



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcgroup.com

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Union County Agricultural Society
P.O. Box 678
Marysville, Ohio 43040

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

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

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

May 03, 2024

This page intentionally left blank.

UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY
For the Years Ended November 30, 2022 and 2021
Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Basic Financial Statements:	
Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) For Year Ended November 30, 2022.....	4
Notes to the Financial Statement For the Year Ended November 30, 2022.....	5
Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) For the Year Ended November 30, 2021.....	10
Notes to the Financial Statement For the 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>	16
Schedule of Findings.....	18
Schedule of Prior Audit Findings.....	20

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Union County Agricultural Society
Union County
P.O. Box 678
Marysville, Ohio 43040

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Union County Agricultural Society, Union 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 thereof for the year 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 March 27, 2024, 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.



BHM CPA Group, Inc.
Piketon, Ohio
March 27, 2024

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

<hr/> <hr/>	
Operating Receipts	
Admissions	388,326
Privilege Fees	44,276
Rentals	167,269
Sustaining and Entry Fees	2,905
Other Operating Receipts	<u>29,556</u>
<i>Total Operating Receipts</i>	<u>632,332</u>
 Operating Disbursements	
Wages and Benefits	26,026
Utilities	47,394
Professional Services	413,974
Equipment and Grounds Maintenance	49,846
Property and Rent Services	110,872
Race Purse	102,135
Senior Fair	165
Junior Fair	33,185
Capital Outlay	81,799
Other Operating Disbursements	<u>120,440</u>
<i>Total Operating Disbursements</i>	<u>985,836</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(353,504)</u>
 Non-Operating Receipts (Disbursements)	
State Support	96,476
Local Support	8,000
Donations/Contributions	98,972
Debt Proceeds	115,044
Investment Income	105
Mortgage Income	105,403
Debt Service	<u>(103,147)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	<u>320,853</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(32,651)
 Cash Balance, Beginning of Year	<u>101,948</u>
 <i>Cash Balance, End of Year</i>	<u><u>\$69,297</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Union County (the Society), Union 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 1846 to operate an annual agricultural fair. The Society sponsors the week-long Union County Fair during July. During the fair, harness races are held, culminating in the running of the Union County Fair Harness Race. Union County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Union 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 include facility rental, track and stall rental, storage rental, and community events as rented by the community. The reporting entity does not include any other activities or entities of Union County, Ohio.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Society has no investments.

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

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.

Leases

The Society has entered into a yearly lease with the Hope Center. The lease was prepared by our attorney. The rental is for our Jr. Fair Office and the Armory on the grounds. The combined rent is \$1,250 a month and is not rented during the week of the fair.

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

Union County Fair stake races are held during the Union 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.

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.

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

Note 3 – Deposits and Investments

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

	2022
Demand deposits	\$69,297
Total deposits	69,297

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$88,592.80 as State Support.

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-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.

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 Union County Commissioners provide general insurance coverage for all the buildings on the Union County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance. With Per accuracy limits of \$5,000,000 with no annual aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

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

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

Note 6 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants’ gross salaries. The Society has paid all contributions required through November 30, 2022.

Note 7 – Debt

Debt outstanding at November 30, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Rabbit & Poultry Barn Loan	\$58,562	4.95%
Capital Improvement LOC	\$399,111	7.00%
Operating LOC	<u>52,644</u>	8.25%
Total	<u>\$510,317</u>	

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

The \$70,000 Rabbit/Poultry Barn Note bears an interest rate of 4.95 percent and is due to The Richwood Banking Company. The note was entered into on August 10, 2020 and matures September 1, 2030. This was a refinance to the previous loan for the Rabbit/Poultry Barn.

The \$399,385 Beef Barn & Capitol Improvement Loan note bears an interest rate and is due to the Richwood Banking Company. The note was entered into on April 5, 2021 and matures April 1, 2031. This is an interest only loan, acting as a line of credit, making interest payments monthly. Pledge cards are coming into the Union County Foundation over the next 10 years to service this loan.

Amortization of the Society's Portion of the above debt is scheduled as follows:

<u>Year</u>	<u>Rabbit Barn</u>
2023	9,044
2024	9,044
2025	9,044
2026	9,044
2027	9,044
2028-2030	<u>27,129</u>
	<u>\$72,349</u>

Note 8 – 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 Union County’s auction. Monies to cover the cost of the auction are generated through a per head commission based upon species. The Junior Livestock Committee retains this money. In 2022, the Sale was run through the agricultural society for the first time. Prior to this year it was run by another supplemental Union County Livestock Committee.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 10 – Subsequent Events

The Society has been granted a \$290,000 capital improvement grant from the State of Ohio for 2022, but the funds have not been received as of November 30, 2022.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

Operating Receipts	
Taxes	(\$130)
Admissions	207,011
Privilege Fees	23,589
Rentals	98,118
Sustaining and Entry Fees	7,070
Other Operating Receipts	<u>27,944</u>
<i>Total Operating Receipts</i>	<u>363,602</u>
Operating Disbursements	
Wages and Benefits	22,655
Utilities	33,025
Professional Services	247,034
Equipment and Grounds Maintenance	70,057
Property and Rent Services	127,076
Race Purse	85,744
Senior Fair	406
Junior Fair	30,350
Capital Outlay	552,007
Other Operating Disbursements	<u>37,591</u>
<i>Total Operating Disbursements</i>	<u>1,205,945</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(842,343)</u>
Non-Operating Receipts (Disbursements)	
State Support	151,025
Local Support	8,000
Debt Proceeds	436,915
Donations/Contributions	307,061
Investment Income	29
Debt Service	<u>(65,345)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>837,685</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(4,658)
Cash Balance, Beginning of Year	<u>106,606</u>
<i>Cash Balance, End of Year</i>	<u><u>\$101,948</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Union County (the Society, Union 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 1846 to operate an annual agricultural fair. The Society sponsors the week-long Union County Fair during July. During the fair, harness races are held, culminating in the running of the Union County Fair Harness Race. Union County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Union 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 include facility rental, track and stall rental, and community events as rented by the community. The reporting entity does not include any other activities or entities of Union County, Ohio.

