



**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2022-2021

**OHIO AUDITOR OF STATE
KEITH FABER**



**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) For the Fiscal Year Ended November 30, 2022	5
Notes to the Financial Statement For the Fiscal Year Ended November 30, 2022	6
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) For the Fiscal Year Ended November 30, 2021	10
Notes to the Financial Statement For the Fiscal Year Ended November 30, 2021	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Paulding County Agricultural Society
Paulding County
501 Fairground Drive
Paulding, Ohio 45879

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society, as of November 30, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2023

This page intentionally left blank.

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

Operating Receipts	
Taxes	\$146
Admissions	31,828
Privilege Fees	12,388
Rentals	32,440
Sustaining and Entry Fees	16,180
Pari-mutuel Wagering Commission	1,183
Other Operating Receipts	<u>15,224</u>
<i>Total Operating Receipts</i>	<u>109,389</u>
Operating Disbursements	
Wages and Benefits	599
Utilities	32,617
Professional Services	86,235
Equipment and Grounds Maintenance	48,324
Property and Rent Services	11,491
Race Purse	104,219
Senior Fair	12,798
Junior Fair	1,052
Capital Outlay	7,000
Other Operating Disbursements	<u>36,432</u>
<i>Total Operating Disbursements</i>	<u>340,767</u>
<i>Excess of Operating Disbursements</i> <i>Over Operating Receipts</i>	<u>(231,378)</u>
Non-Operating Receipts	
State Support	12,417
Local Support	15,000
Donations/Contributions	170,320
Sale of Assets	4,450
Investment Income	<u>11</u>
<i>Total Non-Operating Receipts</i>	<u>202,198</u>
<i>Excess of Disbursements Over Receipts</i>	(29,180)
Cash Balance, Beginning of Year	<u>166,826</u>
<i>Cash Balance, End of Year</i>	<u><u>\$137,646</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Paulding County (the Society), Paulding 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 1860 to operate an annual agricultural fair. The Society sponsors the week – long Paulding County Fair during June. During the fair, harness races are held, culminating in the running of the Paulding County Pace and the Paulding County Trot. Paulding County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 23 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Paulding County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Paulding County, Ohio.

Notes 6 and 7, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

Public Entity Risk Pool

The Society participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 5 to the financial statement provides additional information for this entity. 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(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.

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 has no investments.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022
(Continued)

Income Tax Status

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

Race Purse

Ohio Fair Racing Conference stake races are held during the Paulding 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 Fair 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

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

	2022
Demand deposits	<u>\$79,779</u>
Other time deposits	57,867
Total deposits	<u><u>\$137,646</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022
(Continued)

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 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)	\$5,957
Less: Payoff to Bettors	(4,774)
Parimutuel Wagering Commission	1,183
Tote Service Set Up Fee	(1,200)
State Tax	(146)
Society Portion	(\$163)

Note 5 – Risk Management

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

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:

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022
(Continued)

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

Note 6 – 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 Paulding County Fair. The Society disbursed \$1,052 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursements. Paulding County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2022, follows:

	<u>2022</u>
Beginning Cash Balance	\$6,156
Receipts	21,004
Disbursements	<u>(19,661)</u>
Ending Cash Balance	<u><u>\$7,499</u></u>

Note 7 – 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 Paulding County's auction. A commission of 4.6 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:

	<u>2022</u>
Beginning Cash Balance	\$14,037
Receipts	379,774
Disbursements	<u>(373,675)</u>
Ending Cash Balance	<u><u>\$20,136</u></u>

Note 8 – Paulding County Area Foundation

The Paulding County Area Foundation (the Foundation) is a non-profit organization formed to receive and distribute donations for charitable purposes, which benefit the people of Paulding County. The Foundation maintains the Paulding County Fairgrounds Improvement Endowment Fund. As of November 30, 2022, this endowment fund had a balance of \$27,930. It also maintains the Friends of the Fairgrounds Fund and its balance as of November 30, 2022 was \$11,072.

