**Agricultural Society**

**AOS Regulatory Basis Footnote Shell**

**Revised December 2023**

|  |
| --- |
| **Note: This shell is a guide for preparing your annual footnotes to the financial statements when filed on the AOS Regulatory Basis. These footnotes are not all inclusive and might include disclosures not applicable to your particular Agricultural Society. Modify, delete, or add additional disclosures as necessary. As an example: If your entity has joint ventures, related organizations, or jointly governed organizations pull in the applicable footnotes from the AOS Regulatory Basis Generic Special Purpose Government Notes Shell.****Items highlighted in yellow are provided for guidance purposes only and should be deleted prior to submission.****See GASB Codification 2300 – Notes to the Financial Statements. As communicated in paragraph .102, the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements. Notes should focus on the primary government — specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate. Information about the government's discretely presented component units should be presented as discussed in paragraph .105.****Items highlighted in green are items that are generic, and should be reviewed for entity specific information and modified to report specifics for your agricultural society.****In this sample 20CY means current year and 20PY means prior year and would be replaced with the four digit current year (for example 2023) or four digit prior year (for example 2022).** |

***Aqua Highlights are 2023 updates.***

* ***Where these highlights are included within yellow highlighted areas, this information is for reference only and should be deleted prior to submission.***
* ***Where these highlights are included within green highlighted areas, this information should be reviewed and modified to report specifics for your entity.***
* ***Where these highlights are not within another color, you will need to review to determine if this applies to your specific entity, and modify or delete.***
* ***Updates have been made related to GASB 96, Subscription-Based Information Technology Arrangements, please see AOS Bulletin 2023-005 for additional information.***  [Bulletin\_2023-005.pdf (ohioauditor.gov)](https://ohioauditor.gov/publications/bulletins/2023/Bulletin_2023-005.pdf)
* ***Although uncommon for smaller governments, GASB 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA) disclosures can be added with leases and SBITAs and with debt, if applicable***
* ***Please note, Note 14 related to COVID-19 has been updated.***
* ***If you are a participant in the OneOhio or Monsanto Legal Settlements, see the generic special purpose government notes for sample disclosure.***

**Note 1 – Reporting Entity**

(*Modify as needed.)*

The Agricultural Society of XYZ (the Society), ABC 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 or independent] agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in [founded date] to operate an annual agricultural fair. The Society sponsors the week – long [Name of Fair] Fair during [Month of Fair]. During the fair, harness races are held, culminating in the running of the [Name of harness racing event]. [*Delete the preceding sentence if your Society does not hold Harness Racing.]* [COUNTY NAME] County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of *[Insert number]* directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of [COUNTY NAME] County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds *[if applicable, continue with]* and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. [Modify the preceding sentence to include only the events that your Society holds.] Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including [Modify the preceding sentence to include *significant community events such as trade shows, horse shows, and swap meets applicable to your Society.]*. The reporting entity does not include any other activities or entities of [COUNTY NAME] County, Ohio.

Notes XX and XX [modify note #’s as necessary], respectively, summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity. [Replace the previous sentence with the following if the activity runs through the Ag Society’s books and are included in the financial statement.] The Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statement.

The Society’s management believes this financial statement presents all activities for which the Society is financially accountable.

**Should your Society participate in jointly governed organizations, joint ventures and/or public entity risk pools or is associated with related organizations, you should identify the specific types of organizations. A description of the organizations should be included later in the notes. The Generic Special Purpose Government Notes shell, Note 1 can be used as an example for wording. See Also Notes 14, 15, 16 and 17 for assistance with the descriptions of the organizations. You can cut and paste into this example.**

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) 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.

The Society values U.S. Treasury Notes and common stock at cost [or fair value when donated]. <<DELETE IF NO DONATED INVESTMENTS. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.  [*Modify this note as needed. Only describe investments actually held during the fiscal year. Equity securities (stock) are normally illegal, unless donated. Consult with your legal counsel if in doubt about an investment’s legality. Also, if equity securities have an impaired value deemed “other than temporary,” write them down to fair value.]*

***Capital Assets***

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets. [*Delete this footnote if your Society does not own any Capital Assets.*]

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society’s basis of accounting does not report these amounts as liabilities. *[Delete if no employees are entitled to these benefits.]*

***Leases and SBITAs***

The Society is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid. *(Edit as needed. This note can be deleted if the Society has no GASB 87 leases*)

The Society has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid. (Edit as needed. This paragraph can be deleted along with the reference to SBITAs in the note heading, if the Society has no GASB 96 SBITAs.)

