



OHIO AUDITOR OF STATE
KEITH FABER



**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) For the Year Ended November 30, 2022	5
Notes to the Financial Statements For the Year Ended November 30, 2022	6
Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) For the Year Ended November 30, 2021	14
Notes to the Financial Statements For the Year Ended November 30, 2021	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

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INDEPENDENT AUDITOR'S REPORT

Ashtabula County Agricultural Society
Ashtabula County
P.O. Box 546
Jefferson, Ohio 44047

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Ashtabula County Agricultural Society, Ashtabula County, Ohio (the Society), which comprises the cash balances, receipts and disbursements for the governmental fund type total as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the governmental fund type total as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Society on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2023

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**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2022**

	<u>Totals (Memorandum Only)</u>
Operating Receipts	
Taxes	\$2,109
Admissions	374,505
Privilege Fees	69,967
Rentals	113,654
Sustaining and Entry Fees	25,700
Other Operating Receipts	<u>17,410</u>
<i>Total Cash Receipts</i>	<u>603,345</u>
Operating Disbursements	
Wages and Benefits	84,655
Utilities	78,265
Professional Services	253,237
Equipment and Grounds Maintenance	63,634
Property and Rent Services	76,050
Race Purse	95,106
Senior Fair	29,913
Junior Fair	25,146
Capital Outlay	158,766
Other Operating Disbursements	<u>647,315</u>
<i>Total Cash Disbursements</i>	<u>1,512,087</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(908,742)</u>
Non-Operating Receipts (Disbursements)	
State Support	12,085
Local Support	3,200
Donations/Contributions	698,211
Investment Income	92
Debt Service	<u>(6,944)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>706,644</u>
<i>Net Change in Fund Cash Balances</i>	(202,098)
<i>Fund Cash Balances, December 1</i>	<u>374,927</u>
<i>Fund Cash Balances, November 30</i>	<u><u>\$172,829</u></u>

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

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

Note 1 – Reporting Entity

The Ashtabula County Agricultural Society (the Society), 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 1822 to operate an annual agricultural fair. In 1846 the Society was reorganized as the Ashtabula County Agricultural Society under the new regulations of the Ohio Department of Agriculture. The Society sponsors the six-day Ashtabula County Fair during August. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashtabula County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashtabula 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 sponsored by other County organizations who pay rental fees to the Society for use of facilities for horse shows, gun shows, swap meets, livestock shows and fundraisers for their organizations. The Market Annual Committee, a sub-committee of the Society, held a reverse raffle in January 2022 as a fundraiser for fairground building improvements. The Society sponsored other fundraising events, a rib burn off and pasta dinner, which were not very successful. The reporting entity does not include any other activities or entities of Ashtabula County, Ohio.

The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statement.

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 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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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(C) permit.

Budget

The Treasurer and Finance Committee prepare a "working" budget early in the fiscal year to assist the governing board to plan for the year and monitor income and expenses as an effective management practice, but not as a source of legal compliance.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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. The Society is currently a tax-exempt subordinate in a 501(c)(3) group exemption for the Ohio County and Independent Agricultural Societies which is administered by the Ohio Department of Agriculture. At the Society's annual election in September 2019, the membership approved amendments to the constitution which will allow the management of the Society to proceed with applying for incorporation and individual exemption for the Society. Due to the COVID-19 pandemic, the Society did not file for incorporation and individual exemption on 2020 through 2022. As of June 30, 2024, the Ohio Department of Agriculture will be terminating the umbrella 501(c)(3) which allowed County and Independent Societies to maintain the benefits of non-profit status under their group exemption. The Society will proceed with filing for incorporation and individual 501(c)(3) exemption in 2023.

Race Purse

Home Talent Colt Stake races are held during the Ashtabula 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 Home Talent Colt Stakes Association, Inc. 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.

