

**MERCER COUNTY AGRICULTURAL SOCIETY  
MERCER COUNTY**

**FINANCIAL STATEMENT  
(AUDITED)**

**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017**





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Columbus, Ohio 43215  
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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Mercer County Fairgrounds, Inc., prepared by Julian & Grube, Inc., for the audit period December 1, 2017 through November 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2019

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**MERCER COUNTY AGRICULTURAL SOCIETY  
MERCER COUNTY**

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# **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

Mercer County Agricultural Society  
Mercer County  
1001 W. Market Street  
Celina, Ohio 45822

To the Board of Directors:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Mercer County Agricultural Society, Mercer County, Ohio as of and for the fiscal year ended November 30, 2017.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Mercer County Agricultural Society as of November 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended.

***Basis for Additional Opinion Qualification***

Admissions receipts included \$58,096 and other operating receipts included \$33,730, which totals \$91,826 or approximately 13% of operating receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Mercer County Agricultural Society, Mercer County as of November 30, 2017, for the fiscal year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019, on our consideration of the Mercer County Agricultural Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mercer County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 7, 2019



**Mercer County Agricultural Society**  
*Mercer County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Fiscal Year Ended November 30, 2017*

<b>Operating Receipts</b>	
Admissions	\$ 260,751
Privilege Fees	36,951
Rentals	156,534
Sustaining and Entry Fees	18,950
Pari-Mutuel Wagering Commission	3,531
Other Operating Receipts	<u>248,415</u>
<i>Total Operating Receipts</i>	<u>725,132</u>
<b>Operating Disbursements</b>	
Wages and Benefits	111,708
Utilities	60,104
Professional Services	251,584
Equipment and Grounds Maintenance	70,211
Race Purse	111,919
Senior Fair	92,555
Junior Fair	23,399
Capital Outlay	23,066
Other Operating Disbursements	<u>221,079</u>
<i>Total Operating Disbursements</i>	<u>965,625</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(240,493)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	93,475
County Support	34,910
Donations/Contributions	161,646
Investment Income	81
Proceeds of Debt	40,530
Debt Service	<u>(98,309)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>232,333</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(8,160)
Cash Balance, Beginning of Year	<u>58,842</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 50,682</u></u>

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

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 1 – Reporting Entity**

The Mercer County Agricultural Society (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 a County 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, Craft Beer & Wine Tasting, Canvas & Cork events, Board Brush & Beverage events and the Halloween Camp Out. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community garage sales. The reporting entity does not include any other activities or entities of Mercer County, Ohio.

Notes 8 and 9, respectively, summarizes the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

The Society’s management believes this financial statement presents all activities for which the Society is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Society’s financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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***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.

***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 Mercer County Harness Horsemen's 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 report 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.

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 3 – Deposits**

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

	<u>2017</u>
Demand deposits (checking account)	\$29,643
Other time deposits	<u>21,039</u>
Total deposits	<u><u>\$50,682</u></u>

***Deposits***

The Federal Deposit Insurance Corporation insures our deposits. At November 30, 2017, all of the Society's deposits were covered by the FDIC.

**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, 2017, was \$7,967, 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 (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 Race Purse Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Race Purse Disbursements, and the amount remaining is the Society's net portion.

	<u>2017</u>
Total Amount Bet (Handle)	\$ 17,262
Less: Payoff to Bettors	<u>(13,731)</u>
Parimutuel Wagering Commission	3,531
Tote Service Set Up Fee	(900)
Tote Service Commission	(1,277)
State Tax	<u>(502)</u>
Society Portion	<u><u>\$ 852</u></u>

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 5 – Risk Management**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

***Casualty and Property Coverage***

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

***Financial Position***

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

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

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of November 30, 2017, the Society’s share of these unpaid claims collectible in future years is approximately \$10,000.

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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

<b><u>2017 Contributions to PEP</u></b> <b>\$16,142</b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Social Security**

Society employees contributed to Social Security. 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, 2017.

**Note 7 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable for Tractor	\$1,346	3.50%
Junior Fair Bldg/FFA Bldg Loan	23,066	7.5%
Line of Credit	<u>27,214</u>	7.75%
Total	<u>\$ 51,626</u>	

The 4610 Tractor Note bears an interest rate of 3.5 percent and is due to the Tractor Credit Corporation. The note was entered on November 20, 2013 and matures November 20, 2018. Proceeds of the note were used to purchase a tractor and are collateralized by the tractor.

The Junior Fair Bldg/FFA Bldg Loan bears an interest rate of 7.5%. There is no amortization schedule. The loan was paid off on December 7, 2018.

The Line of Credit available to the Society is \$75,000 at an interest rate of 7.75 percent. The balance at November 30, 2017 was paid off in fiscal year 2018.