The following is instructional. If the Society has any PPPs or APAs under GASB 94, add explanation. See sample language in the generic special purpose government notes.

***Income Tax Status***

*[Modify entire note as needed. If your Entity does not levy an Income Tax, delete the entire footnote.]*

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***

*[Delete if your Society does not hold races.]*

[NAME OF RACES] stake races are held during the [COUNTY NAME] 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 [Name and Title of Horseman’s Association] 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 XX [*<<modify note # as necessary]* for additional information.

***Pari-mutuel Wagering***

[*Delete if your Society does not participate in 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 XX [*<<modify note # as necessary]* for additional information.

**Note 3 – Deposits and Investments**

The Society maintains a deposits and investments 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:



*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Delete any rows that are not applicable to the Society.]*

*Insert amounts from Year End Reconciliation. (i.e. Demand deposits are checking balance less reconciling items such as outstanding checks and deposits in transit) Total Deposits and Investments should agree to total Financial Statement Year End Balance.]*

*If the Society also has segregated accounts, such as clearing accounts (including a payroll clearing account) and amounts with fiscal and escrow agents that are not part of this pool, please see the Generic note shell for additional required disclosures at the following link:* [*http://www.ohioauditor.gov/references/shells/regulatory.html*](http://www.ohioauditor.gov/references/shells/regulatory.html)*.*

*[Modify the following as needed]*

At November 30, 20CY, the Society held $XXX in equity securities. Equity securities are not eligible investments for the Society under Ohio law. [*Insert other time period if other than 11/30/CY these investments were held during the fiscal year. Also include any other intangible investments.* *Note that entities may be allowed to hold equity securities, if required under a trust agreement. Check with your Society’s Legal Counsel.]*

***Deposits***

*Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. The following note will need to be customized to fit the Society’s specific situation: 1) Participating in OPCS or 2) Financial institution utilizing specific securities to collateralize deposit.*

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Society; *[Delete if there is no specific pledging.]* or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. *[Delete if no pool is used.]*

At November 30, 20CY, *[Insert other time period If applicable during fiscal year]* $XXX of deposits were not insured or collateralized, contrary to Ohio law. (Modify as needed. If deposits are not collateralized due to reduced collateral through OPCS, describe the collateral, and delete “contrary to Ohio law.”)

***Investments***

[Delete if your Society does not have investments.] [The following MUST be modified, based on the Society’s circumstances. It may be best to discuss the arrangement with a knowledgeable officer of the financial institution.] The Federal Reserve holds the Society’s U.S. Treasury Notes in book-entry form, in the name of the Society’s financial institution. The financial institution maintains records identifying the Society as owner of these securities.

[The following sentences describe some repurchase agreements / sweep accounts. However, circumstances may require modification to this disclosure. Also, not all sweep accounts are repurchase agreements.] The Society’s financial institution transfers securities to the Society’s agent to collateralize repurchase agreements. The securities are not in the Society’s name.

[The following may describe some equity securities, but you should check with the broker-dealer or financial institution.] A financial institution’s trust department holds the Society’s equity securities in book-entry form in the Society’s name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 4 – Horse Racing**

[Delete footnote if your Society does not participate in Horse Racing.]

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 20CY, in the amount of $XXX 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 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 the Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society’s net portion.

