



OHIO AUDITOR OF STATE
KEITH FABER



**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY
NOVEMBER 30, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) For the Fiscal Year Ended November 30, 2020	5
Notes to the Financial Statement For the Fiscal Year Ended November 30, 2020	6
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) For the Fiscal Year Ended November 30, 2019	10
Notes to the Financial Statement For the Fiscal Year Ended November 30, 2019	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	18

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Putnam County Agricultural Society
Putnam County
P.O. Box 47
Ottawa, Ohio 45875-0047

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 Putnam County Agricultural Society, Putnam County, Ohio (the Society) as of and for the years ended November 30, 2020 and 2019.

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, 2020 and 2019, and the respective 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 Society, as of November 30, 2020 and 2019, 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, 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 April 15, 2021, 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

April 15, 2021

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Putnam County Agricultural Society
Putnam County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2020

Operating Receipts	
Taxes	\$279
Admissions	21,852
Privilege Fees	12,739
Rentals	38,707
Sustaining and Entry Fees	35,205
Pari-mutuel Wagering Commission	1,809
Other Operating Receipts	19,171
<i>Total Operating Receipts</i>	129,762
Operating Disbursements	
Wages and Benefits	15,191
Utilities	23,111
Professional Services	37,759
Equipment and Grounds Maintenance	8,303
Property and Rent Services	13,300
Race Purse	96,633
Senior Fair	4,465
Junior Fair	7,337
Other Operating Disbursements	41,862
<i>Total Operating Disbursements</i>	247,961
<i>Excess of Operating Disbursements</i> <i>Over Operating Receipts</i>	(118,199)
Non-Operating Receipts (Disbursements)	
State Support	13,806
Local Support	3,380
Donations/Contributions	197,147
Investment Income	6
Sale of Assets	315
Debt Service	(157)
<i>Net Non-Operating Receipts (Disbursements)</i>	214,497
<i>Excess of Receipts Over Disbursements</i>	96,298
Cash Balance, Beginning of Year	64,216
<i>Cash Balance, End of Year</i>	\$160,514

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

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Note 1 – Reporting Entity

The Agricultural Society of Putnam County (the Society), Putnam 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 1855 to operate an annual agricultural fair. The Society sponsors the week – long Putnam County Fair during June. During the fair, harness races are held, culminating in the running of the Ohio Colt Racing Association Signature Series. Putnam County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Putnam 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 and harness racing during fair week. 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 Putnam County, Ohio.

Notes 8 and 9, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and change in fund balance (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 has no investments.

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.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020
(Continued)

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.

Race Purse

Signature Series stake races are held during the Putnam 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 Colt Racing 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 and Investments

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

	2020
Demand deposits	<u>\$152,384</u>
Other time deposits (savings account)	<u>8,130</u>
Total deposits	<u><u>\$160,514</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020
(Continued)

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, 2020, in the amount of \$7,788 as State Support.

Pari-mutuel Wagering

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

	2020
Total Amount Bet (Handle)	\$8,916
Less: Payoff to Bettors	(7,107)
Parimutuel Wagering Commission	1,809
Tote Service Set Up Fee	(850)
Tote Service Commission	(462)
State Tax	(248)
Society Portion	\$249

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through May 2021.

The Putnam County Commissioners provide general insurance coverage for all the buildings on the Putnam County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$2,000,000 each. The Society’s Treasurer and Secretary are bonded with coverage of \$20,000 each.

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, 2020.

Note 7 – Rental Agreements

The Society renewed its rental agreement in 2019 for 3.6 acres, to be used for fair parking. The current lease has a term of 5 years with \$2,000 due each year on December 1st expiring in 2024.

The Society pays the County \$1 annually for rental of the fairgrounds.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020
(Continued)

Note 8 – Junior Fair Board

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Putnam County Fair. The Society disbursed \$7,337 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Putnam 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, 2020, follows:

	2020
Beginning Cash Balance	\$2,418
Receipts	1,190
Disbursements	(575)
Ending Cash Balance	\$3,033

Note 9 – 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 Putnam County's auction. A commission of 2.5 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 fiscal year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$6,848
Receipts	299,028
Disbursements	(284,958)
Ending Cash Balance	\$20,918

