

**FAYETTE COUNTY
AGRICULTURAL SOCIETY**
FAYETTE COUNTY, OHIO

REGULAR AUDIT

**FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2022 & 2021**



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Board of Directors
Fayette County Agricultural Society
213 Fairview Ave.
Washington Court House, OH 43160

We have reviewed the *Independent Auditor's Report* of the Fayette County Agricultural Society, Fayette County, prepared by Julian & Grube, Inc., for the audit period December 1, 2020 through November 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 09, 2024

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**FAYETTE COUNTY AGRICULTURAL SOCIETY
FAYETTE COUNTY, OHIO**

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Independent Auditor's Report

Fayette County Agricultural Society
Fayette County
213 Fairview Avenue
Washington Court House, Ohio 43160

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements of the Fayette County Agricultural Society, Fayette County, Ohio, as of and for the fiscal years ended November 30, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinions 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 of the Fayette County Agricultural Society, as of and for the fiscal years ended November 30, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 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 Fayette County Agricultural Society, as of November 30, 2022 and 2021, or changes in net position, and cash flows thereof for the fiscal years then ended.

Basis for Opinions

We conducted our audit in accordance with 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. 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 Fayette County Agricultural 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 Fayette County Agricultural 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

Though the Fayette County Agricultural 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(C) permit. Our opinions on this accounting basis are in the "Unmodified Opinions on Regulatory Basis of Accounting" paragraph above.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 Fayette County Agricultural 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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Fayette County Agricultural 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.

Fayette County Agricultural Society
Fayette County
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fayette County Agricultural 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 March 12, 2024 on our consideration of the Fayette County Agricultural Society's internal control over financial reporting and on 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 Fayette County Agricultural 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 Fayette County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 12, 2024

Fayette County Agricultural Society
Fayette County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2022

Operating Receipts	
Admissions	\$ 202,179
Privilege Fees	54,631
Rentals	238,816
Sustaining and Entry Fees	30,223
Pari-mutuel Wagering Commission	569
Other Operating Receipts	<u>167,175</u>
<i>Total Operating Receipts</i>	<u>693,593</u>
Operating Disbursements	
Wages and Benefits	72,030
Utilities	69,909
Professional Services	159,813
Equipment and Grounds Maintenance	102,432
Property and Rent Services	96,451
Race Purse	118,612
Senior Fair	51,669
Junior Fair	23,483
Capital Outlay	337,928
Other Operating Disbursements	<u>114,223</u>
<i>Total Operating Disbursements</i>	<u>1,146,550</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(452,957)</u>
Non-Operating Receipts (Disbursements)	
State Support	62,152
Local Support	222,881
Donations/Contributions	102,413
Investment Income	103
Sales Committee Loan Repayment	32,000
Sales Committee Loan Issuance	<u>(62,000)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>357,549</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(95,408)
Cash Balance, Beginning of Year	<u>149,791</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 54,383</u></u>

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

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 1 – Reporting Entity

The Fayette County Agricultural Society (the Society), Fayette 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 1881 to operate an annual agricultural fair. The Society sponsors the week – long Fayette County Fair during July. During the fair, harness races are held, culminating in the running of the Signature Series and Fayette County Classic. Fayette County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of thirteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fayette County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. 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 Fayette County, Ohio.

Notes 9 and 10, 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 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 Society 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.

Deposits

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.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society’s basis of accounting does not report these amounts as liabilities.

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 currently working with the Internal Revenue Service (IRS) in regards to filings affecting the fiscal year. The Society has attempted to file all necessary reports and filings and are communicating with the IRS to get resolve.

Race Purse

Stake races are held during the Fayette 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 the 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 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	\$ 54,383
Total deposits	<u>\$ 54,383</u>

At November 30, 2022, the Society held \$0 in equity securities. Equity securities are not eligible investments for the Society under Ohio law.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At November 30, 2022, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

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, 2022, in the amount of \$6,434 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.

