

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

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED  
NOVEMBER 30, 2020 AND 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Mercer County Fairgrounds, Inc., prepared by Julian & Grube, Inc., for the audit period December 1, 2018 through November 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 08, 2021

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

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## Independent Auditor's Report

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for the fiscal years ended November 30, 2020 and November 30, 2019, and related notes of the Mercer County Fairgrounds, Inc., Mercer County, Ohio.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. 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.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Mercer County Fairgrounds, Inc.'s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mercer County Fairgrounds, Inc.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the financial statements are prepared by the Mercer County Fairgrounds, Inc., on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

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.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Mercer County Fairgrounds, Inc., as of November 30, 2020 and November 30, 2019, or changes in net position, or cash flows thereof for the fiscal years then ended.

***Basis for Additional Qualified Opinion***

For the fiscal year ended November 30, 2020, Other Operating Receipts included \$27,762, or approximately 6% of operating receipts. For the fiscal year ended November 30, 2019, Admission Receipts included \$81,784 and Other Operating Receipts included \$48,308, which totals \$130,092, or approximately 15% of operating receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Qualified Opinion***

In our opinion, except for the effects of the matter described in the "Basis for Additional Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, as of and for the fiscal years ended November 30, 2020 and November 30, 2019, and related notes of the Mercer County Fairgrounds, Inc., Mercer County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, as described in Note 2.

***Emphasis of Matter***

As described in Note 11 to the financial statements for the fiscal year ended November 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Mercer County Fairgrounds, Inc. We did not modify our opinions regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021, on our consideration of the Mercer County Fairgrounds, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mercer County Fairgrounds, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mercer County Fairgrounds, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 5, 2021



**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Fiscal Year Ended November 30, 2020*

<b>Operating Receipts</b>	
Taxes	\$ 1,299
Admissions	115,785
Privilege Fees	26,729
Rentals	161,105
Sustaining and Entry Fees	10,305
Other Operating Receipts	<u>136,610</u>
<i>Total Operating Receipts</i>	<u>451,833</u>
<b>Operating Disbursements</b>	
Wages and Benefits	139,870
Utilities	58,953
Professional Services	141,193
Equipment and Grounds Maintenance	45,196
Property and Rent Services	26,896
Race Purse	98,879
Senior Fair	11,059
Junior Fair	13,331
Capital Outlay	167,757
Other Operating Disbursements	<u>332,273</u>
<i>Total Operating Disbursements</i>	<u>1,035,407</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(583,574)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	31,905
Local Support	37,000
Donations/Contributions	533,753
Investment Income	730
Debt Service	<u>(20,350)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>583,038</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(536)
Cash Balance, Beginning of Year	<u>408,286</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 407,750</u></u>

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

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*

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**Note 1 – Reporting Entity**

The Mercer County Fairgrounds, Inc. (the Society), Mercer County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week – long Mercer County Fair during August. During the fair, harness races are held, culminating in the running of the Mercer County Fair Harness Races. Mercer County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mercer County and pay an annual membership fee to the Society.

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

Notes 9 and 10, respectively, summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

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

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

***Basis of Presentation***

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

***Basis of Accounting***

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

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

***Deposits and Investments***

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

***Capital Assets***

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

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*

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***Income Tax Status***

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

***Race Purse***

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

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

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

***Pari-mutuel Wagering***

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

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

**Note 3 – Deposits**

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

	<u>2020</u>
Demand deposits	\$171,580
Other time deposits (savings)	<u>236,170</u>
Total deposits	<u><u>\$407,750</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2020, in the amount of \$7,788 as State Support.

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*

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***Pari-mutuel Wagering***

Due to the COVID-19 pandemic, there was no wagering during the 2020 Mercer County Fair.

**Note 5 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Mercer County Commissioners provides general insurance coverage for all the buildings on the Mercer County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability insurance with aggregate limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$150,000.

**Note 6 – Social Security**

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

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2020.

**Note 7 – Debt**

Debt outstanding at November 30, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Restroom Loan	<u>\$145,161</u>	4.65%

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

On April 24, 2020, the Society received a Paycheck Protection Program (PPP) loan of \$23,949. The Society qualified for PPP loan forgiveness in November 2020 and \$19,949 was forgiven. The remaining \$4,000 was repaid by the Society in December 2020.

The Society has a \$75,000 line of credit bearing interest of 7.75 percent. There was no outstanding amounts at November 30, 2020.

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*

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Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Restroom Loan
2021	4,892
2022	5,123
2023	5,365
2024	129,781
	\$ 145,161

**Note 8 – Construction and Contractual Commitments**

The Society finished construction of a new restroom facility in 2020.