VLT Revenue Share funds The Ohio Harness Horsemen's Association disbursed funds from the Ohio Standardbred Horsemen's Video Terminal Revenue Share program to participating racing fairs for stake races and non-stake race purses. 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.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

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

	2022
Demand deposits	<u>\$44,897</u>
Other time deposits (savings and NOW accounts)	<u>127,932</u>
Total deposits and investments	<u><u>\$172,829</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement the eight division Stake Race purses for the fiscal year ended November 30, 2022, in the amount of \$3,217 for Stake Races with \$402 going to each of the eight Stake Races as State Support. The Society is required to add \$500 to each of the Stake Race Purse. The additional Ohio Fair Fund money in the amount of \$3,217 for Non-Stake Races, can be applied to the \$500 due from the Society to be added to the eight Stake Race Purse. The amount of \$402 will be applied to each Stake Race Purse as the Society’s share and the Society will add the balance.

Video Lottery Terminal (VLT) Revenue Share Funds

The financial statement reports funds received from the Ohio Harness Horsemen’s Association (OHHA) from the Ohio Standardbred Horsemen’s Video Lottery Terminal Revenue Share program to participating fairs for Stake Races in the amount of \$59,982 and feature race funds in the amount of \$500 as Unrestricted Support (Account 3240 – Promotions) as per Uniform System of Accounting for Agricultural Societies. The OHHA also contributed \$12,000 VLT funds to each Society to support the expenses required to provide and promote the harness racing programs at the County Fair.

Racing Purses

The Society is obligated to pay out all sustaining and entry fees including horse owner fees, Home Talent Stake Fees, Ohio Fair Funds and OHHA funds as Race Purses to winning horses.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

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.

In 2022, the Tote Service contract agreement provided the Tote Service received \$650 per day guaranteed set up fee plus 50% of the net commission if the commission exceeds \$650 per day. The Commission did not exceed \$650 either day of racing. Therefore, the Tote Service retained the entire net commission for 2 days totaling \$700 and the Society paid the Total Service an additional \$600 – the balance due per their contract equal to \$650 per day which came to \$1,300 for the two day period. The Society received no commission from Pari-Mutuel Wagering in 2022.

	<u>2022</u>
Total Amount Bet (Handle)	\$ 4,047
Less: Payoff to Bettors	<u>(3,264)</u>
Parimutuel Wagering Commission	783
Tote Service Set Up Fee	(1,300)
State Tax	(83)
Balance Owed to Tote Service for Set Up Fee (Paid by Society)	600
	<u> </u>
Society Portion of Net Commission	<u>\$ -</u>

Note 5 – Risk Management

The Society is exposed to various risks of property and casualty losses, and injuries to employees. The Society insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The Society participates in the Ohio Fair Managers Association Workers' Compensation group rating plan through Sedgwick Claims Management Services, Inc. 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 Society has no full-time employees; therefore, the Society does not provide health insurance coverage for employees.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

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 Society'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

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

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

The Pool reinsures its casualty claims through the American Public Entity Excess Pool (APEEP), Genesis Reinsurance and Markel Global Reinsurance. Property losses are reinsured through APEEP and Travelers BoilerRe.

Members pay annual contributions to fund the Pool. The Pool pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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. Contributions are based on exposure during the previous year. As a normal fair was cancelled by the COVID-19 pandemic in 2020, revenues were low and exposure was limited reducing the contribution fees for 2021. The contribution for 2022 increased due to a more normal fair in 2021. PEP provides general liability coverage for the Society with limits of \$2,000,000 per occurrence with no aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000.

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, payment 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.

Bonds

The Society purchased bond coverage for the Society's secretary/treasurer from Love Insurance Agency with coverage provided by Zurich North America Surety for \$50,000 with the Ashtabula County Agricultural Society and \$27,500 with the Ashtabula County Commissioners.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

Directors & Officers Accident Insurance

The Society purchased Directors & Officers Accident Insurance for \$184 through Burnham & Flower for participation in the Ohio Fair Managers Association policy. The coverage is provided by Axis Insurance Company. Coverage was in place for 7/1/21-6/30/22 and renewed for 7/1/22-6/30/23. It pays benefits for specific losses from accidents only, while members are participating in activities sponsored by the policy holder or while traveling to and from activities. Accident medical benefit is \$2500 – with \$50 deductible.

Building Insurance

The Ashtabula County Commissioners provide general insurance coverage for all the buildings on the Ashtabula County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. The Ashtabula County Fairgrounds is owned by Ashtabula County.

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, 2022.