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Operating Receipts	
Taxes	\$487
Admissions	93,411
Privilege Fees	43,578
Rentals	37,909
Sustaining and Entry Fees	41,545
Pari-mutuel Wagering Commission	2,797
Other Operating Receipts	20,680
	20,680
<i>Total Operating Receipts</i>	<i>240,407</i>
	<i>240,407</i>
Operating Disbursements	
Wages and Benefits	27,653
Utilities	34,185
Professional Services	84,836
Equipment and Grounds Maintenance	27,115
Property and Rent Services	35,626
Race Purse	107,056
Senior Fair	7,401
Junior Fair	10,652
Capital Outlay	673
Other Operating Disbursements	47,480
	47,480
<i>Total Operating Disbursements</i>	<i>382,677</i>
	<i>382,677</i>
<i>Excess of Operating Disbursements</i> <i>Over Operating Receipts</i>	<i>(142,270)</i>
	<i>(142,270)</i>
Non-Operating Receipts (Disbursements)	
State Support	14,101
Local Support	3,300
Donations/Contributions	127,521
Investment Income	21
Debt Service	(187)
	(187)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>144,756</i>
	<i>144,756</i>
<i>Excess of Receipts Over Disbursements</i>	<i>2,486</i>
Cash Balance, Beginning of Year	61,730
	61,730
<i>Cash Balance, End of Year</i>	<i>\$64,216</i>
	<i>\$64,216</i>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Putnam County (the Society), Putnam 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 1855 to operate an annual agricultural fair. The Society sponsors the week – long Putnam County Fair during June. During the fair, harness races are held, culminating in the running of the Ohio Colt Racing Association Signature Series. Putnam County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Putnam 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 and harness racing during fair week. 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 Putnam County, Ohio.

Notes 8 and 9, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and change in fund balance (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 has no investments.

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.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019
(Continued)

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.

Race Purse

Signature Series stake races are held during the Putnam 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 Colt Racing 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 and Investments

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

	2019
Demand deposits	<u>\$64,216</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019
(Continued)

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.

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)	\$14,077
Less: Payoff to Bettors	(11,280)
Parimutuel Wagering Commission	2,797
Tote Service Set Up Fee	(800)
Tote Service Commission	(1,074)
State Tax	(345)
Society Portion	\$578

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through May 2020.

The Putnam County Commissioners provide general insurance coverage for all the buildings on the Putnam County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$2,000,000 each. The Society's Treasurer and Secretary are bonded with coverage of \$20,000 each.

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 – Rental Agreements

The Society renewed its rental agreement in 2019 for 3.6 acres, to be used for fair parking. The current lease has a term of 5 years with \$2,000 due each year on December 1st expiring in 2024.

The Society pays the County \$1 annually for rental of the fairgrounds.

Putnam County Agricultural Society
Putnam County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019
(Continued)

Note 8 – Junior Fair Board

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Putnam County Fair. The Society disbursed \$10,652 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Putnam 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	\$3,117
Receipts	522
Disbursements	(1,221)
Ending Cash Balance	\$2,418

Note 9 – 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 Putnam County's auction. A commission of 2.5 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 fiscal year ended November 30, 2019, follows:

	2019
Beginning Cash Balance	\$13,468
Receipts	396,143
Disbursements	(402,763)
Ending Cash Balance	\$6,848

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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*

Putnam County Agricultural Society
Putnam County
P.O. Box 47
Ottawa, Ohio 45875-0047

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 Putnam County Agricultural Society, Putnam County, Ohio (the Society) as of and for the years ended November 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated April 15, 2021, 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 which 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) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 financial statements. 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*.

Society's Response to Finding

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

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

April 15, 2021

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- A separate bank account is maintained for Junior Fair livestock sales. These amounts have historically, and correctly, not been included in the financial statements and only reported in the notes. The activity in this account was incorrectly included in the 2020 Enterprise Fund financial statement. This resulted in overstating revenues, expenditures, and ending fund balance in the amounts of \$299,028, \$284,958, and \$14,070, respectively.
- In 2020 and 2019, donations/contributions were incorrectly classified as other operating receipts in the Enterprise Fund in the amount of \$64,800.
- In 2020, donations/contributions were incorrectly classified as admissions in the Enterprise Fund in the amount of \$15,295.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors ranging from \$7 to \$14,029.

To help ensure the Society's financial statements and notes to the financial statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Secretary and the Board, to identify and correct errors and omissions.

Officials' Response:

The Putnam County Agricultural Society has reviewed the finding summary and has a better understanding of the posting issues and has made it a priority to work on the reoccurring findings, and to have these issues fixed in the system for future postings.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 NOVEMBER 30, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	This finding was first reported in 2014. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2020-001 in this report.	The Putnam County Agricultural Society has had a change in the secretary's position and the secretary is learning the system. The Society has an understanding of the posting issues and will be working with the new secretary to get the issues fixed in the system for future postings.

OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY AGRICULTURAL SOCIETY

PUTNAM 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 5/6/2021

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