Note 8, respectively, summarizes the Livestock Sale Committee's financial activity. The Junior Fair Board's financial activity is reported in the Society's financial statements.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

The Society had 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.

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

Union County Fair stake races are held during the Union 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.

Pari-mutuel Wagering

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

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

Note 3 – Deposits and Investments

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

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

	2021
Demand deposits	\$101,948
Total deposits	101,948

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

The Society did not have any investments.

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 \$81,687.00 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statements, 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)	\$3,940
Less: Payoff to Bettors	(3,131)
Pari-mutuel Wagering Commission	809
Total Service Set Up Fee	(1,150)
State Tax	(103)
Society Portion	(\$444)

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

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

Risk Pool Membership

Risk Pool Membership

The (local entity) 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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

Note 6 – Social Security

Society employees contributed to Social Security. Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2021.

Note 7 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Rabbit & Poultry Barn Loan	\$64,421	4.95%
Capital Improvement LOC (Beef Barn)	\$399,385	4.00%
Total	<u>\$463,806</u>	

The \$70,000 Rabbit/Poultry Barn Note bears an interest rate of 4.95 percent and is due to The Richwood Banking Company. The note was entered into an August 10, 2020 and matures September 1, 2030. This was a refinance to the previous loan for the Rabbit/Poultry Barn.

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

The \$399,385 Beef Barn note bears an interest rate of 4.00 percent and is due to the Richwood Banking Company. The note was entered into on April 5, 2021 and matures April 1, 2031. This is an interest only loan, functioning like a line of credit, making interest payments monthly. Pledge cards are coming into the Union County Foundation over the next 10 years to service this loan.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Fiscal Year Ending</u>	<u>Rabbit Barn</u>
2022	\$9,044
2023	9,044
2024	9,044
2025	9,044
2026	9,044
2027-2030	<u>36,176</u>
	<u>\$81,396</u>

Note 8 – 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 Union County Fair’s auction. A commission 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 year ended November 30, 2021 follows:

	<u>2021</u>
Beginning Cash Balance	\$ 40,035
Receipts	7,800
Disbursements	<u>29,912</u>
Ending Cash Balance	<u>\$ 17,923</u>

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.



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

Union County Agricultural Society
Union County
P.O. Box 678
Marysville, Ohio 43040

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 the Union County Agricultural Society, Union County, (the Society) and have issued our report thereon dated March 27, 2024, 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

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 Responses to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



BHM CPA Group, Inc.
Piketon, Ohio
March 27, 2024

**Union County Agricultural Society
Union 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 Statement Presentation

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 does not have sufficient internal controls in place to help ensure activity is properly reported on the financial statements. Although the Quickbooks accounting system properly reflects prior year financial activity, the following material financial statement adjustments were required:

- Increased fiscal year 2021 beginning cash balance by \$8,339 to agree to the prior year audited financial statements.
- Increased fiscal year 2022 beginning cash balance by \$8,339 to agree to the prior year audited financial statements.

We also noted adjustments to the financial statements to record proceeds of debt and debt service expenditures. Also, several changes to the notes to the financial statements were required for both years to the horse racing, risk management, debt, and junior livestock sale committee note disclosures.

The Society has recorded these adjustments to the financial statements.

By not ensuring proper financial statement presentation, the Society cannot report accurate financial activity to its constituents.

The Society should implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response: An outside accounting firm is now engaged to assist in accounting matters. The firm will help keep the books up to date and the board informed of ongoing items. The firm will be providing monthly reconciliations and quarterly reports and plans on having all reconciling items cleared up for fiscal year 2023 reporting.

Union County Agricultural Society
Union County
Schedule of Findings
November 30, 2022 and 2021

FINDING NUMBER 2022-002

Material Weakness – Monthly Cash Reconciliations

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

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

The November 30, 2021 and 2022 bank to book reconciliations reflected unreconciled variances, with the bank balance being lower than the cash balances reported on the 2021 and 2022 financial statements. This was due to mistakes in recording checks in QuickBooks that led to outstanding checks that were duplicates of checks that already cleared. We were able to satisfy ourselves as to the accuracy of the balance by other auditing procedures in conjunction with the work from an accounting firm that the Society hired to help them correct their books and remove the erroneous entries.

Failure to reconcile monthly increases the possibility that the Society will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Directors should review the monthly cash reconciliations, including the related support (such as reconciling items) and document the reviews.

Officials’ Response: The organization realized there were many items that needed to be cleared out in the General Fund from previous periods but have worked prospectively to correct these matters so they are not an issue moving forward. An outside accounting firm was hired to assist in cleaning up the reconciliations and reconcile all bank accounts moving forward.

Union County Agricultural Society
Union County
Summary Schedule of Prior Audit Findings
November 30, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness - Admission Receipts	Fully Corrected	
2020-002	Material Weakness - Financial Reporting	Not Corrected. Reissued as Finding 2022-01	
2020-003	Material Weakness - Monthly Cash Reconciliations	Not Corrected. Reissued as Finding 2022-02.	

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



UNION COUNTY AGRICULTURAL SOCIETY

UNION 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 5/16/2024

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