

MERCER COUNTY FAIRGROUNDS, INC.
MERCER COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2022 & 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Mercer County Fairgrounds, Inc.
1001 West Market Street
Celina, Ohio 45822

We have reviewed the *Independent Auditor's Report* of Mercer County Fairgrounds, Inc., Mercer 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. Mercer County Fairgrounds, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2023

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**MERCER COUNTY FAIRGROUNDS, INC.
MERCER COUNTY, OHIO**

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Independent Auditor's Report

Mercer County Fairgrounds, Inc.
Mercer County
1001 West Market Street
Celina, Ohio 45822

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 Mercer County Fairgrounds, Inc., Mercer 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 Mercer County Fairgrounds, Inc., 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 Mercer County Fairgrounds, Inc., 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 Mercer County Fairgrounds, Inc. 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 Mercer County Fairgrounds, Inc. 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 Mercer County Fairgrounds, Inc. 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 Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'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.

Mercer County Fairgrounds, Inc.
Mercer 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 Mercer County Fairgrounds, Inc.'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 21, 2023 on our consideration of the Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 21, 2023

Mercer County Fairgrounds, Inc.
Mercer County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2022

Operating Receipts	
Taxes	1,181
Admissions	575,679
Privilege Fees	38,816
Rentals	187,699
Sustaining and Entry Fees	9,580
Pari-mutuel Wagering Commission	2,801
Other Operating Receipts	424,881
	1,240,637
<i>Total Operating Receipts</i>	
Operating Disbursements	
Wages and Benefits	236,973
Utilities	68,592
Professional Services	560,549
Equipment and Grounds Maintenance	319,986
Property and Rent Services	67,088
Race Purse	107,724
Senior Fair	28,910
Junior Fair	24,771
Other Operating Disbursements	506,553
	1,921,146
<i>Total Operating Disbursements</i>	
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	
	(680,509)
Non-Operating Receipts (Disbursements)	
State Support	12,084
Local Support	459,648
Donations/Contributions	548,104
Investment Income	1,114
Debt Service	(135,067)
	885,883
<i>Net Non-Operating Receipts (Disbursements)</i>	
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	
	205,374
Cash Balance, Beginning of Year	600,922
	806,296
<i>Cash Balance, End of Year</i>	

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

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 1 – Reporting Entity

The Mercer County Fairgrounds, Inc. (the Society), Mercer 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 an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week – long Mercer County Fair during August. During the fair, harness races are held, culminating in the running of the Mercer County Fair Harness Races. Mercer County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mercer County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including Reverse Raffle, Community Garage Sales and Halloween Camp-out. The reporting entity does not include any other activities or entities of Mercer 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 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.

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.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society’s tax status.

Race Purse

Mercer County Fair stake races are held during the Mercer County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

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

Pari-mutuel Wagering

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

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

Note 3 – Deposits and Investments

The Society maintains a deposits 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	\$ 136,444
Other time deposits (savings and NOW accounts)	669,852
Total deposits	\$ 806,296

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$6,434 as State Support.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal 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.

	2022
Total Amount Bet (Handle)	\$ 13,894
Less: Payoff to Bettors	(11,093)
Parimutuel Wagering Commission	2,801
Tote Service Set Up Fee	(1,100)
Tote Service Commission	(797)
State Tax	(372)
Society Portion	\$ 532

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 Mercer County Commissioners provide general insurance coverage for all the buildings on the Mercer County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$5,000,000 and \$1,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000.

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

The \$150,000 Restroom Loan bears an interest rate of 4.65 percent and is due to the Second National Bank. The Loan was entered into on October 11, 2019, and originally matured October 1, 2024. In June 2022, the Society paid off the outstanding loan balance. Proceeds of the loan were used to build a new restroom facility.

The Society has a \$75,000 line of credit bearing interest of 7.75 percent. There was no outstanding amounts at November 30, 2022.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

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.

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 Mercer County Fair. The Society disbursed \$0 directly to the Junior Fair Board and \$24,771 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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	\$ 6,985
Receipts	18,138
Disbursements	(18,854)
Ending Cash Balance	\$ 6,269

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 Mercer County’s auction. A commission of 1 percent to 10 percent, depending on the species, 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	\$ 33,111
Receipts	351,147
Disbursements	(344,345)
Ending Cash Balance	\$ 39,913

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, 2021 while the national state of emergency ended in April 2023. During 2022, the Society received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 12 – Other Operating Receipts

Other operating receipts consists primarily of non-fair fundraising, track beer sales and other miscellaneous sales.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 13 – Other Operating Disbursements

Other operating disbursements consists primarily of advertising, reimbursements and non-fair fundraising.

Mercer County Fairgrounds, Inc.
Mercer County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2021

Operating Receipts	
Taxes	1,555
Admissions	307,833
Privilege Fees	21,112
Rentals	176,500
Sustaining and Entry Fees	12,606
Pari-mutuel Wagering Commission	3,478
Other Operating Receipts	289,626
	812,710
<i>Total Operating Receipts</i>	
Operating Disbursements	
Wages and Benefits	167,617
Utilities	73,387
Professional Services	443,181
Equipment and Grounds Maintenance	48,211
Property and Rent Services	58,046
Race Purse	107,695
Senior Fair	14,262
Junior Fair	22,354
Capital Outlay	2,500
Other Operating Disbursements	466,791
	1,404,044
<i>Total Operating Disbursements</i>	
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	
	(591,334)
Non-Operating Receipts (Disbursements)	
State Support	33,347
Local Support	275,666
Donations/Contributions	494,524
Investment Income	93
Debt Service	(19,712)
	783,918
<i>Net Non-Operating Receipts (Disbursements)</i>	
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	
	192,584
Cash Balance, Beginning of Year - restated	408,338
	600,922
<i>Cash Balance, End of Year</i>	

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

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 1 – Reporting Entity

The Mercer County Fairgrounds, Inc. (the Society), Mercer 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 an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week – long Mercer County Fair during August. During the fair, harness races are held, culminating in the running of the Mercer County Fair Harness Races. Mercer County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mercer County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including Reverse Raffle, Community Garage Sales and Halloween Camp-out. The reporting entity does not include any other activities or entities of Mercer 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 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.