Note 7 – Debt

Debt outstanding at November 30, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Lease/Purchase for Tractor	<u>\$38,712</u>	0.00%
Total	<u><u>\$38,712</u></u>	

On May 18, 2022 the Society purchased a new LS MT347H Tractor with Front End Loader, Backhoe, and free Pallet Fork from Robison Equipment Inc. The loan for the LS Tractor bears an interest rate of 0% and is due to Wells Fargo Financial Leasing, Inc. The principal balance of the loan and security agreement was \$43,014 (which included an administrative fee of \$250.00). 6 monthly payments of \$717 were made in July through November 2022 = total paid of \$4,301 in fiscal year ending 11/30/22. This leaves a principal balance due of \$38,712 as of November 30, 2022. The term of the loan is 60 months and the tractor is collateral for the loan. The tractor was purchased for maintenance work at the fairgrounds and includes a 6-year warranty. Final payment will be due in May 2027.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Lease/Purchase For Tractor	Total
2023	\$8,603	\$8,603
2024	8,603	8,603
2025	8,603	8,603
2026	8,603	8,603
2027	4,300	4,300
	<u>\$38,712</u>	<u>\$38,712</u>

Note 8 – Construction and Contractual Commitments

There are no outstanding construction and contractual commitments. The following two grant projects were completed by November 30, 2022 and Note 8 A & B explain the process for the completion of these projects.

A. In 2018 the Ashtabula County Commissioners approved a grant for the Ashtabula County Agricultural Society to receive \$18,580 proceeds of a timber project on county property which had been assigned to the fairgrounds. The funds were disbursed on July 31, 2018. The Board of directors of the Society voted for the funds to be used to upgrade the electrical system to LED lighting in the west parking lot and racetrack infield of the fairgrounds. Upgrades completed in 2018 totaled \$13,938 leaving a balance of \$4,642. In 2019 lighting upgrades totaled \$1,490, leaving a balance of \$3,152 for 2020, which was tentatively planned for the camping areas on the fairgrounds. Due to the COVID-19 pandemic in 2020, upgrades to the electrical system in the camping area were not started. In 2021 the Board decided to change the source of funding the campground upgrades to the Capital Improvement 2021-2022 grant fund, because cost of the project was going to exceed earlier estimates. In 2022 the balance of the timber project grant \$3,152 was applied to the purchase cost of a Generac generator for the Expo Center at the fairgrounds.

B. In 2020 the Society was approved for a \$325,000 State of Ohio Capital Budget grant for capital improvements to facilities at the Ashtabula County Fairgrounds for 2021-2022. The Grant Agreement was sent by the Ohio Department of Agriculture to the Society in February 2021 with the terms that Grantee must complete the project not later than twenty-four months after the execution of the Agreement and no matching funds were required by the Society. Approval was for various projects of improvements to the fairgrounds and the Society was not required to identify the projects to qualify for the grant. The Ohio Department of Agriculture released the \$325,000 grant funds to the Society in May 2021. Contracts and expenses totaling \$193,511 were paid as of November 30, 2021 for the following projects: Barn 11 – Demolition of the old barn and construction of a new metal K Building 60'x90'x16' for \$118,123; 100 used animal pens for \$20,000; Campgrounds electrical upgrades for \$37,181; Concrete projects – Grange Building floor and Butler Maintenance Building new driveway and ramp \$18,207. A grant fund balance of \$131,489 remained as on November 30, 2021 to be used for projects in 2022.

In 2022 the following projects were completed with the grant funds: Expo Center roof & gutter replacement \$74,590; Expo lights and generator expenses \$6,296, Barn 11 outdoor lights and overhead doors \$10,497, Butler Building expansion and renovation \$40,106. Total expenses: \$131,489. With all projects completed as of November 30, 2022, the Society filed the Grant Program Close Out Report with the Ohio Department of Agriculture on January 1, 2023.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2022

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Related Party Transactions

The daughter of a board member runs a dairy farm – Lots-A-Leche Dairy LLC. A worker from her farm did projects at the fairgrounds in 2022: Replace poles in Steer Barn #18 \$900; Stall repairs in Barn #8 \$1,600; Butler Building expansion and renovation \$5,500 for a total \$8,000. Payment was made to Lots-A-Leche Dairy LLC.

