



OHIO AUDITOR OF STATE
KEITH FABER



**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Carroll County Agricultural Society
Carroll County
PO Box 263
160 Kensington Rd. NE
Carrollton, Ohio 44615

To the Board of Directors:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the cash balances, receipts, and disbursements, and related notes of the Carroll County Agricultural Society, Carroll County, Ohio (the Society), as of and for the years ended November 30, 2020 and 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these 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; 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 these financial statements based on our audit. We conducted our engagement 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 statements are free from material misstatement. Because of the matters described in the Basis for Disclaimer of Opinion paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

We were unable to obtain sufficient evidence to support the completeness, accuracy, cutoff, and classification of Admissions Revenue, Donations/Contributions Revenue, and Other Operating Receipts during Fiscal Year 2019. We were unable to obtain sufficient evidence to support the accuracy and classification of selected non-payroll expenses in 2019 and 2020, to support 2019 and 2020 employee pay rates, or to substantiate several cash withdrawals from the bank accounts in 2019 and 2020.

In addition, 2019 and 2020 financial statements were not mathematically accurate, year ending fund balances did not agree to the year ending cash reconciliations and notes to the financial statements contained significant errors and omissions.

Disclaimer of Opinion

Due to the significance of the matters discussed in *the Basis for Disclaimer of Opinion* paragraph, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements for the years ended November 30, 2020 and 2019.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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. 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 Society's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 4, 2023

Carroll county Agricultural Society
Carroll County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2020

Operating Receipts	
Taxes	\$0
Admissions	60
Privilege Fees	7,492
Rentals	21,420
Sustaining and Entry Fees	32,216
Pari-mutuel Wagering Commission	0
Other Operating Receipts	<u>64,800</u>
<i>Total Operating Receipts</i>	<u>125,988</u>
Operating Disbursements	
Wages and Benefits	10,192
Utilities	20,196
Professional Services	37,695
Equipment and Grounds Maintenance	2,595
Property and Rent Services	6,687
Race Purse	84,887
Senior Fair	0
Junior Fair	22,869
Capital Outlay	3,200
Other Operating Disbursements	<u>50,263</u>
<i>Total Operating Disbursements</i>	<u>238,584</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(112,596)</u>
Non-Operating Receipts (Disbursements)	
State Support	28,806
Local Support	30,000
Debt Proceeds	0
Donations/Contributions	178,442
Investment Income	25
Mortgage Income	0
Sale of Assets	0
Debt Service	<u>(17,111)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>220,162</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	107,566
Cash Balance, Beginning of Year	<u>267,903</u>
<i>Cash Balance, End of Year</i>	<u><u>\$378,754</u></u>

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

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Agricultural Society

AOS Regulatory Basis Footnote Shell

Revised December 2020

Note 1 – Reporting Entity

The Agricultural Society of Carroll (the Society), Carroll 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 1850 to operate an annual agricultural fair. The Society sponsors the week – long Carroll County Fair during July. During the fair, harness races are held, culminating in the running of the Home Talent Colt Harness Racing. Carroll County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Carroll 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. Other year-round activities at the fairgrounds including facility rental, winter storage, and community events including Back to School bash, horse sale, Truck racing, tractor pull & Gun Bash. The reporting entity does not include any other activities or entities of Carroll County, Ohio.

Notes 5 summarize Junior Livestock Sale Committee’s financial activity. The Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statement.

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

Note1 – 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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

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(D) 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.

Income Tax Status

The Society is a not-for-profit organization, exempt from income tax 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.

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.

Race Purse

Home Talent Colt stake races are held during the Carroll 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 Harness Horseman'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 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.

Note 2 – 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, 2020, in the amount of \$9739.50 as State Support.

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Note 3 – Risk Management

Worker’ 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 Carroll County Commissioners provide general insurance coverage for all the buildings on the Carroll County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

Note4 – 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, 2020.

Note 5 – 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 Carroll County auction. A commission of 2 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, 2020, follows:

	2020
Beginning Cash Balance	\$ 15,914
Receipts	191,947
Disbursements	(199,643)
Ending Cash Balance	\$ 8,218

Carroll county Agricultural Society
Carroll County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2019

Operating Receipts	
Taxes	\$71
Admissions	152,247
Privilege Fees	33,813
Rentals	30,805
Sustaining and Entry Fees	26,752
Pari-mutuel Wagering Commission	0
Other Operating Receipts	<u>95,776</u>
<i>Total Operating Receipts</i>	<u>339,464</u>
Operating Disbursements	
Wages and Benefits	49,179
Utilities	38,963
Professional Services	183,229
Equipment and Grounds Maintenance	21,114
Property and Rent Services	35,208
Race Purse	86,620
Senior Fair	3,977
Junior Fair	27,814
Capital Outlay	4,579
Other Operating Disbursements	<u>153,487</u>
<i>Total Operating Disbursements</i>	<u>604,170</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(264,706)</u>
Non-Operating Receipts (Disbursements)	
State Support	14,150
Local Support	40,000
Debt Proceeds	0
Donations/Contributions	272,446
Investment Income	75
Mortgage Income	0
Sale of Assets	0
Debt Service	<u>(21,926)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>304,670</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	39,964
Cash Balance, Beginning of Year	<u>216,780</u>
<i>Cash Balance, End of Year</i>	<u><u>\$267,903</u></u>

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

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

Note 1 – Reporting Entity

(Modify as needed.)

