

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY
Regular Audit
For the Years Ended November 30, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Directors
Jackson County Agricultural Society
3362 State Route 776
Jackson, OH 45640

We have reviewed the *Independent Auditor's Report* of the Jackson County Agricultural Society, Jackson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period December 1, 2011 through November 30, 2013. 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 Jackson County Agricultural Society is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 23, 2014

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JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 27, 2014

Jackson County Agricultural Society
Jackson County
3362 State Route 776
Jackson, OH 45640

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Jackson County Agricultural Society**, Jackson County, (the Society) as of and for the years ended November 30, 2013 and 2012.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 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 adverse and qualified audit opinion.

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

As described in Note 1B of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Admissions receipts related to go-kart events are reported at \$10,695 and \$10,457 for the years ended November 30, 2013 and 2012, respectively, which are 3.8% of total receipts for the year ended November 30, 2013 and 4.5% percent of total receipts for the year ended November 30, 2012. Rental receipts related to stalls and grounds rentals are reported at \$10,700 and \$12,968 for the years ended November 30, 2013 and 2012, respectively, which are 3.8% of total receipts for the year ended November 30, 2013 and 5.6% of total receipts for the year ended November 30, 2012. Other operating receipts are reported at \$23,094 and \$31,965 for the years ended November 30, 2013 and 2012, respectively, which are 8.1% of total receipts for the year ended November 30, 2013 and 13.7% of total receipts for the year ended November 30, 2012. Sponsorship/Promotions receipts related to promotions are reported at \$3,840 and \$3,705 for the years ended November 30, 2013 and 2012, respectively, which are 1.3% of total receipts for the year ended November 30, 2013 and 1.6% of total receipts for the year ended November 30, 2012. We were unable to obtain sufficient appropriate audit evidence supporting the above amounts recorded as admissions, rentals, other operating and sponsorships/promotions receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the Jackson County Agricultural Society, Jackson County as of November 30, 2013 and 2012, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Jackson County Agricultural Society
Jackson County
Independent Auditor's Report
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	2013	2012
Operating Receipts:		
Admissions	\$ 85,042	\$ 78,559
Privilege Fees	10,668	10,194
Rentals	59,122	50,121
Sustaining and Entry Fees	12,548	12,143
Pari-mutuel Wagering Commission	622	822
Other Operating Receipts	23,094	31,965
<i>Total Operating Receipts</i>	191,096	183,804
Operating Disbursements:		
Utilities	53,204	49,441
Professional Services	89,239	92,719
Equipment and Grounds Maintenance	21,505	29,758
Race Purse	31,357	22,265
Senior Fair	9,095	5,500
Junior Fair	8,793	7,631
Capital Outlay	27,329	11,327
Other Operating Disbursements	54,349	30,718
<i>Total Operating Disbursements</i>	294,871	249,359
<i>(Deficiency) of Operating Receipts (Under) Operating Disbursements</i>	(103,775)	(65,555)
Non-Operating Receipts (Disbursements):		
State Support	32,474	18,729
County Support	10,000	3,000
Debt Proceeds	26,200	-
Donations/Contributions	5,470	2,666
Sponsorships/Promotions	19,940	24,490
Investment Income	41	139
Debt Service - Principal	(1,908)	-
Debt Service - Interest	(599)	-
<i>Net Non-Operating Receipts (Disbursements)</i>	91,618	49,024
<i>(Deficiency) of Receipts (Under) Disbursements</i>	(12,157)	(16,531)
Cash Balance, Beginning of Year	55,280	71,811
Cash Balance, End of Year	\$ 43,123	\$ 55,280

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

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson County Agricultural Society, Jackson County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1986 to operate an annual agricultural fair. The Society sponsors the week-long Jackson County Fair during July. During the fair, harness races are held. Jackson County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggering three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Jackson County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week as well as other year round activities at the fairgrounds, including facility rental, track and stall rental and community events. The reporting entity does not include any other activities or entities of Jackson County, Ohio.

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

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

B. Accounting Basis

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

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

C. Deposits

All cash assets of the Society are maintained in interest bearing checking accounts.