Note 11 – 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 Ashtabula County Fair. Junior Fair activities of the Ashtabula County Fair are run through the Society's books. Ashtabula County paid the Society \$100 to support Junior Club work.

Note 12 – Junior Livestock Sale Committee

The Junior Fair livestock sale is held during fair week. Junior Fair youth sell their animals through the auction sale at the Fair. The Market Animal Committee, a sub-committee of the Ashtabula County Agricultural Society, oversees, operates, manages and conducts the Junior Fair livestock sale at the Ashtabula County Fair. A commission fee of 4% on auction sales to cover auction costs and a \$10 fee per auction project to cover buyers' gifts, will be deducted from the sale checks to the Junior Fair youth. The Market Animal Committee's checking accounts, which record receipts and disbursements for the Junior Fair livestock sale, are operated under the Society's name, checks are co-signed by the Market Animal committee's Treasurer and the Society's Treasurer and transactions are included in the Society's accompanying financial statement. Livestock sale receipts totaled \$534,527 for 2022 and are included in income account #3100 "Restricted Support" (and reported in Non-Operating Receipts –Donations/Contributions on the Financial Statement.) The Market Animal Committee Treasurer pursued an outstanding payment of \$1,306 from Waste Management for the 2021 livestock sale, and the payment was received and deposited into the Market Animal Committee account in April of 2022. The 2022 Livestock sale disbursements totaled \$518,265 and are included in expenses account # 9490 "Other Fair Expenses" (and reported in Other Operating Disbursements on the Financial Statement). \$16,262 (commission fees from sales) were transferred from Livestock Sale Checking Account to Market Animal Committee Checking Account in October of 2022.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021. The Society received no additional funding for the COVID-19 pandemic during fiscal year 2022.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2021**

	<u>Totals (Memorandum Only)</u>
Operating Receipts	
Taxes	\$2,067
Admissions	294,141
Privilege Fees	52,301
Rentals	96,796
Sustaining and Entry Fees	26,870
Other Operating Receipts	<u>15,109</u>
<i>Total Cash Receipts</i>	<u>487,284</u>
Operating Disbursements	
Wages and Benefits	63,993
Utilities	55,764
Professional Services	170,836
Equipment and Grounds Maintenance	47,090
Property and Rent Services	42,252
Race Purse	92,810
Senior Fair	32,696
Junior Fair	16,543
Capital Outlay	275,173
Other Operating Disbursements	<u>445,514</u>
<i>Total Cash Disbursements</i>	<u>1,242,671</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(755,387)</u>
Non-Operating Receipts (Disbursements)	
State Support	388,088
Local Support	3,200
Donations/Contributions	544,858
Investment Income	95
Debt Service	<u>(1,727)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>934,514</u>
<i>Net Change in Fund Cash Balances</i>	179,127
<i>Fund Cash Balances, December 1</i>	<u>195,800</u>
<i>Fund Cash Balances, November 30</i>	<u><u>\$374,927</u></u>

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

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

Note 1 – Reporting Entity

The Ashtabula County Agricultural Society (the Society), 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 1822 to operate an annual agricultural fair. In 1846 the Society was reorganized as the Ashtabula County Agricultural Society under the new regulations of the Ohio Department of Agriculture. The Society sponsors the six-day Ashtabula County Fair during August. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashtabula County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashtabula County and pay an annual membership fee to the Society.