The Agricultural Society of Carroll County (the Society), Carroll 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 Carroll agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the 6 day long Carroll County Fair during July. During the fair, harness races are held, culminating in the running of the Home Talent Colt Harness Racing. Carroll County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Carroll 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, Gun Bash, ATV Rodeo, Antique Power Show and storage. Other year-round activities at the fairgrounds including facility rental, winter storage rental, and community events including 4th of July Fireworks, benefit tractor pull, back to school event, and Horse Sale. The reporting entity does not include any other activities or entities of Carroll County, Ohio.

Notes 8 & 9, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statement.

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

Should your Society participate in jointly governed organizations, joint ventures and/or public entity risk pools or is associated with related organizations, you should identify the specific types of organizations. A description of the organizations should be included later in the notes. The Generic Special Purpose Government Notes shell, Note 1 can be used as an example for wording. See Also Notes 14, 15, 16 and 17 for assistance with the descriptions of the organizations. You can cut and paste into this example.

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(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

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

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(D) 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.

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

Home Talent Colt stake races are held during the Carroll 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 Harness Horseman'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 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 2 for additional information.

Pari-mutuel Wagering

The society does not record the Total amount Bet or the Payoff to Bettors in the accompanying financial statement, rather, it records the Pari-mutuel Wagering Commission which is the Society's share of total pari-mutual wagers after paying winning bettors. The expenses of providing the pari-mutual wagering system are called Tote Services and these expenses are included in Professional service Disbursements, State taxes, which are also paid from pari-mutual Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

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, 2019, in the amount of \$10,018.14 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.

Total Amount Bet (Handle)	\$ 2701.00
Less: Payoff to Bettors	<u>2132.20</u>
Pari-mutuel Wagering Commission	542.85
Tote Service Set up Fee	(1000.00)
Sales Tax	<u>(71.11)</u>
Society Portion	(528.22)

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 Carroll County Commissioners provide general insurance coverage for all the buildings on the Carroll County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with limits of \$2,000,000.00 in the aggregate. The policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

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, 2019.

Note 7 – Debt

Debt outstanding at November 30, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Business Line of Credit	\$529	5.00%
County Loan		
Total	<u>\$529</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 Carroll County's auction. A commission of 2 percent per head 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, 2019, follows:

Agricultural Society of Carroll
Carroll County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

	2019
Beginning Cash Balance	\$ 13,062
Receipts	459,778
Disbursements	456,926
Ending Cash Balance	<u>\$ 15,914</u>

OHIO AUDITOR OF STATE KEITH FABER



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

Carroll County Agricultural Society
Carroll County
PO Box 263
160 Kensington Rd. NE
Carrollton, Ohio 44615

To the Board of Directors:

We were engaged to audit, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements, and related notes of the Carroll County Agricultural Society, Carroll County, (the Society) as of and for the years ended November 30, 2020 and 2019, and have issued our report thereon dated December 4, 2023. We did not opine on these financial statements because we were unable to obtain sufficient evidence to support the completeness, accuracy, cutoff, and classification of Admissions Revenue, Donations/Contributions Revenue, and Other Operating Receipts during Fiscal Year 2019. We were unable to obtain sufficient evidence to support the accuracy and classification of selected non-payroll expenses in 2019 and 2020, to support 2019 and 2020 employee pay rates, or to substantiate several cash withdrawals from the bank accounts in 2019 and 2020. Additionally, 2019 and 2020 financial statements were not mathematically accurate, year ending fund balances did not agree to the year ending cash reconciliations and notes to the financial statements contained significant errors and omissions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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 that we consider material weaknesses. We consider findings 2020-001 through 2020-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are 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 financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

Society's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Society's responses to the auditing procedures applied in the audit of the financial statements 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 Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 4, 2023

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2020 AND 2019**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. ORC 117.38 Annual Financial Reporting

FINDING NUMBER 2020-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code §117.38 states in part that entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The Auditor of State may waive these penalties, upon filing of the past due financial report.

The Society filed their November 30, 2019 financial report on June 3, 2022 and their November 30, 2020 financial report on June 14, 2022. The due date for filing the 2019 and 2020 financial reports were January 29, 2020 and January 29, 2021, respectively.

