconciliation, all differences between the balance appearing on the financial statements and the balance of cash according to the Society’s records should be accounted for.

Due to incomplete cash reconciliations, the Society’s revenues were understated in 2017 and expenses were understated in 2018. These adjustments were posted to the Society’s financial accounting system and to the audited financial statements.

We recommend the Society implement procedures to help ensure that bank statements are reconciled to the Society’s books in a timely manner. We further recommend the bank reconciliations be presented to the Board of Directors for approval on a monthly basis within the minute records. All reconciling amounts should be easily identifiable and explained.

Management’s Responses:

See Corrective Action Plans on page 19.

Carroll County Agricultural Society
Carroll County
 Schedule of Prior Audit Findings
 (Prepared by Management)
 For the Years Ended November 30, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Audit Adjustments and Reclassifications	Not Corrected	Management has been diligent in working to correct the accounting mistakes noted in previous audits and plans to continue to update our procedures to ensure accurate postings in the future.

Carroll County Agricultural Society
Carroll County
 Corrective Action Plan
 (Prepared by Management)
 November 30, 2018 and 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Management plans to use more care in completing the financial statements in the future and will change the accounting procedures for the posting of ATM transactions.	Immediately	Wendy Davis, Secretary
2018-002	Management plans to investigate all reconciling items included in the cash reconciliations on a monthly basis.	Immediately	Wendy Davis, Secretary

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OHIO AUDITOR OF STATE KEITH FABER



CARROLL COUNTY AGRICULTURAL SOCIETY

CARROLL 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
SEPTEMBER 17, 2019**