Due to the COVID-19 pandemic, the United States and the State of Ohio declared a state of emergency in March of 2020. In June 2020 Governor DeWine, with the advice of the State of Ohio Department of Health, mandated that county fairs would not proceed as normal, and fairs were restricted to Junior Fair events & harness racing. The Ashtabula County Agricultural Society complied with the orders. In August 2020 Governor DeWine issued an order that fairgrounds would be restricted to only county fair events. Further interpretations allowed weddings, horse show, drive-thru fair food events, stall rental and storage rental only. Rental of buildings and fairground facilities for raffles, gun shows, flea markets, truck pulls, demolition derbies and livestock shows were not permitted. * These restrictions stayed in effect and were strictly enforced by the Ashtabula County Health Department until April 8, 2021 when the Ohio Department of Health rescinded all previous health orders. In its place a general health order focused on general safety orders on distancing, masks, sanitation, and signage for all events inside and outside. The Ashtabula County Agricultural Society was allowed to proceed with a normal fair schedule for August 10 – August 15, 2021 and followed general safety orders.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other activities at the fairgrounds include facility rental, track and stall rental, winter storage and community events including horse shows, gun shows, swap meets and livestock shows. However, due to the COVID-19 pandemic, the State of Ohio and the Ashtabula County Health Department continued to restrict fairground events until the April 8, 2021 health orders rescinded all previous orders. The Society did not sponsor fundraising reverse raffle events in 2021 due to the continuing COVID-19 pandemic. The proceeds from the reverse raffle events each year normally were designated for fairgrounds improvement. The Society tried sponsoring other outdoor fundraising events which were not successful. The reporting entity does not include any other activities or entities of Ashtabula County, Ohio.

The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statement.

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 changes in fund balances (regulatory cash basis).

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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(C) permit.

Budget

The Treasurer and Finance Committee prepare a “working” budget early in the fiscal year to assist the governing board to plan for the year and monitor income and expenses as an effective management practice, but not as a source of legal compliance.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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. The Society is currently a tax-exempt subordinate in a 501(c)(3) group exemption for the Ohio County and Independent Agricultural Societies which is administered by the Ohio Department of Agriculture. At the Society’s annual election in September 2019, the membership approved amendments to the constitution which will allow the management of the Society to proceed with applying for incorporation and individual exemption for the Society. Due to the COVID-19 pandemic, the Society did not file for incorporation and individual exemption in 2020 or 2021.

Race Purse

Home Talent Colt Stake races are held during the Ashtabula 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 Home Talent Colt Stakes Association, Inc. 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.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

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.

VLT Revenue Share funds The Ohio Harness Horsemen’s Association disbursed funds from the Ohio Standardbred Horsemen’s Video Terminal Revenue Share program to participating racing fairs for stake races and non-stake race purses. 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 and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30 was as follows:

	<u>2021</u>
Demand deposits	\$60,609
Other time deposits (savings and NOW accounts)	<u>314,318</u>
Total deposits and investments	<u><u>\$374,927</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money received to supplement race purses for the Fiscal Year Ended November 30, 2021, in the amount of \$2,363 as State Support.

Video Lottery Terminal (VLT) Revenue Share Funds

The financial statement reports funds received from the Ohio Harness Horsemen’s Association (OHHA) from the Ohio Standardbred Horsemen’s Video Lottery Terminal Revenue Share program to participating fairs for Stake Races in the amount of \$56,000 and feature race funds in the amount of \$1,000 as Unrestricted Support (Account 3240 – Promotions) as per Uniform System of Accounting for Agricultural Societies.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

Racing Purses

The Society is obligated to pay out all sustaining and entry fees including horse owner fees, Home Talent Stake Fees, Ohio Fair Funds and OHHA funds as Race Purses to winning horses.

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.

In 2021, the Tote Service contract agreement provided the Tote Service received \$625 per day guaranteed set up fee plus 50% of the net commission if the commission exceeds \$625 per day. The Commission did not exceed \$625 either day of racing. Therefore, the Tote Service retained the entire net commission for 2 days totaling \$740 and the Society paid the Total Service an additional \$510 – the balance due per their contract equal to \$625 per day which came to \$1,250 for the two day period. The Society received no commission from Pari-Mutuel Wagering in 2021.

	<u>2021</u>
Total Amount Bet (Handle)	\$ 4,291
Less: Payoff to Bettors	<u>(3,472)</u>
Parimutuel Wagering Commission	819
Tote Service Set Up Fee	(1,250)
State Tax	(79)
Balance Owed to Tote Service for Set Up Fee (Paid by Society)	<u>510</u>
Society Portion of Net Commission	<u>\$ -</u>

Note 5 – Risk Management

The Society is exposed to various risks of property and casualty losses, and injuries to employees. The Society insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The Society participates in the Ohio Fair Managers Association Workers' Compensation group rating plan through Sedgwick Claims Management Services, Inc. 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 Society has no full-time employees; therefore, the Society does not provide health insurance coverage for employees.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

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 Society'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

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

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

The Pool reinsures its casualty claims through the American Public Entity Excess Pool (APEEP), Genesis Reinsurance and Markel Global Reinsurance. Property losses are reinsured through APEEP and Travelers BoilerRe.

