



**ASHLAND COUNTY AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018**



**ASHLAND COUNTY AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ashland County Agricultural Society  
Ashland County  
2042 Claremont Avenue  
Ashland, Ohio 44805

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 Ashland County Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of Ashland County Agricultural Society, Ashland County, Ohio, as of November 30, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

September 30, 2020

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**Ashland County Agricultural Society**  
*Ashland County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2019*

<b>Operating Receipts</b>	
Taxes	\$76
Admissions	307,678
Privilege Fees	174,692
Rentals	157,940
Sustaining and Entry Fees	86,133
Pari-mutuel Wagering Commission	1,013
Other Operating Receipts	118,394
	118,394
<i>Total Operating Receipts</i>	<i>845,926</i>
	<i>845,926</i>
<b>Operating Disbursements</b>	
Wages and Benefits	207,766
Utilities	62,357
Professional Services	167,642
Equipment and Grounds Maintenance	78,277
Property and Rent Services	71,827
Race Purse	83,316
Senior Fair	34,594
Junior Fair	30,381
Capital Outlay	112,519
Other Operating Disbursements	114,295
	114,295
<i>Total Operating Disbursements</i>	<i>962,974</i>
	<i>962,974</i>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<i>(117,048)</i>
	<i>(117,048)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	14,102
Local Support	21,508
Donations/Contributions	100,573
Investment Income	138
Sale of Assets	3,025
Debt Service	(5,156)
	(5,156)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>134,190</i>
	<i>134,190</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>17,142</i>
	<i>17,142</i>
Cash Balance, Beginning of Year	134,205
	134,205
<i>Cash Balance, End of Year</i>	<i>\$151,347</i>
	<i>\$151,347</i>

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

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Ashland County Agricultural Society (the Society), Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week-long Ashland County Fair during September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of *thirty (30)* directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashland County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse sales and shows, motorcycle races, vintage truck show, *United Way Ring in Spring* and Relay for Life events. The reporting entity does not include any other activities or entities of Ashland County, Ohio.

Notes 11 and 12, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

***Public Entity Risk Pool***

The Society belongs to the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

**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(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.

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(D) permit.

***Deposits and Investments***

The Society held no investments as of November, 30, 2019.

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

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

**Race Purse**

Home Talent Colt stake races are held during the Ashland 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 Horsemen's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

**Ohio Fairs Fund** The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

**Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**Note 3 – Deposits**

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

	2019
Demand deposits	\$51,133
Other time deposits (savings and NOW accounts)	100,039
Total deposits	151,172
Cash on hand	175
Total deposits and cash	\$151,347

Deposits are insured by the Federal Deposit Insurance Corporation;

**Note 4 – 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, 2019, in the amount of \$7,543 as State Support.

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 4 – Horse Racing (Continued)**

***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.

	2019
Total Amount Bet (Handle)	\$ 4,876
Less: Payoff to Bettors	(3,863)
Parimutuel Wagering Commission	1,013
Tote Service Set Up Fee	(800)
Tote Service Commission	(54)
State Tax	(154)
Society Portion	\$ 5

**Note 5 – Risk Management**

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

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.

The Ashland County Commissioners provide general insurance coverage for all the buildings on the Ashland County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with limits of \$2,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability \$60,000. The Society's general manager and treasurer are bonded with coverage of \$60,000 each.

***Risk Pool Membership***

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

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

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 5 – Risk Management (Continued)**

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

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

**Note 6 – Social Security**

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

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2019.

**Note 7 – Construction and Contractual Commitments**

The Society is planning to construct an infield announcing tower. As of November 30, 2019, donations totaling \$6,415 have been received for this project.

The construction of the Rabbit Barn was completed with a total \$36,310 in donations and a grant of \$7,500 used to fund the project.

**Note 8 – Contingent Liabilities**

The Society knows of no pending lawsuits.

**Note 9 – Related Party Transactions**

Two Board members own a veterinarian clinic which was paid for services during the Fair. A fee of \$700 was shared with several other local veterinarians.

A Board member is the owner of a crop service company from which the Society acquires weed control spray during the year. The Society paid \$572 for the acquisition.

All transactions are brought before the Board according to our policy and deemed appropriate.

**Note 10 – Subsequent Events**

In March 2020, the Society received \$100,000 from the sale of S. Baney Road easement.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. In April 2020, the Society received a COVID-19 paycheck protection forgiveness loan in the amount of \$31,600, and in August 2020 received Coronavirus Relief funding in the amount of \$50,000. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 11 – Junior Fair Board**

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, and Girl Scout organization representatives, is responsible for the Junior Fair Division activities of the Ashland County Fair. The Society disbursed \$30,381 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Ashland County paid the Society \$500 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, 2019, follows:

	2019
Beginning Cash Balance	711
Receipts	1025
Disbursements	(1,011)
Ending Cash Balance	\$ 725

**Note 12 – 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 Ashland County's auction. A commission of 3.5 percent on auction price covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2019, follows:

