

Scioto County Agricultural Society
Scioto County
Regular Audit
For the Years Ended November 30, 2018 and 2017



Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549

natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Scioto County Agricultural Society
PO Box 109
Lucasville, Ohio 45648

We have reviewed the *Independent Auditor's Report* of the Scioto County Agricultural Society, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period December 1, 2016 through November 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Scioto County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 13, 2019

This page intentionally left blank.

Scioto County Agricultural Society
Table of Contents
For the Years Ended November 30, 2018 and 2017

Title	Page
Independent Auditor’s Report.....	1
Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) – For the Year Ended November 30, 2018.....	3
Notes to the Financial Statements – For the Year Ended November 30, 2018	4
Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) – For the Year Ended November 30, 2017.....	8
Notes to the Financial Statements – For the Year Ended November 30, 2017	9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	13
Schedule of Findings and Responses	15

This page intentionally left blank.

Independent Auditor's Report

Scioto County Agricultural Society
P.O. Box 109
Lucasville, Ohio 45648

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Scioto County Agricultural Society, Scioto County, (the Society) as of and for the years ended November 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

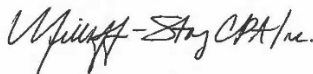
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2018 and 2017, or changes in financial position or cash flows 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 the Scioto County Agricultural Society, Scioto County, as of November 30, 2018 and 2017, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2019 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on the effectiveness of the Society's 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.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio 45662

May 3, 2019

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

Operating Receipts:	
Admissions	\$314,230
Privilege Fees	67,629
Rentals	116,391
Other Operating Receipts	<u>42,563</u>
Total Operating Receipts	540,813
Operating Disbursements:	
Wages and Benefits	70,403
Utilities	72,233
Professional Services	271,744
Equipment and Grounds Maintenance	5,525
Senior Fair	12,410
Junior Fair	21,934
Capital Outlay	7,936
Other Operating Disbursements	<u>48,997</u>
Total Operating Disbursements	<u>511,182</u>
Excess of Operating Receipts Over Operating Disbursements	29,631
Non-Operating Receipts (Disbursements)	
State Support	7,070
County Support	62,400
Donations/Contributions	35,490
Investment Income	412
Debt Service	<u>(63,800)</u>
Total Non-Operating Receipts (Disbursements)	<u>41,572</u>
Excess of Receipts Over Disbursements	71,203
Fund Cash Balance, Beginning of Year	<u>172,423</u>
Fund Cash Balance, End of Year	<u><u>\$243,626</u></u>

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

Scioto County Agricultural Society

Notes to the Financial Statements

For the Year Ended November 30, 2018

1. Summary of Significant Account Policies

A. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Scioto County Agricultural Society (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 1908 to operate an annual agricultural fair. The Society sponsors the week-long Scioto County Fair in August. Scioto County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Scioto County and pay an annual membership to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental, ground rental, track and stall rental, and community events including the Lucasville Trade Days and poultry shows. The reporting entity does not include any other activities or entities of Scioto County, Ohio. The Society's management believes this financial statement presents all activities for which the Society is financially accountable. Notes 5 and 6, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

B. Basis of Presentation

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

C. 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 earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when commitment is made (i.e., when an encumbrance is approved).

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

D. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

E. Capital Assets

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

F. 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 of 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.

2. Deposits

The Society maintains a deposit and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30 was as follows:

Demand Deposits	\$213,626
Certificate of Deposit	<u>30,000</u>
Total Deposits	243,626

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Debt

Debt outstanding as of November 30, 2018 was as follows:

County Fair Facility Bonds	Principal - \$130,000	Interest Rate – 4.35-5.7%
Poultry Barn	Principal - \$175,000	Interest Rate – 0%

Scioto County loaned the Society \$835,000 in 2000 as part of a various purpose bond issuance to provide funds for the construction of a Livestock Complex at the Scioto County Fairgrounds.

Scioto County loaned the Society \$175,000 in 2017 as part of a various purpose bond issuance to provide funds for the construction of a Poultry/Rabbit Building at the Scioto County Fairgrounds.

The Society is responsible for payment to Scioto County for the bonds according to an annual amortization schedule. The County paid the principal and part of the interest portion due on the bonds on behalf of the Society. This has been recorded as an intergovernmental receipt and a debt service payment in the accompanying financial statements.

Amortization of the above debt is scheduled as follows:

Year Ending	Fair Facilities Bond			Poultry Barn Loan
	Principal	Interest	Total	Principal
Nov. 30:				
2019	65,000	5,200	70,200	17,500
2020	65,000	2,600	67,600	17,500
2021				17,500
2022				17,500
2023				17,500
2024 – 2028				<u>87,500</u>
Total	<u>130,000</u>	<u>7,800</u>	<u>137,800</u>	175,000

4. 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, 2017 (the latest information available), 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 auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

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

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. the Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017 the Government's share of these unpaid claims collectible in future years is approximately \$14,000.

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.

2018 Contributions to PEP
\$22,766

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.

5. Junior Fair Board

The Junior Fair Board, consists of 4-H, FFA, VICA, Boy Scouts, Girl Scouts, and local school participants. Its activities are overseen by a four member 4-H advisory committee. The Fair Board's mission is to promote the interest of Scioto County youth through their exhibits and activities at the County Fair. The Junior Fair Board helps to facilitate events prior to and during the annual fair. The Junior Fair Board does not receive, disburse or hold cash and they do not have a bank account.