	2022
Total Amount Bet (Handle)	\$ 8,930
Less: Payoff to Bettors	(7,147)
Parimutuel Wagering Commission	1,783
Tote Service Set Up Fee	(700)
Tote Service Commission	(514)
State Tax	(226)
Society Portion	\$ 343

Note 5 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Fayette County Commissioners provide general insurance coverage for all the buildings on the Fayette County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$100,000 and \$3,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society’s general manager is bonded with coverage of \$50,000.

The Society paid \$0 for losses that exceeded insurance coverage.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal 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

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 – Construction and Contractual Commitments

The Fayette County Fairgrounds grandstand is currently under construction and will continue through the beginning of 2023.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. 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.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 9 – 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 Fayette County Fair. The Society disbursed \$120 directly to the Junior Fair Board and \$23,483 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Fayette County paid the Society \$3,900 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, 2022, follows:

	2022
Beginning Cash Balance	\$ 3,761
Receipts	8,555
Disbursements	(4,621)
Ending Cash Balance	\$ 7,695

Note 10 – 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 Fayette County’s auction. A commission of 3.5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the fiscal year ended November 30, 2022, follows:

	2022
Beginning Cash Balance	\$ 8,521
Receipts	584,087
Disbursements	(555,650)
Ending Cash Balance	\$ 36,958

Note 11 – 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 2022 while the national state of emergency ended in April 2023.

Note 12 – Accountability and Compliance

The Society was in noncompliance with Ohio Administrative Code Section 117-2-02(D).

Fayette County Agricultural Society
Fayette County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2021

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Operating Receipts	
Admissions	\$ 175,078
Privilege Fees	46,706
Rentals	139,944
Sustaining and Entry Fees	15,775
Other Operating Receipts	<u>201,899</u>
<i>Total Operating Receipts</i>	<u>579,402</u>
 Operating Disbursements	
Wages and Benefits	112,232
Utilities	53,381
Professional Services	35,164
Equipment and Grounds Maintenance	93,678
Property and Rent Services	55,349
Race Purse	115,614
Senior Fair	74,301
Junior Fair	19,615
Capital Outlay	35,000
Other Operating Disbursements	<u>98,230</u>
<i>Total Operating Disbursements</i>	<u>692,564</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>(113,162)</u>
 Non-Operating Receipts (Disbursements)	
State Support	63,389
Local Support	10,866
Donations/Contributions	69,457
Investment Income	69
Sales Committee Loan Repayment	130,000
Sales Committee Loan Issuance	<u>(130,000)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>143,781</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 30,619
 Cash Balance, Beginning of Year (Restated)	 <u>119,172</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$ 149,791</u></u>

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

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 1 – Reporting Entity

The Fayette County Agricultural Society (the Society), Fayette 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 1881 to operate an annual agricultural fair. The Society sponsors the week – long Fayette County Fair during July. During the fair, harness races are held, culminating in the running of the Signature Series and Fayette County Classic. Fayette County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of thirteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fayette County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. 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 Fayette 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 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 Society 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.

Deposits

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.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

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 currently working with the Internal Revenue Service (IRS) in regards to filings affecting the fiscal year. The Society has attempted to file all necessary reports and filings and are communicating with the IRS to get resolve.

Race Purse

Stake races are held during the Fayette 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 the 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 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:

	2021
Demand deposits	\$ 149,791
Total deposits	<u>\$ 149,791</u>

At November 30, 2021, the Society held \$0 in equity securities. Equity securities are not eligible investments for the Society under Ohio law.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At November 30, 2021, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

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, 2021, in the amount of \$4,727 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.

	2021
Total Amount Bet (Handle)	\$ 13,463
Less: Payoff to Bettors	(10,774)
Parimutuel Wagering Commission	2,689
Tote Service Set Up Fee	(700)
Tote Service Commission	(989)
State Tax	(341)
Society Portion	\$ 659

Note 5 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Fayette County Commissioners provide general insurance coverage for all the buildings on the Fayette County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$100,000 and \$3,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society’s general manager is bonded with coverage of \$50,000.