D. Property, Plant and Equipment

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

E. 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.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Race Purse

The Jackson County Harness Races are held during the Jackson 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.

G. 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.

The 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 3 for additional information.

2. DEPOSITS

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2013	2012
Demand Deposits	<u>\$ 43,123</u>	<u>\$ 55,280</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2013 and 2012 was \$23,432 and \$13,064, respectively, 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.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Continued)**

3. HORSE RACING (Continued)

Pari-mutuel Wagering (Continued)

	2013	2012
Total Amount Bet (Handle)	\$ 7,549	\$ 10,045
Less: Payoff to Bettors	6,060	(8,100)
Pari-mutuel Wagering Commission	1,489	1,945
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(490)	(716)
State Tax	(177)	(207)
Society Portion	\$ 622	\$ 822

4. DEBT

Debt outstanding at November 30, 2013 was as follows:

	Principal	Interest Rate
Note Payable for Restroom Repairs	\$ 24,292	5.50%

The \$26,200 note bears an interest rate of 5.50% and is due to Wesbanco Bank, Inc. The note was entered into on July 10, 2013, and matures July 10, 2018. Proceeds of the note were used for restroom repairs and are collateralized by the real property held by the Society.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Note
2014	\$ 6,018
2015	6,018
2016	6,018
2017	6,018
2018	2,857
Total	\$ 26,929

5. RISK MANAGEMENT

The Society is exposed to various risks of property and casualty losses.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Continued)**

5. RISK MANAGEMENT (Continued)

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, 2013, 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013.

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Society's share of these unpaid claims collectible in future years is approximately \$6,000.

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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$ 7,694	\$ 8,169

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.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Continued)**

6. JUNIOR FAIR BOARD

	2013	2012
Beginning Cash Balance	\$ 3,370	\$ 3,512
Receipts	1,652	1,323
Disbursements	(1,738)	(1,465)
Ending Cash Balance	\$ 3,284	\$ 3,370

7. 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 Jackson County auction. A commission, per head, on auction sales of \$45 for Grand Champion and \$15 for all other market animals is retained by the Junior Livestock Sale Committee to cover auction costs. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	\$ 29,325	\$ 22,849
Receipts	256,099	275,654
Disbursements	\$ (256,905)	\$ (269,178)
Ending Cash Balance	\$ 28,519	\$ 29,325

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

August 27, 2014

Jackson County Agricultural Society
Jackson County
3362 State Route 776
Jackson, OH 45640

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Jackson County Agricultural Society**, Jackson County, (the Society) as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 27, 2014, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as admissions, rentals, other operating and sponsorship/promotions receipts.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2013-001 through 2013-005 described in the accompanying schedule of audit findings to be material weaknesses.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2013-003 and 2013-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated August 27, 2014.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

Duplicate Receipts

The Uniform System of Accounting for Agricultural Societies (November 2002 Revision) states that agricultural societies shall deposit all cash receipts into a society-owned bank account. A multi-part prenumbered receipt should be completed for each cash receipt, except for ticket sales. A copy of the receipt shall be given to the person or organization making the payment. The society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively.

Duplicate receipts were on file for all items; however, the Secretary wrote these duplicate receipts to the Board Members who collected the monies rather than to the individual persons and/or organizations issuing payments. Failure to issue pre-numbered duplicate receipts to payees eliminates a significant control point, obscures the audit trail, and provides the opportunity for errors and/or irregularities to occur and remain undetected by management for an extended period. Also, as a result, we were unable to obtain adequate assurance over the completeness of the identified receipt sources as reported in the financial statement.

We recommend the Board of Directors require pre-numbered duplicate receipt books be maintained by all Board Members collecting receipts. We further recommend the Board of Directors require pre-numbered duplicate receipt be completed showing payee, date, amount of receipt, and purpose of receipt for each receipt of funds collected with a copy of said receipt being issued to the payee.

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

FINDING NUMBER 2013-002

Material Weakness

Non-Fair Events

The Society should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Society hosted Go-Kart races throughout 2013 and 2012 for which they received admission receipts. The Society failed to maintain any manner of ticket accountability for gate sales. As such, the Society could not support \$10,695 in receipts posted in 2013 or \$10,457 in receipts posted in 2012 pertaining to go-kart admissions.