**Note 9 – Junior Fair Board**

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Mercer County Fair. The Society disbursed \$0 directly to the Junior Fair Board and \$13,331 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$ 5,402
Receipts	14,230
Disbursements	(14,017)
Ending Cash Balance	\$ 5,615

**Note 10 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Mercer County's auction. A commission of 3 percent to 20 percent, depending on the species, on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$ 35,143
Receipts	256,081
Disbursements	(265,845)
Ending Cash Balance	\$ 25,379

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*

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**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The Society's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Society's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Other Operating Receipts**

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

**Note 13 – Other Operating Disbursements**

Other operating disbursements consists primarily of advertising and reimbursements.

**Note 14 – Noncompliance**

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

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Fiscal Year Ended November 30, 2019*

<b>Operating Receipts</b>	
Taxes	\$ 1,280
Admissions	477,475
Privilege Fees	38,548
Rentals	157,992
Sustaining and Entry Fees	11,520
Pari-mutuel Wagering Commission	3,146
Other Operating Receipts	<u>179,645</u>
<i>Total Operating Receipts</i>	<u>869,606</u>
<b>Operating Disbursements</b>	
Wages and Benefits	122,891
Utilities	65,034
Professional Services	413,190
Equipment and Grounds Maintenance	33,058
Property and Rent Services	55,910
Race Purse	103,492
Senior Fair	25,919
Junior Fair	26,347
Capital Outlay	15,154
Other Operating Disbursements	<u>302,497</u>
<i>Total Operating Disbursements</i>	<u>1,163,492</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(293,886)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	31,147
Local Support	30,000
Debt Proceeds	150,000
Donations/Contributions	363,135
Investment Income	98
Debt Service	<u>(11,630)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>562,750</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	268,864
Cash Balance, Beginning of Year	<u>139,422</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 408,286</u></u>

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

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Mercer County Fairgrounds, Inc. (the Society), Mercer County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week – long Mercer County Fair during August. During the fair, harness races are held, culminating in the running of the Mercer County Fair Harness Races. Mercer County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mercer County and pay an annual membership fee to the Society.

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

Notes 9 and 10, respectively, summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

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

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

***Basis of Presentation***

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

***Basis of Accounting***

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

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

***Deposits and Investments***

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

***Capital Assets***

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



**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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***Income Tax Status***

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

***Race Purse***

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

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

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

***Pari-mutuel Wagering***

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

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

**Note 3 – Deposits**

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

	<u>2019</u>
Demand deposits	\$135,361
Other time deposits (savings)	<u>272,925</u>
Total deposits	<u><u>\$408,286</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2019, in the amount of \$7,543 as State Support.

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

***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 Other Operating 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.

	<u>2019</u>
Total Amount Bet (Handle)	\$ 15,406
Less: Payoff to Bettors	(12,260)
Parimutuel Wagering Commission	3,146
Tote Service Set Up Fee	(1,000)
Tote Service Commission	(1,021)
State Tax	(444)
Society Portion	\$ 681

**Note 5 – Risk Management**

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Mercer County Commissioners provides general insurance coverage for all the buildings on the Mercer County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability insurance with aggregate limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$150,000.

**Note 6 – Social Security**

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

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants’ gross salaries. The Society has paid all contributions required through November 30, 2019.

**Note 7 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Restroom Loan	\$150,000	4.65%

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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

The Society has a \$75,000 line of credit bearing interest of 7.75 percent. There was no outstanding amounts at November 30, 2019.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Restroom Loan
2020	\$ 4,839
2021	4,892
2022	5,123
2023	5,365
2024	129,781
	\$ 150,000

**Note 8 – Construction and Contractual Commitments**

The Society is currently in the process of having a new restroom facility built. This project will be finished in 2020.

**Note 9 – Junior Fair Board**

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Mercer County Fair. The Society disbursed \$235 directly to the Junior Fair Board and \$26,111 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2019, follows:

	2019
Beginning Cash Balance	\$ 5,117
Receipts	16,109
Disbursements	(15,824)
Ending Cash Balance	\$ 5,402

**Mercer County Fairgrounds, Inc.**  
*Mercer County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 10 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Mercer County’s auction. A commission of 3 percent to 20 percent, depending on the species, on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the fiscal year ended November 30, 2019, follows:

	<u>2019</u>
Beginning Cash Balance	\$ 42,178
Receipts	308,498
Disbursements	<u>(315,533)</u>
Ending Cash Balance	<u>\$ 35,143</u>

**Note 11 – Other Operating Receipts**

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

**Note 12 – Other Operating Disbursements**

Other operating disbursements consists primarily of advertising and reimbursements.

**Note 13 – Noncompliance**

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing  
Standards***

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements of the Mercer County Fairgrounds, Inc., Mercer County, Ohio, as of and for the fiscal years ended November 30, 2020 and November 30, 2019, and the related notes to the financial statements and have issued our report thereon dated May 5, 2021, wherein we noted as described in Note 2 to the financial statements, the Mercer County Fairgrounds, Inc. followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as described in Note 11 to the financial statements, for the fiscal year ended November 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Mercer County Fairgrounds, Inc. Additionally, we qualified our opinion over certain amounts included within Other Operating Receipts for the fiscal year ended November 30, 2020, and over certain amounts included in Other Operating Receipts and Admissions for the fiscal year ended November 30, 2019, due to a lack of sufficient appropriate audit evidence in noncompliance with OAC Section 117-2-02(D).

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Mercer County Fairgrounds, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-001.

***Mercer County Fairgrounds, Inc.'s Responses to Findings***

The Mercer County Fairgrounds, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Mercer County Fairgrounds, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mercer County Fairgrounds, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mercer County Fairgrounds, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
May 5, 2021

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

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

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

Finding Number	2020-001
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**Material Weakness/Noncompliance - Accounting Records**

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

For the fiscal year ended November 30, 2020, the Society did not maintain adequate support for certain types of receipts, specifically cash collected at non-fair events and beer sales. Detailed support was not maintained for deposits of Other Operating Receipts of \$27,762. For the fiscal year ended November 30, 2019, the Society did not maintain adequate support for certain types of receipts, specifically daily admissions to the fair at the gates and beer sales. Detailed support was not maintained for deposits of Admissions totaling \$81,784 and Other Operating Receipts of \$48,308.

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

We recommend the Society Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society, regarding certain gate receipts (included as Admissions), beer sales and cash collected at non-fair events (included as Other Operating Receipts). We further recommend the Secretary and/or Treasurer implement procedures to adequately track and reconcile these types of receipts to help prevent loss of funds and improve financial reporting. Those procedures could include a ticket system that is tracked, including the amount sold, voided, and complimentary tickets/sales. Reconciliation of ticket sales and cash collected and deposited should be performed. A proper ticket inventory should also be maintained that documents the inventory of tickets purchased, sold and tickets on-hand. The Society should perform reconciliations with vendor invoices to help ensure amounts being paid reconcile to the products received, sold and on-hand.

Client Response: The Society is brainstorming on effective and efficient methods to support these deposits for the 2021 fair.

Finding Number	2020-002
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**Material Weakness - Financial Reporting**

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Society, this could also include reviewing the fiscal year-end Quickbooks detailed reports to ensure activity is reported in the correct line items.

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

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2020-002 - (Continued)

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

Fiscal year ended November 30, 2020:

- \$50,000 was reclassified from Local Support to Donations/Contributions to properly present Local Fair Economic Support.
- \$64,800 was reclassified from Other Operating Receipts to Donations/Contributions to properly present sponsorship from the Ohio Harness Horsemen’s Association.

Fiscal year ended November 30, 2019:

- \$150,000 was reclassified from Debt Service to Debt Proceeds to properly present debt issued on October 11, 2019.
- \$64,800 was reclassified from Other Operating Receipts to Donations/Contributions to properly present sponsorship from the Ohio Harness Horsemen’s Association.

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

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Society’s activity.

We recommend the Society design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Society should consider having an outside third-party, or board member with financial experience, perform a second review of the financial report prior to filing in the Hinkle System. Further, the Society should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Society will closely monitor all transactions to ensure accurate financial reporting in the future.



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2020 and NOVEMBER 30, 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2016	<u>Material Weakness/Noncompliance - Accounting Records</u> - The Society did not comply with Ohio Administrative Code § 117-2-02(D), which outlines the procedures for public offices to maintain proper support for certain cash receipts.	Not Corrected	Repeated as finding 2020-001 as the Society did not maintain proper support for certain receipts.
2018-002	2017	<u>Material Weakness - Financial Reporting</u> - Accurate financial reporting is required in order to provide management with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes to the financial statement for the fiscal year ended November 30, 2018.	Not Corrected	Finding repeated as 2020-002 as adjustments were posted to the current year report.

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# OHIO AUDITOR OF STATE KEITH FABER



**MERCER COUNTY AGRICULTURAL SOCIETY**

**MERCER COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/22/2021**

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](http://www.ohioauditor.gov)