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

Operating Receipts	
Taxes	\$232
Admissions	30,320
Privilege Fees	6,718
Rentals	21,797
Sustaining and Entry Fees	15,350
Pari-mutuel Wagering Commission	1,672
Other Operating Receipts	<u>14,289</u>
<i>Total Operating Receipts</i>	<u>90,378</u>
Operating Disbursements	
Wages and Benefits	793
Utilities	35,665
Professional Services	76,129
Equipment and Grounds Maintenance	205,062
Property and Rent Services	4,871
Race Purse	96,952
Senior Fair	14,071
Junior Fair	7,184
Capital Outlay	21,584
Other Operating Disbursements	<u>29,745</u>
<i>Total Operating Disbursements</i>	<u>492,056</u>
<i>Excess of Operating Disbursements</i>	
<i>Over Operating Receipts</i>	<u>(401,678)</u>
Non-Operating Receipts	
State Support	61,280
Local Support	15,000
Donations/Contributions	383,162
Investment Income	<u>14</u>
<i>Total Non-Operating Receipts</i>	<u>459,456</u>
<i>Excess of Receipts Over Disbursements</i>	57,778
Cash Balance, Beginning of Year	<u>109,048</u>
<i>Cash Balance, End of Year</i>	<u><u>\$166,826</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Paulding County (the Society), Paulding 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 1860 to operate an annual agricultural fair. The Society sponsors the week – long Paulding County Fair during June. During the fair, harness races are held, culminating in the running of the Paulding County Pace and the Paulding County Trot. Paulding County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 23 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Paulding County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Paulding County, Ohio.

Notes 6 and 7, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

Public Entity Risk Pool

The Society participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 5 to the financial statement provides additional information for this entity. 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(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.

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 has no investments.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021
(Continued)

Income Tax Status

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

Race Purse

Ohio Fair Racing Conference stake races are held during the Paulding 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 Fair 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

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

	<u>2021</u>
Demand deposits	\$110,636
Other time deposits	<u>56,190</u>
Total deposits	<u><u>\$166,826</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021
(Continued)

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 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)	\$8,214
Less: Payoff to Bettors	(6,542)
Parimutuel Wagering Commission	1,672
Tote Service Set Up Fee	(1,200)
Tote Service Commission	(144)
State Tax	(232)
Society Portion	\$96

Note 5 – Risk Management

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

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:

Paulding County Agricultural Society
Paulding County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021
(Continued)

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

Note 6 – 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 Paulding County Fair. The Society disbursed \$7,184 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursements. Paulding County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$9,336
Receipts	8,667
Disbursements	(11,847)
Ending Cash Balance	\$6,156

Note 7 – 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 Paulding County's auction. A commission of 4.6 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	\$3,796
Receipts	305,264
Disbursements	(295,023)
Ending Cash Balance	\$14,037

Note 8 – Paulding County Area Foundation

The Paulding County Area Foundation (the Foundation) is a non-profit organization formed to receive and distribute donations for charitable purposes, which benefit the people of Paulding County. The Foundation maintains the Paulding County Fairgrounds Improvement Endowment Fund. As of November 30, 2021, this endowment fund had a balance of \$28,159. It also maintains the Friends of the Fairgrounds Fund and its balance as of November 30, 2021 was \$11,088.



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

Paulding County Agricultural Society
Paulding County
501 Fairground Drive
Paulding, Ohio 45879

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021 and the related notes to the financial statements of Paulding County Agricultural Society, Paulding County, (the Society) and have issued our report thereon dated December 7, 2023, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Society's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Society's response to the finding identified in our audit and described in the accompanying schedule of findings. The Society'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 Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2023

PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY

SCHEDULE OF FINDINGS
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 Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- In 2022, donations/contributions, junior fair, other operating disbursements, equipment and grounds maintenance, and professional services were overstated in the Enterprise Fund in the amounts of \$31,747, \$15,889, \$465, \$338, and \$55, respectively. In addition, local support was understated in the amount of \$15,000.
- In 2021, donations/contributions were incorrectly classified as state support in the Enterprise Fund in the amount of \$53,424.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements have been adjusted to correct these and other immaterial errors ranging from \$500 to \$1,576.

The Society should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Secretary and the Board, to help identify and correct errors and omissions.

Officials' Response:

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

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PAULDING COUNTY AGRICULTURAL SOCIETY

PAULDING 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 12/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov