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Certified Public Accountants, A.C.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY  
Regular Audit  
For the Years Ended November 30, 2015 & 2014**

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Jackson County Agricultural Society, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period December 1, 2013 through November 30, 2015. 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. 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

October 26, 2016

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**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

August 18, 2016

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

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 **Jackson County Agricultural Society**, Jackson County, (the Society) as of and for the years ended November 30, 2015 and 2014.

### Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting the 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 the 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 statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1B of the financial statement, the Society prepared the 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 *Additional Opinion Qualification* 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, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Admission receipts are reported at \$109,039 and \$88,979 for the years ended November 30, 2015 and 2014. Sponsorship/Promotion receipts totaled \$14,488 and \$16,650 for the years ended November 30, 2015 and 2014. These receipts represent 32.9% and 40.2% of all receipts for 2015 and 2014, respectively. We were unable to obtain sufficient appropriate audit evidence supporting these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* 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, 2015 and 2014, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2016, 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.



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



**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE YEAR ENDED NOVEMBER 30, 2015**

<b>Operating Receipts:</b>	
Admissions	\$ 109,039
Privilege Fees	48,685
Rentals	88,461
Sustaining and Entry Fees	17,689
Pari-mutuel Wagering Commission	773
Other Operating Receipts	<u>4,500</u>
<i>Total Operating Receipts</i>	<u>269,147</u>
<b>Operating Disbursements:</b>	
Utilities	57,545
Professional Services	102,057
Equipment and Grounds Maintenance	16,665
Race Purse	67,582
Senior Fair	11,232
Junior Fair	8,403
Capital Outlay	2,500
Other Operating Disbursements	<u>65,647</u>
<i>Total Operating Disbursements</i>	<u>331,631</u>
<i>(Deficiency) of Operating Receipts</i>	
<i>(Under) Operating Disbursements</i>	<u>(62,484)</u>
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	68,995
County Support	10,000
Donations/Contributions	12,598
Sponsorship/Promotions	14,155
Debt Service - Principal	(5,020)
Debt Service - Interest	(1,098)
Interest Income	<u>47</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>99,677</u>
<i>Excess of Receipts Over Disbursements</i>	37,193
Cash Balance, Beginning of Year	<u>51,566</u>
<b>Cash Balance, End of Year</b>	<b><u><u>\$ 88,759</u></u></b>

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

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE YEAR ENDED NOVEMBER 30, 2014**

<b>Operating Receipts:</b>	
Admissions	\$ 88,979
Privilege Fees	11,710
Rentals	65,879
Sustaining and Entry Fees	11,755
Pari-mutuel Wagering Commission	790
Other Operating Receipts	<u>8,290</u>
<i>Total Operating Receipts</i>	<u>187,403</u>
 <b>Operating Disbursements:</b>	
Utilities	56,105
Professional Services	68,927
Equipment and Grounds Maintenance	16,089
Race Purse	42,545
Senior Fair	14,711
Junior Fair	4,260
Capital Outlay	4,478
Other Operating Disbursements	<u>41,710</u>
<i>Total Operating Disbursements</i>	<u>248,825</u>
<i>(Deficiency) of Operating Receipts (Under) Operating Disbursements</i>	<u>(61,422)</u>
 <b>Non-Operating Receipts (Disbursements):</b>	
State Support	44,807
County Support	10,000
Donations/Contributions	3,890
Sponsorship/Promotions	16,650
Debt Service - Principal	(4,352)
Debt Service - Interest	(1,165)
Interest Income	<u>35</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>69,865</u>
<i>Excess of Receipts Over Disbursements</i>	8,443
Cash Balance, Beginning of Year	<u>43,123</u>
<b>Cash Balance, End of Year</b>	<u><b>\$ 51,566</b></u>

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

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

**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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**F. Race Purse**

The Jackson County Harness stake 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.

Sustaining and Entry Fees

Horse owners and Ohio Harness Horseman 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 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 3 for additional information.

**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:

	2015	2014
Demand Deposits	<u>\$ 88,759</u>	<u>\$ 51,566</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014  
(Continued)**

**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, 2015 and 2014 was \$64,725 and \$40,527, 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.

	2015	2014
Total Amount Bet (Handle)	\$ 9,611	\$ 9,876
Less: Payoff to Bettors	(7,715)	(7,953)
Pari-mutuel Wagering Commission	1,896	1,923
Tote Service Set Up Fee	(350)	(343)
Tote Service Commission	(548)	(566)
State Tax	(225)	(224)
Society Portion	\$ 773	\$ 790

**4. DEBT**

Debt outstanding at November 30, 2015 was as follows:

	Principal	Interest Rate
Note Payable for Restroom Repairs	\$ 14,920	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:	Restroom Repair Note
2016	\$ 6,018
2017	6,018
2018	3,358
Total	\$ 15,394

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014  
(Continued)**

**5. RISK MANAGEMENT**

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

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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, 2015, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$ 35,402,177	\$ 38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$ 23,038,920</u>	<u>\$ 25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government's share of these unpaid claims collectible in future years is approximately \$5,000.

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>2014</u>	<u>2015</u>
\$8,408	\$8,440

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Financial Position

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.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Jackson County Fair. In 2015 and 2014, the Society disbursed \$3,969 and \$1,865, respectively, directly to the Junior Fair Board and \$4,434 and \$2,395, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. In 2015 and 2014, Jackson County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2015 and 2014 follows:

	2015	2014
Beginning Cash Balance	\$ 2,838	\$ 3,284
Receipts	1,555	1,408
Disbursements	(1,886)	(1,854)
Ending Cash Balance	\$ 2,508	\$ 2,838

**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, 2015 and 2014 follows:

	2015	2014
Beginning Cash Balance	\$ 18,974	\$ 28,519
Receipts	283,251	254,189
Disbursements	(267,827)	(263,734)
Ending Cash Balance	\$ 34,398	\$ 18,974



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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 18, 2016

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

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 of the **Jackson County Agricultural Society**, Jackson County (the Society) as of and for the years ended November 30, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 18, 2016, 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. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as admissions and sponsorship/promotion 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.

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. We consider findings 2015-001, 2015-002, and 2015-004 through 2015-006 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-003 described in the accompanying schedule of audit findings to be a significant deficiency.



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### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2015-006.

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 18, 2016.

### **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 and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**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 2015 and 2014 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 \$15,352 in receipts posted in 2015 or \$5,710 in receipts posted in 2014 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.

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:** Officials did not provide a response to this finding.

**FINDING NUMBER 2015-002**

**Material Weakness**

**Season Tickets and 4-H Passes**

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 sold season tickets and 4-H tickets for fair admissions throughout 2015 and 2014 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 \$15,486 in receipts posted in 2015 or \$18,502 in receipts posted in 2014 pertaining to season tickets and 4-H tickets.

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.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
--

**FINDING NUMBER 2015-002 (CONTINUED)**

**Material Weakness (Continued)**

**Season Tickets and 4-H Passes (Continued)**

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.

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:** Officials did not provide a response to this finding.

**FINDING NUMBER 2015-003**

**Significant Deficiency**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as recommended in the Uniform System of Accounting for Agricultural Societies.

During 2015 and 2014, receipts and disbursements were not always posted correctly. The following errors were noted:

- Debt Principal payments were not properly recorded in 2015 and 2014; and
- Start monies for events were recorded on the books as receipts and disbursements for 2015.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications and adjustments. 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 the Uniform System of Accounting for Agricultural Societies for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response:** Officials did not provide a response to this finding.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2015-004**

**Material Weakness**

**Complete Voucher Packages**

The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price.

The Society did not always present complete voucher packages to support expenditures. This practice and lack of adequate supporting documentation could result in loss of Society funds or personal liability of the Society's Officials.

We recommend that all expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, to help insure that all Society expenditures are for goods or services received, properly approved, and for a proper public purpose.

**Officials' Response:** Officials did not provide a response to this finding.

**FINDING NUMBER 2013-005**

**Material Weakness**

**Financial Reporting**

At the end of each year, the Society is required to submit an annual report that contains financial results for the year. There were significant problems with the financial reporting process and, in turn, the annual reports for the years ended November 30, 2015 and 2014. The following problems with financial reporting occurred during the audit period and resulted in various inaccuracies in the annual reports:

- There were footing and cross-footing errors in the annual report;
- Current year checks were voided, but the voided checks still appeared as outstanding expenditures in the individual system account balances;
- There were individual system account balances for revenue and expenditure accounts that did not agree to amounts on the annual report.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2013-005 (Continued)**

**Material Weakness (Continued)**

**Financial Reporting (Continued)**

Errors and problems with financial reporting as discussed above have resulted in inaccurate annual reports, significant audit adjustments and the inability to determine errors or irregularities in a timely manner.

We recommend the Society verify that individual account balances at year end agree to the corresponding line item on the annual report. In addition, the annual report should be verified, prior to submission, by an individual, or by a finance committee that is not involved in the financial reporting process to help eliminate errors in the annual report.

**Officials' Response:** Officials did not provide a response to this finding.

**FINDING NUMBER 2015-006**

**Material Weakness/Noncompliance**

**Sponsorships/Promotions**

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 \$14,155 in 2015
- Sponsorship/Promotions Receipts totaling \$16,650 in 2014

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.

**JACKSON COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Duplicate Receipts	Yes	Corrected
2013-002	Non-Fair Events	No	Reissued as Finding 2015-001
2013-003	Contracts	Yes	Corrected
2013-004	Sponsorships and Other Operating Receipts	No	Reissued as Finding 2015-006
2013-005	Posting Receipts and Disbursements	No	Reissued as Finding 2015-003



# 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  
NOVEMBER 10, 2016**