6. Junior Livestock Sale Committee

The 4H Market and Breeding Animal 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 Scioto County's auction. Monies to cover the cost of the large livestock auction are generated through a 5% commission paid to the auctioneer. A \$10 fee on all species is also collected and paid to the Committee. 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:

Beginning Cash Balance	\$21,433
Receipts	8,063
Disbursements	<u>12,002</u>
Ending Cash Balance	\$17,494

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

<hr/>	
Operating Receipts:	
Admissions	\$347,959
Privilege Fees	65,554
Rentals	99,704
Other Operating Receipts	<u>47,546</u>
Total Operating Receipts	560,763
Operating Disbursements:	
Wages and Benefits	88,691
Utilities	72,338
Professional Services	320,184
Equipment and Grounds Maintenance	7,633
Senior Fair	13,830
Junior Fair	21,704
Capital Outlay	257,533
Other Operating Disbursements	<u>51,846</u>
Total Operating Disbursements	<u>833,759</u>
Deficiency of Operating Receipts Under Operating Disbursements	(272,996)
Non-Operating Receipts (Disbursements)	
State Support	57,317
County Support	177,400
Donations/Contributions	70,416
Investment Income	55
Debt Service	<u>(64,800)</u>
Total Non-Operating Receipts (Disbursements)	<u>240,388</u>
Deficiency of Receipts Under Disbursements	(32,608)
Fund Cash Balance, Beginning of Year	<u>205,031</u>
Fund Cash Balance, End of Year	<u><u>\$172,423</u></u>

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

Scioto County Agricultural Society

Notes to the Financial Statements

For the Year Ended November 30, 2017

1. Summary of Significant Account Policies

A. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Scioto County Agricultural Society (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 1908 to operate an annual agricultural fair. The Society sponsors the week-long Scioto County Fair in August. Scioto County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Scioto County and pay an annual membership to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental, ground rental, track and stall rental, and community events including the Lucasville Trade Days and poultry shows. The reporting entity does not include any other activities or entities of Scioto County, Ohio. The Society's management believes this financial statement presents all activities for which the Society is financially accountable. Notes 5 and 6, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

B. Basis of Presentation

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

C. 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 earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when commitment is made (i.e., when an encumbrance is approved).

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

D. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

E. Capital Assets

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

F. 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 of 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.

2. Deposits

The Society maintains a deposit and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30 was as follows:

Demand Deposits	\$142,423
Certificate of Deposit	<u>30,000</u>
Total Deposits	\$172,423

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Debt

Debt outstanding as of November 30, 2017 was as follows:

County Fair Facility Bonds	Principal - \$190,000	Interest Rate – 4.35-5.7%
Poultry Barn	Principal - \$175,000	Interest Rate – 0%

Scioto County loaned the Society \$835,000 in 2000 as part of a various purpose bond issuance to provide funds for the construction of a Livestock Complex at the Scioto County Fairgrounds.

Scioto County loaned the Society \$175,000 in 2017 as part of a various purpose bond issuance to provide funds for the construction of a Poultry/Rabbit Building at the Scioto County Fairgrounds.

The Society is responsible for payment to Scioto County for the bonds according to an annual amortization schedule.

Amortization of the above debt is scheduled as follows:

Year Ending	Fair Facilities Bond			Poultry Barn Loan
	Principal	Interest	Total	Principal
Nov. 30:				
2018	60,000	7,600	67,600	0
2019	65,000	5,200	70,200	17,500
2020	65,000	2,600	67,600	17,500
2021				17,500
2022				17,500
2023 – 2027				87,500
2028				<u>17,500</u>
Total	190,000	15,400	205,400	175,000

4. 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, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

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

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

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

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

2017 Contributions to PEP
\$23,798

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.

5. Junior Fair Board

The Junior Fair Board, consists of 4-H, FFA, VICA, Boy Scouts, Girl Scouts, and local school participants. Its activities are overseen by a four member 4-H advisory committee. The Fair Board’s mission is to promote the interest of Scioto County youth through their exhibits and activities at the County Fair. The Junior Fair Board helps to facilitate events prior to and during the annual fair. The Junior Fair Board does not receive, disburse or hold cash and they do not have a bank account.

6. Junior Livestock Sale Committee

The 4H Market and Breeding Animal 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 Scioto County’s auction. Monies to cover the cost of the large livestock auction are generated through a 5% commission paid to the auctioneer. A \$10 fee on all species is also collected and paid to the Committee. 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, 2017 follows:

Beginning Cash Balance	\$19,559
Receipts	10,442
Disbursements	<u>8,568</u>
Ending Cash Balance	\$21,433

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Scioto County Agricultural Society
P.O. Box 109
Lucasville, Ohio 45648

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Scioto County Agricultural Society, Scioto County, (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2019, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

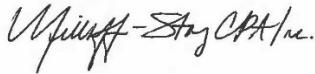
As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Society's Response to Finding

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Society's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

May 3, 2019

Scioto County Agricultural Society
Schedule of Findings and Responses
For the Years Ended November 30, 2018 and 2017

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

A monitoring system by the Society should be in place to prevent or detect misstatements for the accurate presentation of the Society's financial statements. A misclassification in revenue was noted. Additionally, it was noted that the Society did not properly record debt payments made by the County Commissioners on behalf of the Society. Lastly, changes were made to the note disclosures for consistency with the prescribed format. The Society should implement procedures to ensure that financial statements and related disclosures are accurately presented.

Client Response:

Client chose not to respond.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO COUNTY AGRICULTURAL SOCIETY

SCIOTO 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
JUNE 27, 2019**