



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

FRANKLIN COUNTY AGRICULTURAL SOCIETY
FRANKLIN COUNTY

REGULAR AUDIT

For the Years Ended November 30, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Franklin County Agricultural Society
P.O. Box 6
Hillard, Ohio 43026

We have reviewed the *Independent Auditor's Report* of the Franklin County Agricultural Society, Franklin County, prepared by BHM CPA Group, 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 Franklin 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

November 1, 2019

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FRANKLIN COUNTY AGRICULTURAL SOCIETY
FRANKLIN COUNTY
For the Fiscal Years Ended November 30, 2018 and 2017
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INDEPENDENT AUDITOR'S REPORT

Franklin County Agricultural Society
Franklin County
P.O. Box 6
Hilliard, Ohio 43026

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 Franklin County Agricultural Society, Franklin 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 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(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on 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 statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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 determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2019, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
August 25, 2019

Franklin County Agricultural Society
Franklin County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2018

Operating Receipts	
Admissions	\$172,564
Privilege Fees	77,584
Sponsorships	31,006
Rentals	211,907
Sustaining and Entry Fees	13,123
Pari-mutuel Wagering Commission	79
Racing Fees and Charges	27,802
Other Operating Receipts	<u>4,523</u>
<i>Total Operating Receipts</i>	<u>538,588</u>
Operating Disbursements	
Wages and Benefits	107,099
Administrative Expenses	2,938
Utilities	78,696
Race Purse	96,912
Professional Services	68,946
Entertainment	92,528
Property Services	26,579
Advertising	44,046
Repairs	29,694
Insurance	50,480
Equipment and Supplies	48,253
Senior Fair	5,384
Junior Fair	17,076
Other Operating Disbursements	4,218
<i>Total Operating Disbursements</i>	<u>672,849</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(134,261)</u>
Non-Operating Receipts (Disbursements)	
State Support	76,631
Grants	23,300
Donations/Contributions	6,143
Interest and Other Non-Operating Receipts	10
Capital Outlay	(20,765)
Sale of Assets	288,963
Late Charges	<u>(25)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>374,257</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	239,996
Cash Balance, Beginning of Year	<u>158,258</u>
<i>Cash Balance, End of Year</i>	<u><u>\$398,254</u></u>

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

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

Note 1 – Reporting Entity

The Franklin County Agricultural Society, (the Society), Franklin 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 to direct the operation of an annual agricultural fair. The Society sponsors the eight day Franklin County Fair during July. During the fair, harness races are held. Franklin County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors (the Board). The Board is made up of 21 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Franklin 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, track and stall rental, and community events including animal shows. The reporting entity does not include any other activities or entities of Franklin County, Ohio. As reported in Note 8 and Note 9, the Junior Fair Board and the Junior Fair Livestock Sale Committee operate under the Federal Identification number of the Society.

Notes 8 and 9, 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 Presentation

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

Basis of Accounting

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

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

Deposits and Investments

The Society maintains an interest bearing savings account.

Franklin County Agricultural Society
Franklin 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

Stake races are held during the Franklin 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 pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

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

Note 3 – Deposits

The Deposits are insured by the Federal Deposit Insurance Corporation. The carrying amount of cash and cash equivalents at November 30, 2018 was \$398,254.

Deposits are insured by the Federal Deposit Insurance Corporation.

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

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2018 was \$11,287 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.

State taxes are also paid from pari-mutuel wagering commission and the amount remaining is the Society's net portion which was \$79 for the 2018 fair.

Note 5 – Risk Management

The Franklin County Agricultural 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 Franklin County Agricultural Society policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

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

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 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 – Construction and Contractual Commitments

The Society entered into a lease/purchase agreement with the Franklin County Commissioners in 1986 for land used by the Society for parking. The agreement extended to October 2, 2009, and was renewed annually through September 30, 2015, for \$1 per year. The outstanding balance of \$299,469 has been deferred by a mutual consent and does not represent a default under the lease agreement. The Society has an option to purchase the property for the deferred balance of \$299,469.

Note 8 – 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 Franklin County Fair. The Society disbursed \$17,076 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,174 for the year ended November 30, 2018, by the Ohio Department of Agriculture for its support of Junior Fair work.

The Junior Fair Board operates under the Federal Identification Number of the Society, but the Junior Fair Board activity is accounted for in a separate account for year ended November 30, 2018. The accompanying financial statement do not include the activities of the Junior Fair Board for year ended November 30, 2018.

The Junior Fair Board's financial activity for the year ended November 30, 2018, follows:

	2018
Beginning Cash Balance	4,955
Receipts	44,245
Disbursements	<u>(38,769)</u>
Ending Cash Balance	<u>\$ 10,431</u>

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

Note 9 – Junior Livestock Sale Committee

The Junior Livestock Sale Committee (Sale Committee) is a committee charged with running the Junior Fair Livestock Auction. This auction is held during the last day of the fair. Children may sell their animals directly to market through the Sale Committee auction. Moneys to cover the cost of the auction are generated through a 7% commission and are retained by the Sale Committee. The Committee operates under the Federal Identification number of the Society. The accompanying financial statement does not include activities of the Sale Committee. The Sale Committee's financial activity for the year ended November 30, 2018 was as follows:

	<u>2018</u>
Beginning Cash Balance	\$ 5,795
Receipts	107,352
Disbursements	<u>(105,054)</u>
Ending Cash Balance	<u>\$ 8,093</u>

