

**MADISON COUNTY  
AGRICULTURAL SOCIETY**  
MADISON COUNTY, OHIO

**REGULAR AUDIT**

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





88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Madison County Agricultural Society  
205 Elm Street  
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the Madison County Agricultural Society, Madison County, 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **FINDING FOR RECOVERY**

The Madison County Agricultural Society (the Society) rents the usage of the buildings and fairgrounds throughout the year, except during fair season. Pre-numbered rental contracts are provided to prospective renters. To secure a rental, the rental contract must be completed and returned to the Society not less than 30 days prior to the requested date and must include payment. Former Fair Manager Robert Richardson, was responsible for completing rental contracts for Society facilities, receiving the rental money, and submitting the rental contract and money to the Society's Treasurer. Mr. Richardson was employed by the Society for approximately four years until March 2019.

During 2018, five rental contracts completed and signed by Mr. Richardson were discovered, each indicating cash payments were received for the rental. The five rental contracts and cash received, totaling \$1,750, were not submitted to the Treasurer and therefore were not recorded in the Society's financial accounting system.

Also during 2018, the Madison County Sheriff's Office reported that a check payment totaling \$1,200 was issued to the Society for the rental of a facility; however, the check payment was never deposited in the Society's bank account.

On July 11, 2019, Mr. Richardson was indicted on one count of theft (a felony of the fifth degree), one count of passing bad checks (a felony of the fifth degree), one count of forgery (a felony of the fifth degree), and one count of grand theft (a felony of the fourth degree) in the Madison County Common Pleas Court Case No. CR 20190088. While these charges are related to multiple activities, including those associated with the Society, the charges only include the \$1,200 check payment and not the \$1,750 cash payments.

On November 2, 2020, Mr. Richardson entered a guilty plea to one count of theft and one count of grand theft before the Honorable Eamon P. Costello, Madison County Common Pleas Court Judge, in the above cited case.

Board of Directors  
Madison County Agricultural Society  
205 Elm Street  
London, Ohio 43140  
Page -2-

On January 21, 2021, at sentencing for the conviction, Judge Costello entered an Order of Restitution in the amount of \$1,200 against Mr. Richardson and in favor of the Society. Mr. Richardson was also sentenced to nine months to the Ohio Department of Corrections and three years of post-release control.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public property which has been converted or misappropriated is hereby issued against Robert Richardson for \$2,950 in favor of the Society's General Fund.

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 Madison County Agricultural Society is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 27, 2022

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Financial Statements:	
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - For the Fiscal Year Ended November 30, 2020.....	3
Notes to the Financial Statement – For the Fiscal Year Ended November 30, 2020.....	4 - 8
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - For the Fiscal Year Ended November 30, 2019.....	9
Notes to the Financial Statement – For the Fiscal Year Ended November 30, 2019.....	10 - 14
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 <i>Government Auditing Standards</i> .....	15 - 16
Schedule of Findings and Responses.....	17 - 18
Summary Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**

## Independent Auditor's Report

Madison County Agricultural Society  
Madison County  
205 Elm Street  
London, Ohio 43140

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements as of and for the fiscal years ended November 30, 2020 and November 30, 2019, and the related notes of the Madison County Agricultural Society, Madison 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(C), as described in Note 1. 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 Madison County Agricultural Society'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 Madison County Agricultural Society'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 1, the financial statements are prepared by the Madison County Agricultural 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Madison County Agricultural Society 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(C) permit. Our opinion on this accounting basis is in the "Unmodified Opinion on Regulatory Basis of Accounting" 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 Madison County Agricultural Society, as of November 30, 2020 and November 30, 2019, or changes in net position, or cash flows thereof for the fiscal years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, 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 Madison County Agricultural Society, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 1.