****

*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter payoff to bettors, tote services, and tax as negative numbers. Enter amounts from current fiscal year Pari-mutuel Wagering activities.]*

**Note 5 – Risk Management**

*(Note: Use only the paragraphs that apply. Some of the descriptions below are mutually exclusive, so you must make appropriate modification.) (If your Society belongs to Ohio Plan Healthcare Consortium, Inc. (OPHC), Ohio Plan Risk Management, Inc. (OPRM), Ohio Municipal League Self Insurance or Public Entities Pool (PEP) see* [*http://www.ohioauditor.gov/references/shells/footnotes.html*](http://www.ohioauditor.gov/references/shells/footnotes.html) *for applicable risk management footnote. Replace the applicable parts of the footnote below with the specialized footnote.)*

*[If the footnote at the link above is not for the fiscal year you are reporting, please obtain the necessary information from these risk management agencies, as applicable. If the footnote information is not available for your fiscal year from these agencies, use the most recent information available and add a note in your footnote referencing the time period of the information reported and indicate it is the most recent information available at the time the footnotes were prepared.]*

*The specialized footnote related to Workers’ Compensation can be inserted here.*

OR, if not included in a risk pool or group rating for WC, use the paragraph below:

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs. (*If material; can be deleted if immaterial*.)

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The [COUNTY NAME] County Commissioners provide general insurance coverage for all the buildings on the [COUNTY NAME] County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of $XXX and $XXX, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of $XXX*.* The Society’s general manager is bonded with coverage of $XXX.

 *[Note: If the Society and your board of county commissioners do not insure the buildings, your auditors may issue a management letter comment that informs you of the county’s responsibility for insuring buildings and a citation of ORC 1711.24 in the County’s report.]*

*[Insert the following sentence if uninsured losses were material.]* The Society paid $XXX for losses that exceeded insurance coverage.

*[Also disclose any significant changes in coverage from the prior year.*]

**Should your Society participate in self-insurance, see the Generic Special Purpose Government Notes shell, Note 8, Risk Management, for a sample. You can cut and paste into this example.**

**Note 6 – Social Security**

*[Delete this footnote if no employees are entitled to these benefits]*

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, 20CY.

**Note 7 – Debt (Delete footnote if your Entity does not have Debt.)**

*[Review GASB Codification 1500, Reporting Liabilities, paragraph .129 Debt Obligations for guidance.]*

Debt outstanding at November 30, 20CY, was as follows:



*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter percentages as decimals, e.g., .0525 = 5.25 %.]*

*[Insert Principal Outstanding at November 30, 20CY, from the Amortization Schedule or Bank Schedule.]*

[List other indebtedness, such as financed purchases, If material. *Note: GASB 94 APAs can have financed purchases.]*

*[Include a brief description of the debt, including amount, term, maturity date, interest rate, purpose,* ***collateral****, and any other significant information, such as defaults, etc.]*

*[Example note disclosure]:* The $25,000 Tractor Note bears an interest rate of X.XX percent and is due to the Tractor Credit Corporation. The note was entered into on July 1, 20XX, and matures June 30, 20XX. Proceeds of the note were used to purchase a tractor and are collateralized by the tractor.

The [COUNTY NAME] County loaned the Society $XXX,XXX on Month Day, 20CY, for repairs to the grandstands. The Society must repay the loan to the County at a rate of twenty-five thousand dollars ($25,000) per year plus interest at a rate based upon the annual investment rate of the County. The interest rate applicable at November 30, 20XX, is X.XX percent.

Amortization of the above debt is scheduled as follows:



*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs.]*

*[Insert amounts by debt type from amortization schedules. The dates in the table above should be modified to start with the year following the financial statement date, for payments due in subsequent years. Present amounts due after 5 years in five-year increments.]*

**Should your Society have any additional debt including financed purchases for buildings, vehicles, and/or other equipment, you should insert the appropriate description and make any other necessary footnote and financial statement modifications. The Generic Special Purpose Government Notes shell provides examples in Note 11 that can be used and you can cut and paste into this example.**

**Note 8 – Construction and Contractual Commitments**

Identify any potentially significant outstanding construction or other contractual commitments.

**Note 9 – Contingent Liabilities**

*[Modify as needed. Review GASB Codification 1500, Reporting Liabilities, paragraph .125 for guidance. Briefly describe potentially material suits. Include the range of potential loss. However, avoid naming plaintiffs. Allow your legal counsel to review your draft language before finalizing the footnotes.]*

*Example:* The Society is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Society’s financial condition.