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.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society’s tax status.

Race Purse

Mercer County Fair stake races are held during the Mercer County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

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

Pari-mutuel Wagering

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

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

Note 3 – Deposits and Investments

The Society maintains a deposits 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	\$ 199,767
Other time deposits (savings and NOW accounts)	401,155
Total deposits	<u>\$ 600,922</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2021, in the amount of \$4,727 as State Support.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

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)	\$ 17,476
Less: Payoff to Bettors	(13,998)
Parimutuel Wagering Commission	3,478
Tote Service Set Up Fee	(1,000)
Tote Service Commission	(1,226)
State Tax	(434)
Society Portion	\$ 818

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 Mercer County Commissioners provide general insurance coverage for all the buildings on the Mercer County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$5,000,000 and \$1,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000.

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

Debt outstanding at November 30, 2021, was as follows:

	Principal	Interest Rate
Restroom Loan	\$ 127,551	4.65%

The \$150,000 Restroom Loan bears an interest rate of 4.65 percent and is due to the Second National Bank. The Loan was entered into on October 11, 2019, and matures October 1, 2024. Proceeds of the loan were used to build a new restroom facility.

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

On February 1, 2021, the Society received a Paycheck Protection Program (PPP) loan of \$26,629. The Society qualified for PPP loan forgiveness in September 2021 and the full \$26,629 was forgiven.

The Society has a \$75,000 line of credit bearing interest of 7.75 percent. There was no outstanding amounts at November 30, 2021.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Restroom Loan
2022	\$ 5,123
2023	5,365
2024	117,063
	\$ 127,551

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.

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 Mercer County Fair. The Society disbursed \$0 directly to the Junior Fair Board and \$22,354 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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:

	2021
Beginning Cash Balance	\$ 5,615
Receipts	15,989
Disbursements	(14,619)
Ending Cash Balance	\$ 6,985

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 Mercer County’s auction. A commission of 1 percent to 10 percent, depending on the species, 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:

Mercer County Fairgrounds, Inc.
Mercer County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

	2021
Beginning Cash Balance	\$ 27,349
Receipts	320,860
Disbursements	(315,098)
Ending Cash Balance	\$ 33,111

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, 2021 while the national state of emergency ended in April 2023. During 2021, the Society received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 12 – Other Operating Receipts

Other operating receipts consists primarily of non-fair fundraising, track beer sales and other miscellaneous sales.

Note 13 – Other Operating Disbursements

Other operating disbursements consists primarily of advertising, reimbursements and non-fair fundraising.

Note 14 – Prior Period Restatement

During 2021, the Society identified long outstanding checks that it determined would not be cashed/deposited by the payee and should be removed from the list of reconciling items. The determination had the following effect on the financial statement fund balance at November 30, 2020.

	Fund Balance
November 30, 2020	\$ 407,750
Deposits and Checks removed from reconciling items	588
December 1, 2020 - restated	\$ 408,338

**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***

Mercer County Fairgrounds, Inc.
Mercer County
1001 West Market Street
Celina, Ohio 45822

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 Mercer County Fairgrounds, Inc., Mercer 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 August 21, 2023, wherein we noted as described in Note 2 to the financial statements, the Mercer County Fairgrounds, Inc. 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 Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercer County Fairgrounds, Inc.'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*.

Mercer County Fairgrounds, Inc.

Mercer 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*

Mercer County Fairgrounds, Inc.'s Response to Finding

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

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 Mercer County Fairgrounds, Inc.'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 Mercer County Fairgrounds, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

August 21, 2023

MERCER COUNTY FAIRGROUNDS, INC.
MERCER COUNTY

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

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

Significant Deficiency - Financial Reporting

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.

The following adjustments were made to properly state the financial statements and notes:

Fiscal year ended November 30, 2021:

- \$73,997 was reclassified from Other Operating Receipts to Donations/Contributions to properly present sponsorship from the Ohio Harness Horsemen’s Association.

The present control and monitoring system does not include a second review of the financial statement to ensure the information accurately portrays the activity of the Society.

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 Society will closely monitor all transactions to ensure accurate financial reporting in the future.

**MERCER COUNTY FAIRGROUNDS, INC.
MERCER COUNTY**

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2016	<u>Material Weakness/Noncompliance - Accounting Records</u> - The Society did not comply with Ohio Administrative Code § 117-2-02(D), which outlines the procedures for public offices to maintain proper support for certain cash receipts.	Corrected	N/A
2020-002	2017	<u>Material Weakness - Financial Reporting</u> - Accurate financial reporting is required in order to provide management with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes to the financial statement for the fiscal years ended November 30, 2020 and November 20, 2019.	Not Fully Corrected	Repeated as Finding 2022-001, as a significant deficiency, as financial statement adjustments were still necessary

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OHIO AUDITOR OF STATE KEITH FABER



MERCER COUNTY FAIRGROUNDS, INC.

MERCER 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 1/2/2024

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