***Emphasis of Matter***

As described in Note 9 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 Madison County Agricultural Society. Our opinions are not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Madison County Agricultural Society'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 Madison County Agricultural 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 Madison County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
October 24, 2022



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020**

**Operating Receipts**

Admissions	\$ 1,325
Privilege Fees	2,080
Rentals	94,343
Other Operating Receipts	<u>7,985</u>
Total Operating Receipts	<u>105,733</u>

**Operating Disbursements**

Wages and Benefits	26,211
Utilities	48,640
Professional Services	30,183
Equipment and Grounds Maintenance	19,049
Property and Rent Services	63,172
Senior Fair	337
Junior Fair	17,039
Capital Outlay	18,547
Other Operating Disbursements	<u>3,930</u>
Total Operating Disbursements	<u>227,108</u>

Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(121,375)</u>
---	------------------

**Non-Operating Receipts (Disbursements)**

Federal Support	6,398
State Support	105,044
County Support	50,000
Donations/Contributions	4,167
Sponsorships	4,850
Other Support	460
Debt Service	<u>(8,130)</u>

Net Non-Operating Receipts (Disbursements)	<u>162,789</u>
--	----------------

Excess (Deficiency) of Receipts Over (Under) Disbursements	41,414
--	--------

Cash balance, beginning of year	<u>22,887</u>
---------------------------------	---------------

Cash balance, end of year	<u>\$ 64,301</u>
---------------------------	------------------

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

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County Agricultural Society, Madison County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1947 to operate an annual agricultural fair. The Society sponsors the week-long Madison County Fair during July. During the fair, harness races are held. Madison County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Madison County and pay an annual membership fee to the Society.

**Reporting Entity**

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 include facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Madison County, Ohio.

Notes 6 and 7, 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.

**Basis of Presentation**

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

**B. Accounting Basis**

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.

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

**C. 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.

**D. Property, Plant, and Equipment**

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

**E. 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.

**F. Race Purse**

Stake races are held during the Madison 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 the U.S Trotting 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.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**G. 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.

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

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 3 for additional information.

**2. DEPOSITS AND INVESTMENTS**

The Society maintains demand deposit and savings accounts. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2020 is as follows:

	2020
Demand deposits	\$ 64,301
Total deposits	\$ 64,301

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2020 was \$978 as State Support.

Pari-mutuel Wagering

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

**4. DEBT**

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

	Principal	Interest Rate
County Loan	\$ 23,107	2.75
Total	\$ 23,107	

The Madison County Commissioners loaned the Society \$37,500 on February 28, 2018, for fairground improvements. The interest rate applicable at November 30, 2020, is 2.75 percent. Payments are due on March 1 of each year.

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

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

Year Ending November 30:	County Loan	Total
2021	8,129	8,129
2022	8,130	8,130
2023	8,130	8,130
	\$24,389	\$24,389
	\$24,389	\$24,389

**5. RISK MANAGEMENT**

The Madison County Commissioners provide general insurance coverage for all the buildings on the Madison County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$10,000,000 aggregate.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 30, 2021.

There has been no significant reduction in insurance coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$17,039 for the year ended November 30, 2020 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as a Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2020 follows:

	2020
Beginning Cash Balance	\$ 4,783
Receipts	10,780
Disbursements	(4,386)
Ending Cash Balance	\$ 11,177

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Sale 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 Madison County’s auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Sale Committee retains this money. The accompanying financial statement does not include the Junior Livestock Sale Committee’s activities. The Junior Livestock Sale Committee’s financial activity for the year ended November 30, 2020 follows:

	2020
Beginning Cash Balance	\$ 16,227
Receipts	216,907
Disbursements	(214,508)
Ending Cash Balance	\$ 18,626

**8. SOCIAL SECURITY**

Society employees contributed to Social Security. The 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.

**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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. 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.

**10. ACCOUNTABILITY AND COMPLIANCE**

- The Society was in noncompliance with Ohio Revised Code Section 9.38.
- The Society was also in noncompliance with Ohio Administrative Code Sections 117-2-02(D) and 117-2-02(C)(3).