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's receipts.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002 (Continued)

Non-Fair Events (Continued)

While the Society has adequate procedures in place to ensure receipts posted to the books have been deposited to the bank, we recommend the Board of Directors adopt policies and develop methods to provide accountability and to ensure all monies collected are paid into and reported in the financial statements.

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

FINDING NUMBER 2013-003

Material Weakness/Noncompliance

Contracts

Ohio Rev. Code Section 149.43 (B)(1)-(2) states that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Subject to division (B)(8) of this section, upon request, a public office or person responsible for public records shall make copies of the requested public record available at cost and within a reasonable period of time. To facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

The Society issues Camper Rental agreements for the Fair Week and Halloween weekend. The campers signed the rental agreements. However, the campground is open all year round and the rental agreements were not pre-numbered. Therefore, we could not assure completeness over these receipts.

The Society provided horse stalls, building, and grounds rentals throughout the season. The Society did not provide signed contracts for these rentals for audit. Rentals without contracts totaled \$10,700 in 2013 and \$12,968 in 2012. Based on these factors, we could not determine if proper rates were charged or assure completeness over these receipts. Further, in the event of a disaster, the Society would not be able to verify the number and identity of horses stalled on that date.

We recommend the Board of Directors require the use of pre-numbered contracts for campground rental and stall rental agreements. We recommend that all contracts indicate the party with which the Society is contracting, the dates covered by the contract, the date the contract is signed, the rate in effect, and sufficient documentation to agree the rate charged to an approved rate schedule. We further recommend that an accounts payable sheet be maintained by the Society for ongoing rentals to compare amounts charged with amounts collected to determine if all payments due to the Society have been received.

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

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-004

Material Weakness/Noncompliance

Sponsorships and Other Operating Receipts

Ohio Rev. Code Section 149.43 (B)(1)-(2) states that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Subject to division (B)(8) of this section, upon request, a public office or person responsible for public records shall make copies of the requested public record available at cost and within a reasonable period of time.

To facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

The Society failed to maintain support pertaining to the following:

- Sponsorship/Promotions Receipts totaling \$3,840 in 2013
- Sponsorship/Promotions Receipts totaling \$3,705 in 2012
- Other Operating Receipts totaling \$23,094 in 2013
- Other Operating Receipts totaling \$31,965 in 2012

We could not determine that the proper rates were charged or proper amounts were collected due to the lack of support.

We recommend the Society Secretary and Treasurer monitor receipts and ensure proper support is available and properly organized to allow for proper transparency and verification.

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

FINDING NUMBER 2013-005

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2013 and 2012, receipts and disbursements were not always posted correctly. The following errors were noted:

- Note proceeds were not recorded on the financial statements in 2013
- Mud bog entry fees recorded as pari-mutuel commission instead of sustaining and entry fees receipts in 2013

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005 (Continued)

Posting Receipts and Disbursements (Continued)

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Treasurer refer to Ohio Administrative Code for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

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

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Revised Code Section 9.38 – Deposits not timely	Yes	
2011-02	Financial Monitoring	Yes	
2011-03	Duplicate Receipts	No	Not Corrected; Repeated as Finding 2013-001
2011-04	Admissions Ticket Accountability	No	Partially Corrected; Repeated in Management Letter
2011-05	Non-Fair Events	No	Not Corrected; Repeated as Finding 2013-002
2011-06	Ohio Revised Code Section 149.43(B)(1)-(2) – Failure to Provide Public Records (Contracts)	No	Not Corrected; Repeated as Finding 2013-003
2011-07	Ohio Revised Code Section 149.43(B)(1)-(2) – Failure to Provide Public Records (Sustaining Entry and Other Operating Receipts)	No	Partially Corrected; Repeated as Finding 2013-004



Dave Yost • Auditor of State

JACKSON COUNTY AGRICULTURAL SOCIETY

JACKSON 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
OCTOBER 7, 2014**