Members pay annual contributions to fund the Pool. The Pool pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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. Contributions are based on exposure during the previous year. As a normal fair was cancelled by the COVID-19 pandemic in 2020, revenues were low and exposure was limited reducing the contribution fees for 2021. PEP provides general liability coverage for the Society with limits of \$2,000,000 per occurrence with no aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000.

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, payment 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.

Bonds

The Society purchased bond coverage for the Society's secretary/treasurer from Love Insurance Agency with coverage provided by Zurich North America Surety for \$50,000 with the Ashtabula County Agricultural Society and \$27,500 with the Ashtabula County Commissioners.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

Building Insurance

The Ashtabula County Commissioners provide general insurance coverage for all the buildings on the Ashtabula County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. The Ashtabula County Fairgrounds is owned by Ashtabula County.

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, 2021.

Note 7 – Debt

The Society applied for an SBA Paycheck Protection Plan Loan through Huntington Bank on May 1, 2020 for \$6,207. The loan was approved and proceeds were received on May 5, 2020. The receipt of funds was posted to account #3800 Mortgage and reported as Mortgage Income on the Financial Statement. The loan application was to assist with payroll for 8 weeks (5/5-6/26) \$4,655 and \$1,552 for utilities. Terms of the loan: 2 year loan at 1% interest starting December 1, 2020. Loan must be repaid if it is not forgiven and if it is determined that the requirements of the loan were not followed. The Society did payout the funds for payroll and utilities as stated. As of December 10, 2020 Huntington Bank informed the Society that they believe that Congress will act to create a simplified process for forgiveness for loans \$150,000 or less and that it would be counterproductive to have the Society complete the current forgiveness process. Therefore, Huntington Bank did not anticipate taking forgiveness applications for loans of \$150,000 or less until after the first of the year (2021). Huntington Bank said they would notify the Society by e-mail when it is time to apply for forgiveness. The Society's PPP Loan forgiveness application was completed May 26, 2021. The SBA – PPP Forgiveness Application was determined to be approved and paid in full on June 6, 2021.

Note 8 – Construction and Contractual Commitments

There are no outstanding construction and contractual commitments. The following two grant projects were completed by November 30, 2021 and Note 8 A & B explain the process for the completion of these projects.

A. In 2018 the Ashtabula County Commissioners approved a grant for the Ashtabula County Agricultural Society to receive \$18,580 proceeds of a timber project on county property which had been assigned to the fairgrounds. The funds were disbursed on July 31, 2018. The Board of directors of the Society voted for the funds to be used to upgrade the electrical system to LED lighting in the west parking lot and racetrack infield of the fairgrounds. Upgrades completed in 2018 totaled \$13,938 leaving a balance of \$4,642. In 2019 lighting upgrades totaled \$1,490, leaving a balance of \$3,152 for 2020, which was tentatively planned for the camping areas on the fairgrounds. Due to the COVID-19 pandemic in 2020, upgrades to the electrical system in the camping area were not started. In 2021 the Board decided to change the source of funding the campground upgrades to the Capital Improvement 2021-2022 grant fund, because cost of the project was going to exceed earlier estimates. In 2022 the balance of the timber project grant \$3,152 was applied to the purchase cost of a Generac generator for the Expo Center at the fairgrounds.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

B. In 2020 the Society was approved for a \$325,000 State of Ohio Capital Budget grant for capital improvements to facilities at the Ashtabula County Fairgrounds for 2021-2022. The Grant Agreement was sent by the Ohio Department of Agriculture to the Society in February 2021 with the terms that Grantee must complete the project not later than twenty-four months after the execution of the Agreement and no matching funds were required by the Society. Approval was for various projects of improvements to the fairgrounds and the Society was not required to identify the projects to qualify for the grant. The Ohio Department of Agriculture released the \$325,000 grant funds to the Society in May 2021. Contracts and expenses totaling \$193,511 were paid as of November 30, 2021 for the following projects: Barn 11 – Demolition of the old barn and construction of a new metal K Building 60'x90'x16' for \$118,123; 100 used animal pens for \$20,000; Campgrounds electrical upgrades for \$37,181; Concrete projects – Grange Building floor and Butler Maintenance Building new driveway and ramp \$18,207. A grant fund balance of \$131,489 remained as on November 30, 2021 to be used for projects in 2022.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Related Party Transactions