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019**

**Operating Receipts**

Admissions	\$ 131,308
Privilege Fees	33,022
Rentals	131,837
Other Operating Receipts	<u>40,847</u>
 Total Operating Receipts	 <u>337,014</u>

**Operating Disbursements**

Wages and Benefits	29,550
Utilities	67,101
Professional Services	184,551
Equipment and Grounds Maintenance	30,149
Property and Rent Services	80,864
Senior Fair	14,286
Junior Fair	13,666
Capital Outlay	8,424
Other Operating Disbursements	<u>47,105</u>
 Total Operating Disbursements	 <u>475,696</u>

Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 <u>(138,682)</u>
---	----------------------

**Non-Operating Receipts (Disbursements)**

State Support	7,101
County Support	50,000
Donations/Contributions	789
Sponsorships	26,126
Promotions	955
Other Support	12,152
Investment Income	100
Sale of Assets	20
Debt Service	<u>(8,119)</u>

Net Non-Operating Receipts (Disbursements)	<u>89,124</u>
--	---------------

Excess (Deficiency) of Receipts Over (Under) Disbursements	(49,558)
--	----------

Cash balance, beginning of year	<u>72,445</u>
---------------------------------	---------------

Cash balance, end of year	<u>\$ 22,887</u>
---------------------------	------------------

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

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County Agricultural Society, Madison County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1947 to operate an annual agricultural fair. The Society sponsors the week-long Madison County Fair during July. During the fair, harness races are held. Madison County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Madison County and pay an annual membership fee to the Society.

**Reporting Entity**

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 include facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Madison County, Ohio.

Notes 6 and 7, 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.

**Basis of Presentation**

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

**B. Accounting Basis**

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.



MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

**C. 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.

**D. Property, Plant, and Equipment**

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

**E. 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.

**F. Race Purse**

Stake races are held during the Madison 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 the U.S Trotting 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.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**G. 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.

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

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. See Note 3 for additional information.

**2. DEPOSITS AND INVESTMENTS**

The Society maintains demand deposit and savings accounts. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2019 is as follows:

	2019
Demand deposits	\$ 22,887
Total deposits	\$ 22,887

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2019 was \$969, as State Support.

Pari-mutuel Wagering

The Society did not conduct horse races during the 2019 Madison County Fair.

**4. DEBT**

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

	Principal	Interest Rate
County Loan	\$ 30,401	2.75
Total	\$ 30,401	

The Madison County Commissioners loaned the Society \$37,500 on February 28, 2018, for fairground improvements. The interest rate applicable at November 30, 2019, is 2.75 percent. Payments are due on March 1 of each year.

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

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

Year Ending November 30:	County Loan	Total
2020	8,130	8,130
2021	8,129	8,129
2022	8,130	8,130
2023	8,130	8,130
	\$32,519	\$32,519

**5. RISK MANAGEMENT**

The Madison County Commissioners provide general insurance coverage for all the buildings on the Madison County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$10,000,000 aggregate.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 30, 2021.

There has been no significant reduction in insurance coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$13,666 for the year ended November 30, 2019 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as a Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2019 follows:

	2019
Beginning Cash Balance	\$ 5,248
Receipts	10,235
Disbursements	(10,700)
Ending Cash Balance	\$ 4,783

MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Sale 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 Madison County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Sale Committee retains this money. The accompanying financial statement does not include the Junior Livestock Sale Committee's activities. The Junior Livestock Sale Committee's financial activity for the year ended November 30, 2019 follows:

	2019
Beginning Cash Balance	\$ 3,349
Receipts	360,228
Disbursements	(347,350)
Ending Cash Balance	\$ 16,227

**8. SOCIAL SECURITY**

Society employees contributed to Social Security. The 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.

**9. ACCOUNTABILITY AND COMPLIANCE**

- The Society was in noncompliance with Ohio Revised Code Section 9.38.
- The Society was also in noncompliance with Ohio Administrative Code Sections 117-2-02(D) and 117-2-02(C)(3).

**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***

Madison County Agricultural Society  
Madison County  
205 Elm Street  
London, Ohio 43140

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 Madison County Agricultural Society, Madison 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 October 24, 2022, wherein we noted as described in Note 1 to the financial statements, the Madison County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Furthermore, as described in Note 9 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 Madison County Agricultural Society.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Madison County Agricultural 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 Madison County Agricultural Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Agricultural 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 Madison County Agricultural 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 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 through 2020-003 that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Madison County Agricultural 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 instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-002 and 2020-003.