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 8 – Junior Fair Board**

The Junior Fair Board, which is comprised 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. 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. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2017, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 6,467
Receipts	12,209
Disbursements	<u>(13,343)</u>
Ending Cash Balance	<u><u>\$ 5,333</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 Mercer County Fair Livestock auction. The Junior Livestock Sale 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, 2017, follows:

	<u>2017</u>
Beginning Cash Balance (Restated)	\$ 55,067
Receipts	334,969
Disbursements	<u>(339,144)</u>
Ending Cash Balance	<u><u>\$ 50,892</u></u>

**Note 10 – Other Operating Receipts**

Other operating receipts consists primarily of reimbursements from various entities for projects, non-fair fundraising and track beer sales.

**Note 11 – Subsequent Event**

Effective December 1, 2017, the Mercer County Agricultural Society changed its name to Mercer County Fairgrounds, Inc. and became an independent society.

**Note 12 – Other Operating Disbursements**

Other operating disbursements consists primarily of advertising and reimbursements.

**Mercer County Agricultural Society**  
*Mercer County*

*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2017*

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**Note 13 – Noncompliance**

The Society did not maintain sufficient documentation to support certain types of receipts, in noncompliance with Ohio Administrative Code (OAC) Section 117-2-02(D).





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Mercer County Agricultural Society  
Mercer County  
1001 W. Market Street  
Celina, Ohio 45822

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balances, receipts and disbursements of the Mercer County Agricultural Society, Mercer County, Ohio, as of and for the fiscal year ended November 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated June 7, 2019, wherein we noted the Mercer County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to a lack of sufficient audit evidence supporting the amounts for admission receipts and other operating receipts in noncompliance with Ohio Administrative Code (OAC) Section 117-2-02(D).

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Mercer County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statement, but not to the extent necessary to opine on the effectiveness of the Mercer County Agricultural Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Mercer County Agricultural Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Mercer County Agricultural Society's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2017-001.

***Mercer County Agricultural Society's Responses to Findings***

The Mercer County Agricultural Society's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Mercer County Agricultural Society's responses to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Mercer County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Mercer County Agricultural Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
June 7, 2019

**MERCER COUNTY AGRICULTURAL SOCIETY  
MERCER COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2017**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2017-001

**Material Weakness/Noncompliance - Accounting Records**

Ohio Administrative Code (OAC) § 117-2-02(D) in part states that the local office should maintain adequate documentation to support the amounts recorded on its accounting ledger. It is management’s responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society’s receipts are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of the receipt records.

The Society did not maintain adequate support for certain types of receipts, specifically daily admissions to the fair at the gates and beer sales. Detailed support was not maintained for deposits of admissions totaling \$58,096 and other operating receipts sales of \$33,730.

Lack of proper support for transactions for certain types of receipts enhances the Society’s risk of not depositing all funds collected.

We recommend the Society 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, regarding certain gate receipts (included as Admissions) and beer sales (included as other operating receipts). We further recommend the Secretary and/or Treasurer implement procedures to adequately track and reconcile these types of gate receipts to help prevent loss of funds and improve financial reporting. Those procedures could include a ticket system that is tracked, including the amount sold, voided, and complimentary tickets/sales. Reconciliation of ticket sales and cash collected and deposited should be done. A proper ticket inventory should also be maintained that documents the inventory of tickets purchased and tickets on-hand. The Society should also obtain contracts with vendors to ensure amounts are being paid correctly for the services performed or products received.

Client Response: The Society is brainstorming on effective and efficient methods to support these deposits for the 2019 fair.

Finding Number	2017-002
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**Material Weakness - 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.

Certain adjustments were made to the Hinkle filed financial statement and notes to the financial statement.

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.

MERCER COUNTY AGRICULTURAL SOCIETY  
MERCER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2017

**FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number

2017-002 - (Continued)

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 AGRICULTURAL SOCIETY  
MERCER COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2017**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	2016	<u>Material Weakness/Noncompliance - Accounting Records</u> - Ohio Administrative Code Section 117-2-02(D) details certain requirements regarding accounting records. The Society did not comply with Ohio Administrative Code Section 117-2-02(D), which outlines the procedures for public offices to maintain proper support for certain cash receipts.	Not Corrected	Repeated as finding 2017-001 as the Society did not maintain proper support for certain receipts.
2016-002	2016	<u>Material Weakness/Noncompliance - Incomplete Hinkle Filing Submission</u> - Ohio Revised Code Section 117.38 states the requirements for annual filing with the Hinkle System. The Society filed annual reports; however, they lacked certain requirements.	Partially Corrected	Moved to Management Letter

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# OHIO AUDITOR OF STATE KEITH FABER



**MERCER COUNTY AGRICULTURAL SOCIETY**

**MERCER COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 3, 2019**