A daughter of a board member runs a dairy farm – Lots-A-Leche Dairy LLC. A worker from her farm did renovation on Barn 10 for \$4,200 and replaced metal siding on the grandstand for \$8,500 in 2021 and payment was made to Lots-A-Leche Dairy LLC.

Note 11 – 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 Ashtabula County Fair. Junior Fair activities of the Ashtabula County Fair are run through the Society's books. Ashtabula County paid the Society \$100 to support Junior Club work.

Note 12 – Junior Livestock Sale Committee

The Junior Fair livestock sale is held during fair week. Junior Fair youth sell their animals through the auction sale at the Fair. The Market Animal Committee, a sub-committee of the Ashtabula County Agricultural Society, oversees, operates, manages, and conducts the Junior Fair livestock sale at the Ashtabula County Fair. A commission fee of 4% on auction sales to cover auction costs, a \$10 fee per project sold to cover buyers' gifts, and \$3 tagging fee (\$3 for each animal tagged by the exhibitor) will be deducted from the sale checks. The Market Animal Committee's checking accounts, which record receipts and disbursements for the Junior Fair livestock sale, are operated under the Society's name, checks are co-signed by the Market Animal committee's treasurer and the Society's treasurer and transactions are included in the Society's accompanying financial statement. Livestock sale receipts totaled \$397,994 for 2021 and are included in income account #3100 "Restricted Support" (and reported in Non-Operating Receipts – Donations/Contributions on the Financial Statement.) The Market Animal Committee Treasurer is pursuing one credit card payment for \$1,306 that did not process. Payment was from Waste Management, but he has had difficulty working with their corporate office. He has been told they will be sending a check soon to replace the payment that did not process. Livestock sale disbursements totaled \$384,493 are included in expense account # 9490 "Other Fair Expenses" (and reported in Other Operating Disbursements on the Financial Statement). \$12,195 (commission fees from sale) were transferred from Livestock Sale Checking Account to Market Animal Committee Checking Account. Accounts are determined by the chart of Accounts as per the Auditor of the State of Ohio's Uniform System of Accounting for Agricultural Societies.

Ashtabula County Agricultural Society

Ashtabula County

Notes to the Financial Statements

For the Year Ended November 30, 2021

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021. The Society received additional funding for the COVID-19 pandemic during fiscal year 2021.

In June 2020 the Ashtabula County Commissioners received a federal Cares Act grant to assist Ashtabula County to control the effects of COVID-19. They were able to help the Society with funding for improvements to restroom facilities, security and other expenses related to COVID-19. The disbursement of funds by the County was permitted through December 2020. A check from the County Auditor for funds from the Cares Act was written in December 2020 to reimburse the Society for 2 TV's for Junior Fair educational events with social distancing and 5 printers for remote work by Society officers and staff, and the check was deposited by the Society in January 2021.

In October 2021 the Ohio Department of Agriculture distributed additional Covid Relief funds for \$3,433 to agricultural societies. Rules were the same as previous CRF funds - economic support (lost revenue), personal protective equipment and other public health expenditures were eligible to qualify for funds. On December 1, 2021 the Society filed the Local Fair Economic Support Report for lost revenue. Due to the loss of rental events and fundraisers during the October to December 2020 and January to March 2021 periods.



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

Ashtabula County Agricultural Society
Ashtabula County
P.O. Box 546
Jefferson, Ohio 44047

To the Board of Directors:

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the governmental fund type total as of and for the years ended November 30, 2022 and 2021 and the related notes to the financial statements of the Ashtabula County Agricultural Society, Ashtabula County, (the Society) and have issued our report thereon dated August 30, 2023, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 Society'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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 Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2023

OHIO AUDITOR OF STATE KEITH FABER



ASHTABULA COUNTY AGRICULTURAL SOCIETY

ASHTABULA 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 9/14/2023

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