Franklin County Agricultural Society
Franklin County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2017

Operating Receipts	
Admissions	\$182,667
Privilege Fees	94,268
Sponsorships	46,502
Rentals	211,012
Sustaining and Entry Fees	14,240
Pari-mutuel Wagering Commission	54
Racing Fees and Charges	25,695
Other Operating Receipts	<u>6,138</u>
<i>Total Operating Receipts</i>	<u>580,576</u>
Operating Disbursements	
Wages and Benefits	96,317
Administrative Expenses	2,791
Utilities	75,015
Race Purse	92,206
Professional Services	71,504
Entertainment	79,245
Property Services	39,754
Advertising	26,336
Repairs	14,996
Insurance	54,131
Equipment and Supplies	43,801
Senior Fair	4,643
Junior Fair	14,925
Other Operating Disbursements	4,668
<i>Total Operating Disbursements</i>	<u>620,332</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(39,756)</u>
Non-Operating Receipts (Disbursements)	
State Support	74,880
Grants	59,286
Donations/Contributions	4,434
Interest and Other Non-Operating Receipts	414
Capital Outlay	<u>(69,963)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>69,051</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	29,295
Cash Balance, Beginning of Year	<u>128,963</u>
<i>Cash Balance, End of Year</i>	<u><u>\$158,258</u></u>

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

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

Note 1 – Reporting Entity

The Franklin County Agricultural Society, (the Society), Franklin 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 to direct the operation of an annual agricultural fair. The Society sponsors the eight day Franklin County Fair during July. During the fair, harness races are held. Franklin County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors (the Board). The Board is made up of 21 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Franklin 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, track and stall rental, and community events including animal shows. The reporting entity does not include any other activities or entities of Franklin County, Ohio. As reported in Note 8 and Note 9, the Junior Fair Board and the Junior Fair Livestock Sale Committee operate under the Federal Identification number of the Society.

Notes 8 and 9, 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 Presentation

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

Basis of Accounting

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

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

Deposits and Investments

The Society maintains an interest bearing savings account.

Franklin County Agricultural Society
Franklin 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

Stake races are held during the Franklin 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 pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

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

Note 3 – Deposits

The Deposits are insured by the Federal Deposit Insurance Corporation. The carrying amount of cash and cash equivalents at November 30, 2017, was \$158,258.

Deposits are insured by the Federal Deposit Insurance Corporation.

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

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2017 was \$13,133 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.

State taxes are also paid from pari-mutuel wagering commission and the amount remaining is the Society's net portion which was \$54 for the 2017 fair.

Note 5 – Risk Management

The Society provides worker compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2017.

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

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

Casualty and Property Coverage

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

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

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

Note 5 – Risk Management (Continued)

Financial Position

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

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

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

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

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

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 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 – Construction and Contractual Commitments

The Society entered into a lease/purchase agreement with the Franklin County Commissioners in 1986 for land used by the Society for parking. The agreement extended to October 2, 2009, and was renewed annually through September 30, 2015, for \$1 per year. The outstanding balance of \$299,469 has been deferred by a mutual consent and does not represent a default under the lease agreement. The Society has an option to purchase the property for the deferred balance of \$299,469.

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

Note 8 – 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 Franklin County Fair. The Society disbursed \$14,925 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,277 for the year ended November 30, 2017, by the Ohio Department of Agriculture for its support of Junior Fair work.

The Junior Fair Board operates under the Federal Identification Number of the Society, but the Junior Fair Board activity is accounted for in a separate account for year ended November 30, 2017. The accompanying financial statement do not include the activities of the Junior Fair Board for year ended November 30, 2017.

The Junior Fair Board's financial activity for the year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	6,639
Receipts	39,916
Disbursements	(41,600)
Ending Cash Balance	\$ 4,955

Note 9 – Junior Livestock Sale Committee

The Junior Livestock Sale Committee (Sale Committee) is a committee charged with running the Junior Fair Livestock Auction. This auction is held during the last day of the fair. Children may sell their animals directly to market through the Sale Committee auction. Moneys to cover the cost of the auction are generated through a 7% commission and are retained by the Sale Committee. The Committee operates under the Federal Identification number of the Society. The accompanying financial statement does not include activities of the Sale Committee. The Sale Committee's financial activity for the year ended November 30, 2017 was as follows:

	2017
Beginning Cash Balance	\$ 11,565
Receipts	96,430
Disbursements	(102,200)
Ending Cash Balance	\$ 5,795



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

Franklin County Agricultural Society
Franklin County
P.O. Box 6
Hilliard, Ohio 43026

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Franklin County Agricultural Society, Franklin County, (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated August 25, 2019 wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 report is not suitable for any other purpose.



BHM CPA Group, Inc.
Piketon, Ohio
August 25, 2019

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

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2018-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Board of Directors and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material misstatements were identified during the course of the audit which have not been prevented or detected by the Society's internal controls over financial reporting. Misstatements were identified in the following areas:

- Sale of Assets
- Ending Fund Balance

All of the above noted adjustments have been posted to the Society's financial statements and accounting system.

We recommend the Society's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Society can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials' Response: We did not receive a response to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN COUNTY AGRICULTURAL SOCIETY

FRANKLIN 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
NOVEMBER 19, 2019**