In addition to being filed late, the filings were significantly misstated and mathematically inaccurate.

The following errors were noted in the 2019 statements:

- Net non-operating receipts did not foot and were understated by \$75
- Beginning cash balance plus excess receipts over disbursements did not agree to the ending cash balance.
- Fund Balance per the financial statements did not agree to the cash reconciliation and was overstated by \$2,324.

The following errors were noted in the 2020 statements:

- The 2020 beginning cash balance plus excess receipts over disbursement did not agree to the ending cash balance.
- Fund balance per the financial statements did not agree to the cash reconciliation and was overstated by \$5,754.

Significant note disclosures were also missing or had significant errors in both 2019 and 2020 notes to the financial statements.

The Society did not have effective controls in place to oversee financial statement filing deadlines and the accuracy and completeness of their financial statements.

The Society should organize its financial record keeping and take the necessary steps to file their annual cash-basis financial report in accordance with the time period required by the Ohio Revised Code. If the financial report is not filed within the required time period, the Society may be subject to penalties established by the Ohio Revised Code. The Society should also ensure that filings are complete, accurate, and mathematically correct prior to filing.

Official's Response: The Carroll Co Agricultural Society (CCAS) is aware of the significant issues in the bookkeeping, as well as the missed deadlines. CCAS is currently working with Sue Terry at Evanich Accounting in Minerva, Ohio to correct the books. To date, the majority of the mistakes point to a lack of understanding of the Chart of Accounts and the correct way to move money between accounts, as well as the correct way to handle the withdrawal of cash. Ms. Terry and the

current treasurer have been working together to research various transactions and make the appropriate corrections – with a documented audit trail to support the corrections. The CCAS formed a financial committee at the December 19, 2023 meeting to work with the Treasurer to review the books quarterly and other items such as deadlines for reports.

2. Maintaining Supporting Documentation

FINDING NUMBER 2020-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Maintaining organized documentation and support for financial transactions is essential in assuring the Society's financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42.

The Society did not maintain underlying documentation and support for 5 out of 39 (13%) expenses in 2019, totaling \$65,347 and 4 out of 24 (17%) expenses in 2020, totaling \$39,339. In addition, we noted the Society paid cash payments for professional services to Lisko Family Midway in the amount of \$10,500 during 2019 without maintaining supporting documentation to support this cash payment.

The Society did not maintain underlying documentation and support for the legislatively established rate and gross pay for 4 out of 5 (80%) employees selected for payroll testing in 2019.

We also reviewed the 2020 ledger and noted the same employees were paid at the unsupported rates in 2020.

The Society did not maintain underlying documentation and support for the rates in force for 4 out of 4 (100%) Privilege Fee transactions in 2019.

The Society did not maintain underlying documentation and support for the rates in force for 2 out of 4 rental (50%) of rental transactions in 2020.

The Society did not maintain underlying documentation and support for the rates in force for 8 out of 9 (89%) admissions receipts, and adequate supporting documentation for 6 out of 9 (66%) of admissions receipts during 2019.

The Society did not maintain copies of the board approved race schedules for 2019 or 2020.

The Society makes cash withdrawals from their bank accounts to insert into ATM machines for operation during the annual county fair. The Society did not maintain support for transactions related to the ATM machines during 2019 or 2020.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Society should maintain all necessary supporting documentation for all financial transactions and records be maintained in an orderly manner to support all transactions.

Official's Response: The Carroll Co Agricultural Society (CCAS) is aware of the significant

issues regarding the maintaining of supporting documents. The CCAS is in agreement that checks are not to be written without supporting documentation to go along with the transaction. Supporting documentation includes (but is not limited to) invoices, emails, meeting minutes, and written statements.

3. Admissions, Donations/Contributions, Other Operating Revenue, Debt/Cash Transactions

FINDING NUMBER 2020-003

MATERIAL WEAKNESS

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 Society lacked internal controls relevant to preparing and fairly presenting amounts recorded as Admission receipts in the financial statements free from material misstatement.

The Society was only able to substantiate \$149,112 of the \$152,247 admissions revenue recorded in the financial statements during Fiscal Year 2019 with revenue postings in the accounting system. Therefore, we were unable to obtain assurance for completeness of Admissions Receipts, which accounted for 23% of total revenue.

The Society was only able to substantiate \$259,161 of the \$272,446 donations/contributions revenue recorded in the financial statements during Fiscal Year 2019 with revenue postings in the accounting system. Therefore, we were unable to obtain assurance for completeness of Donations/Contributions Receipts, which accounted for 41% of total revenue.