	2019
Beginning Cash Balance	\$ 21,924
Receipts	634,106
Disbursements	(635,965)
Ending Cash Balance	\$ 20,065

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

<b>Operating Receipts</b>	
Admissions	\$277,392
Privilege Fees	159,945
Sales by Fair Board	88,820
Rentals	134,900
Pari-Mutuel Wagering Commission	1,322
Sustaining and Entry Fees	23,458
Racing	64,135
Other Operating Receipts	34,750
<i>Total Operating Receipts</i>	<u>784,722</u>
<b>Operating Disbursements</b>	
Wages and Benefits	199,717
Administration	15,972
Supplies	52,307
Utilities	57,844
Professional Services	138,824
Equipment and Grounds Maintenance	73,162
Racing	91,787
Advertising	12,441
Insurance	26,360
Rent/Lease	24,314
Senior Fair	36,722
Contest	35,649
Junior Fair	25,307
Capital Outlay	46,317
Other Operating Disbursements	44,850
<i>Total Operating Disbursements</i>	<u>881,573</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(96,851)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	13,431
County Support	5,800
Donations/Contributions	82,425
Investment Income	122
Debt Service	(4,273)
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>97,505</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	654
Cash Balance, Beginning of Year	<u>133,551</u>
<i>Cash Balance, End of Year</i>	<u><u>\$134,205</u></u>

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

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 1 – Reporting Entity**

The Ashland County Agricultural Society (the Society), Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week – long Ashland County Fair during September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of thirty (30) directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashland County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse sales and shows, motorcycle races, vintage truck show, *United Way Ring in Spring* and Relay for Life events. The reporting entity does not include any other activities or entities of Ashland County, Ohio.

Notes 11 and 12, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

***Public Entity Risk Pool***

The Society belongs to the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

***Basis of Presentation***

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

***Basis of Accounting***

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

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

***Deposits and Investments***

The Society held no investments as of November 30, 2018.



**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

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

**Race Purse**

Home Talent Colt stake races are held during the Ashland 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 Horsemen’s 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 4 for additional information.

**Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the “handle”), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society’s share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**Note 3 – Deposits**

The 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:

	2018
Demand deposits	\$47,883
Other time deposits	86,147
Total deposits	134,030
Cash on hand	175
Total deposits and cash on hand	\$134,205

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Horse Racing**

**State Support Portion of Purse**

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2018, in the amount of \$8,361 as State Support.

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 4 – Horse Racing (Continued)**

***Pari-mutuel Wagering***

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

	2018
Total Amount Bet (Handle)	\$ 6,362
Less: Payoff to Bettors	(5,040)
Parimutuel Wagering Commission	1,322
Tote Service Set Up Fee	(800)
Tote Service Commission	(225)
State Tax	(201)
Society Portion	\$ 96

**Note 5 – Risk Management**

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

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.

The Ashland County Commissioners provide general insurance coverage for all the buildings on the Ashland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$60,000. The Society's general manager, treasurer and office assistant are each bonded with coverage of \$60,000.

***Risk Pool Membership***

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local societies. 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 societies pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 5 – Risk Management (Continued)**

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, 2017.

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

At December 31, 2017 the liabilities above include approximately 11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Society’s share of these unpaid claims collectible in future years is approximately \$11,000.

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.

<b><u>2018 Contributions to PEP</u></b> <b><u>\$16,645</u></b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Social Security**

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

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

**Note 7 – Construction and Contractual Commitments**

The Society is planning to replace the Rabbit Barn. As of November 30, 2018, donations totaling \$1,000 and a grant of \$7,500 have been received for this project.

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 8 – Contingent Liabilities**

The Society knows of no pending lawsuits.

**Note 9 – Related Party Transactions**

Two Board members own a veterinarian clinic which was paid for vet services during the Fair. A fee of \$700 was shared with several other local veterinarians.

A Board member is the owner of a crop service company from which the Society acquired weed control spray during the year. The Society paid \$602 for the acquisition.

A Board member is part owner of a company from which the Society acquired rock salt during the year. The Society paid \$160 for this acquisition.

All transactions are brought before the Board according to our policy, and deemed appropriate.

**Note 10 – Subsequent Events**

In March 2020, the Society received \$100,000 from the sale of S. Baney Road easement.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. In April 2020, the Society received a COVID-19 paycheck protection forgiveness loan in the amount of \$31,600, and in August 2020 received Coronavirus Relief funding in the amount of \$50,000. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – 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 Ashland County Fair. The Society disbursed \$25,307 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Ashland 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 year ended November 30, 2018, follows:

	2018
Beginning Cash Balance	708
Receipts	618
Disbursements	<u>(615)</u>
Ending Cash Balance	<u>\$ 711</u>

**Ashland County Agricultural Society**  
*Ashland County*  
*Notes to the Financial Statement*  
*For the Year Ended November 30, 2018*

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**Note 12 – 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 Ashland County's auction. A commission of 3.5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2018 follows:

	2018
Beginning Cash Balance	\$ 18,622
Receipts	640,060
Disbursements	<u>(636,758)</u>
Ending Cash Balance	<u><u>\$ 21,924</u></u>

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# OHIO AUDITOR OF STATE KEITH FABER



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CentralRegion@ohioauditor.gov

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

Ashland County Agricultural Society  
Ashland County  
2042 Claremont Avenue  
Ashland, Ohio 44805

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 Ashland County Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 30, 2020, 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 noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society.

### ***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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

September 30, 2020



# OHIO AUDITOR OF STATE KEITH FABER



**ASHLAND COUNTY AGRICULTURAL SOCIETY**

**ASHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/5/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)