*[Include the following paragraph only if grants were received.]* Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, *[if significant federal grants were received continue this sentence with the following]* principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Related Party Transactions**

[Modify as needed.] *See GASB Codification Section 2250 Starting at Paragraph .102.*

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm’s length transaction. The notes should disclose the terms of material related party transactions. See GASB 56 for further guidance.

*Example:* A Board member is part owner of a company from which the Society acquired *[describe acquisition briefly]* during the year. The Society paid $XXX for this acquisition.

[Significant\* related party transactions must be disclosed. They may be indicative of ethics or other violations, but that is not the purpose of disclosing related party transactions. Related party transactions require disclosure because the reported amount of a transaction not conducted at arms-length may not be indicative of its true value, and may mislead readers about the Society’s ongoing ability to obtain or provide these goods or services if it must repay (or receive) fair value for them in future years.

\* A transaction may be “significant” when the dollar amount is immaterial, if it does not represent the fair value of the transaction. For example, a Society may rent a facility to a related party for $1 per year.]

**Note 11 – Subsequent Events**

A Subsequent Event is an event or transaction that affects the financial statement that is subsequent to the date of the financial statement (i.e. Fiscal Year End November 30, 20XX) but before financial statement is issued. See GASB Codification 2250 starting at paragraph .109.

*[Describe material debt issuances, uninsured losses, material federal or state grant awards or other material revenues or expenditures incurred subsequent to the financial statement date.]*

**Note 12 – Junior Fair Board**

[This footnote is applicable for Junior Fair Boards that are independent from the Agricultural Society; activities are not run through the Society’s books and a separate Junior Fair bank account is maintained. Delete this footnote if the activity runs through the Society’s books and is included in the financial statement.]

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the [Name of County] County Fair. The Society disbursed $XXX directly to the Junior Fair Board and $XXX directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. [Name of County] paid the Society $XXX to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board’s financial activity for the fiscal year ended November 30, 20CY, follows:



*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter disbursements as a negative number. Enter amounts from current fiscal year Junior Fair Board activities.]*

**Note 13 – Junior Livestock Sale Committee**

[This disclosure is applicable for Junior Fair Livestock Sale Committees that are independent from the Agricultural Society; activities are not run through the Society’s books and a separate bank account exists for the Committee. Delete this footnote if the activity runs through the Agricultural Society’s books and is included in the financial statement.]

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 [Name of County] County’s auction. A commission of XX percent on auction sales covers auction costs. *[modify for your situation -- per head, per group of animals (pen), assessed on the net difference between the auction price and the market cost, assessed on the market price for those animals that are sold directly to market, assessed on the auction price]* 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 fiscal year ended November 30, 20CY, follows:



*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter disbursements as a negative number. Enter amounts from current fiscal year Junior Livestock Sale Committee activities.]*

**Note 14 – COVID-19**

*These disclosures are optional and should be removed when substantially all COVID-19 funding has been spent. As described below, this note can also help explain any unique COVID situations.*

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023.  During 2023, the Village received COVID-19 funding.  (Edit or delete as needed.)  The Society will continue to spend available COVID-19 funding consistent with the applicable program guidelines (Specific material impacts from the pandemic may be addressed such as decreases in revenues, personnel impacts, and the Society’s specific responses to mitigating the negative impacts of the pandemic as well as awards of federal and state COVID relief programs may be addressed at the discretion of the fiscal officer. This note can be removed when substantially all COVID-19 funding has been spent.)

This paragraph is instructional. The following disclosures may help explain some of the unique COVID situations and can be used as appropriate. Also, the paragraph about investment volatility can be removed.

*If the Society has sub-granted any COVID-19 funding to another government or organization, spent any funding on behalf of another government, received any funding or assets that were purchased on behalf of the Society by another government, was required to return any funding to the granting agency, or used the billing method to charge prior year expenditures to an applicable COVID fund, please see the Generic Special Purpose Government note shell for additional required disclosures at the following link:* [*http://www.ohioauditor.gov/references/shells/regulatory.html*](http://www.ohioauditor.gov/references/shells/regulatory.html)

*Customizing the above disclosures is at the discretion of management.  Customization could include identifying the various COVID-19 programs through which the Society received funding during 2022.*