The Society paid \$0 for losses that exceeded insurance coverage.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal 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

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 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. 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.

Fayette County Agricultural Society
Fayette County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

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 Fayette County Fair. The Society disbursed \$48 directly to the Junior Fair Board and \$19,615 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Fayette County paid the Society \$2,800 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, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$ 1,329
Receipts	4,710
Disbursements	<u>(2,278)</u>
Ending Cash Balance	<u><u>\$ 3,761</u></u>

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 Fayette 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, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$ 19,072
Receipts	527,873
Disbursements	<u>(538,424)</u>
Ending Cash Balance	<u><u>\$ 8,521</u></u>

Note 10 – 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 2021 while the national state of emergency ended in April 2023. During 2021, the Society received COVID-19 funding. The Society will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 11 – Accountability and Compliance

The Society was in noncompliance with Ohio Administrative Code Section 117-2-02(D).

Note 12 – Cash Balance Restated

A beginning cash balance adjustment was made by the Society to void reconciling outstanding checks that were listed on the bank reconciliations prior to fiscal year 2021. This adjustment increased the beginning cash balance by \$4,213.

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

Fayette County Agricultural Society
Fayette County
213 Fairview Avenue
Washington Court House, Ohio 43160

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, the financial statements of the cash balances, receipts, and disbursements of the Fayette County Agricultural Society, Fayette County, Ohio, as of and for the fiscal years ended November 30, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated March 12, 2024, wherein we noted as described in Note 2 to the financial statements, the Fayette County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Fayette County Agricultural 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 Fayette County Agricultural Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fayette County Agricultural 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 Fayette County Agricultural 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fayette County Agricultural 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-003.

Fayette County Agricultural Society

Fayette County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Fayette County Agricultural Society's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fayette County Agricultural Society's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Fayette County Agricultural Society's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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



Julian & Grube, Inc.

March 12, 2024

**FAYETTE COUNTY AGRICULTURAL SOCIETY
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Society, this could also include reviewing the fiscal year-end Quickbooks detailed reports to ensure activity is reported in the correct line items.

Certain adjustments were made to the financial statements and note disclosures to properly state amounts for the fiscal years ended November 30, 2022 and 2021. The audited financial statements and note disclosures have been adjusted for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Society’s activity.

We recommend the Society design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Society should consider having an outside third-party, or board member with financial experience, perform a second review of the financial report prior to filing in the Hinkle System. Further, the Society should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Fair Secretary is required to review monthly: a detailed activity report, reconciliations, adjusting journal entry reports and bank statements. The reports are available to all Directors for review at any time during the year. Reconciliations are now completed the first week of the following month for all accounts with activity. The Executive Committee will review Financial Reports prior to filing in the Hinkle System. The Society will contact the auditor with any questions or unfamiliar situations that arise regarding proper cash basis accounting. The Society will incorporate adjustments from this audit into its future unaudited financial statements submitted via the Hinkle System.

Finding Number	2022-002
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Material Weakness - Cash Reconciliations and Accounting System

Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft, and fraud to occur without timely detection.

**FAYETTE COUNTY AGRICULTURAL SOCIETY
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
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Finding Number	2022-002 (Continued)
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Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the accounting system provide reasonable assurance that all receipts and disbursements have been correctly posted in the accounting system and have been correctly posted by the bank. The Fiscal Officer did not properly post financial activity to the accounting system during the audit periods or compare the reconciled bank balance to the Society’s book balance during the month end reconciliation processes. As such we noted the following:

The annual financial reports prepared by the Fiscal Officer did not accurately report ending fund cash balances due to mis-postings of entries, differences in amounts posted compared to amounts clearing the bank, and some Society activity not being included in the books but clearing the bank. The accompanying financial statements have been corrected for these errors. The Society has also adjusted its accounting records.