The Society was only able to substantiate \$64,800 of the \$95,776 Other Operating Receipts recorded in the financial statements during Fiscal Year 2019 with revenue postings in the accounting system. Therefore, we were unable to obtain assurance for completeness of Other Operating Receipts, which accounted for 14% of total revenue.

The Society incorrectly recorded withdrawals of cash to fill ATM machines and for start-up cash for the fairs as debt service expenditures in the amount of \$20,000 during Fiscal Year 2019 and \$15,000 during Fiscal Year 2020. In addition, there was no support for cash transactions totaling \$99,850 in 2019, including those made to withdraw cash for the Society's ATM and for start-up cash for the Society's events.

Lack of controls and poor record keeping increases the risk that theft, fraud or errors could occur and not be detected in a timely manner. Therefore, having no reliable source documentation to substantiate receipts prohibits the assurance of completeness. As a result of this, we have issued a disclaimer of opinion.

These errors were caused by a lack of internal controls at the Society. To help ensure complete and accurate financial reporting, the Fiscal Officer should closely monitor all financial transactions and ensure items are posted to the proper accounts, and these underlying accounts are used to prepare the Society's financial statements. In addition, the Fiscal Officer should refer to the Uniform System of Accounting for Agricultural Societies Manual to ensure proper accounts are being used.

Official's Response: The Carroll Co Agricultural Society (CCAS) is aware of the significant issues in the bookkeeping, as well as the missed deadlines. CCAS is currently working with Sue

Terry at Evanich Accounting in Minerva, Ohio to correct the books. To date, the majority of the mistakes point back to a lack of understanding of the Chart of Accounts and the correct way to move money between accounts, as well as the correct way to handle the withdrawal of cash. Training for the new treasurer has been ongoing as she works with Ms. Terry on the correction. The CCAS expects the treasurer to obtain training as needed from Ms. Terry once the correction is completed to ensure that the books are properly maintained moving forward.

4. Policies for Purchasing and Distributing Alcohol

FINDING NUMBER 2020-004

SIGNIFICANT DEFICIENCY

Ohio Attorney General Opinion 2013-023 states, in part, a County agricultural society may use public funds to acquire alcoholic beverages and a liquor permit to sell the beverages at an event that is open to the public and conducted on the society's or county's fairgrounds and retain the revenue derived from the sales, provided (1) the society's constitution and bylaws permit the expenditure; (2) the moneys to be expended are not required to be used for other purposes; and (3) the expenditure is reasonable.

The Society sold alcoholic beverages at an event during fiscal years 2019 and 2020 by partnering with the Carrolton Civic Club. The money spent to purchase these beverages was not required to be used for other purposes and was deemed reasonable, however the Society's constitution or bylaws did not include policies to permit the expenditure.

Failure to adopt a policy could lead to the Society making unlawful expenditures on alcoholic beverages.

The Society should adopt a policy in its constitution or bylaws regarding the purchase and sale of alcoholic beverages at events on the Society's fairgrounds.

Official's Response: The Carroll County Ag Society does not sell the beer at the Gun Bash. The beer is free and is provided by a third party. Moving forward, the Carroll Ag Society will implement a policy in the constitution or by-laws regarding the purchase and sale of alcoholic beverages at events on the Society's fairgrounds.

AOS Conclusion: AOS did not take exception to the acquisition or distribution of the alcoholic beverages. While the Society does not sell individual alcoholic beverages, they are included with the purchase of a ticket to the event and the Society reimburses the third party (Civic Club) for the purchase of the alcohol that is being distributed.

CARROLL COUNTY FAIR

est. 1850 Carrollton, OH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOVEMBER 30, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Audit Adjustments and Reclassifications	NOT CORRECTED	Carroll Co Ag Society is currently working with Evanich Accounting of Minerva, Ohio to correct their books. At the recommendation of the Auditor of State's staff, the correction will be from current back to December 1, 2020. This date was decided on because it picks up where the 2019-2020 audit leaves off (See attached Exhibit A)
2018-002	Material Weakness – Bank Reconciliations	NOT CORRECTED	Carroll Co Ag Society is currently working with Evanich Accounting of Minerva, Ohio to correct their books. At the recommendation of the Auditor of State's staff, the correction will be from current back to December 1, 2020. This date was decided on because it picks up where the 2019-2020 audit leaves off (See attached Exhibit A).

Date: 12-19-23

Mike Lozier

Mike Lozier, President, Carroll Co Agricultural Society

Jim Long

Jim Long, Vice-President, Carroll Co Agricultural Society

Mary Piatt

Mary Piatt, Secretary, Carroll Co Agricultural Society

Melissa Schaar

Melissa Schaar, Treasurer, Carroll Co Agricultural Society

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OHIO AUDITOR OF STATE KEITH FABER



CARROLL COUNTY AGRICULTURAL SOCIETY

CARROLL 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 2/8/2024

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