Accurate reconciliations and financial reports are a basic and essential internal control component for sound fiscal management. Society officials rely on accurate reconciliations and financial reports to make sound financial decisions. Lack of oversight over the Society’s financial reporting also increases the chances of fraud, theft, errors or omissions remaining unnoticed.

The Fiscal Officer should complete accurate monthly reconciliations of all accounts. All transactions should be accurately and timely posted in the accounting system. Society officials should review and sign the reconciliations indicating their approval. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. The Fiscal Officer should verify that financial activity is properly posted to the accounting ledgers and reported. The receipts ledger, appropriation ledger, cash journal, and annual financial report should all agree to each other.

Client Response: The infractions were noted and discussed, and we are going to be implanting policies and procedures to correct them. See Finding Number 2022-001. This is the procedure that we will be using to also reconcile the Cash Account to the Financial Statements. Financial records are being posted on a monthly basis and the reconciliation is being completed on a monthly basis.

Finding Number	2022-003
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Material Weakness/Noncompliance – Accounting Records

Ohio Administrative Code (OAC) § 117-2-02(D) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include a cash receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger. The local office should also maintain adequate documentation to support the amounts recorded on this ledger.

Furthermore, the Uniform System of Accounting for Agricultural Societies (USAAS) manual issued by the Auditor of State stipulates procedures over cash receipts for agricultural societies. In part, the USAAS states a multi-part pre-numbered receipt should be completed for each receipt. A copy of the receipt shall be given to the person or organization making the payment. The Society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g. camping contract).

**FAYETTE COUNTY AGRICULTURAL SOCIETY
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-003 – (Continued)

We noted certain instances in which various receipts affecting various line items could not be adequately substantiated due to lack of adequate supporting documentation like ticket reconciliations, sales forms, and event logs. Ultimately, these cash receipts were determined to be reasonable although support was inconsistent.

Without proper accounting records and support, the Society is at an increased risk of loss of receipts from theft as well as the potential for disbursements to be made without proper public purpose, which could result in a lack of accountability over financial activity or potential fraud.

We recommend the Society’s Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society for receipts and disbursements throughout the fiscal year.

Client Response: These areas of concern are currently being addressed by the Board and Treasurer and new controls and procedures are being assessed to ensure all transactions are sufficiently supported. The Society plans to implement better controls of all the accounts associated with the Society and better track and increase controls of all transactions that are being reported.

**FAYETTE COUNTY AGRICULTURAL SOCIETY
FAYETTE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2022 AND 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2017	<u>Material Weakness - Financial Statement Presentation</u> - Certain adjustments were made to the Society's financial statement and note disclosures to properly state financial statement amounts.	Not Corrected	Reissued as material weakness as finding 2022-001 as audit adjustments were posted to the Society's financial statements and related notes.
2020-002	2017	<u>Material Weakness – ATM Account/ATM Machine</u> – The Society did not reconcile the ATM account in conjunction with cash in the ATM machine.	Partially Corrected	Reissued in Management Letter
2020-003	2020	<u>Material Weakness – Cash Reconciliations and Accounting System</u> – The Fiscal Officer did not properly post financial activity or compare the reconciled bank balance to the Society's book balance during the month end reconciliation processes.	Not Corrected	Reissued as material weakness as finding 2022-002 as the Society did not reconcile the cash balances to the accounting system properly.
2020-004	2020	<u>Material Weakness/Noncompliance – Accounting Records</u> – We noted certain instances in which various receipts and certain disbursements could not be adequately substantiated due to lack of adequate supporting documentation.	Not Corrected	Reissued as material weakness as finding 2022-003 as we noted various receipts could not be adequately substantiated due to lack of adequate supporting documentation.

OHIO AUDITOR OF STATE KEITH FABER



FAYETTE COUNTY AGRICULTURAL SOCIETY

FAYETTE 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 4/23/2024

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