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

The Madison County Agricultural Society's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Madison County Agricultural Society'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 Madison County Agricultural 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 Madison County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
October 24, 2022

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
--	--

Finding Number	2020-001
----------------	----------

Material Weakness - Financial Statement Presentation

Management is responsible for preparing a complete and accurate financial statement 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 statements. For the Society, this could also include reviewing the fiscal year-end QuickBooks detailed reports and other financial information, to ensure activity is recorded in the proper accounts and accurately summarized on the financial statement.

Certain adjustments were made to the Society’s financial statements and note disclosures for the years ended November 30, 2020 and November 30, 2019 to properly state financial statement amounts and disclosures.

A lack of proper policies and procedures for control and monitoring activities associated with the proper posting of activities as well as 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 activities.

We recommend the Society design and implement additional procedures to facilitate accurate financial reporting. The Society should consider having an outside third-party, or another Board member with financial experience, review the financial report prior to presenting to audit. We also recommend the Society include all information in QuickBooks to facilitate the financial reporting process and to ensure all Society activity is included.

Client’s Response: We'll take this under advisement and work on correcting this.

Finding Number	2020-002
----------------	----------

Material Weakness/Noncompliance - Timely Deposits

Ohio Revised Code Section 9.38 requires public money to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. This section also stipulates if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Uniform System of Accounting for Agricultural Societies (USAAS) manual issued by the Auditor of State stipulates procedures over cash receipts for agricultural societies. In part, bank deposit slips shall be prepared daily, and cash deposited daily in the bank. Additionally, during periods of greater activity, such as the periods around fair week, cash should be deposited several times per day, and significant deposits at the end of the day should be deposited in the bank’s night depository and not left overnight on the fairgrounds.

The Society held funds of varying amounts greater than the allowable one or three business days without depositing them in accordance with Ohio Revised Code Section 9.38. Of the total receipts tested, 34.78% were not deposited timely during the fiscal year ended November 30, 2020 and 36.84% during the fiscal year ended November 30, 2019. The Society does not have an internal control system for receipts that would allow them to comply with Ohio Revised Code Section 9.38.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

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

Finding Number	2020-002 – (Continued)
----------------	------------------------

As a result, not only is there a risk of loss from burglary, misplacement, or misappropriation, but the cash is not available for expenditures or investment.

We recommend the Society design, implement, and maintain internal controls which allow the Society to monitor collections and ensure that monies are deposited in accordance with state statute. This will improve cash flow and reduce the risk of loss. Further guidance regarding specific dollar amounts may be found in the Ohio Compliance Supplement.

*Client Response:* We'll take this under advisement and work on correcting this.

Finding Number	2020-003
----------------	----------

Material Weakness/Noncompliance – Availability of Accounting Records

Ohio Administrative Code (OAC) Section 117-2-02(D) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include a cash receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger. The local office should also maintain adequate documentation to support the amounts recorded on this ledger. In addition, OAC § 117-2-02(C)(3) states that check vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices and timely record the transaction into its manual or computerized account records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society's receipts and disbursements are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of receipt and disbursement records.

The Society could not locate various bank statements for their building fund or support for various receipts and expenditures in a timely manner. This information was eventually located after multiple follow-up inquiries and the support was determined to be sufficient. In some instances, alternative procedures were performed to determine the appropriateness of receipts and expenditures.

By not maintaining all supporting documentation related to bank statements, receipts, and expenditures, the Society is at risk of funds being misused or misplaced. This could create an opportunity for fraud, theft, or error.

We recommend the Society maintain all required accounting records including bank statements and support for receipts and expenditures in manual or computerized format. All accounting records should be maintained in a central location and in an organized manner to allow for easy access when needed. This should assist the Society in monitoring its activity and aid in the audit process. Further, this will help create a stronger control environment that mitigates the risk of fraud or error.

*Client Response:* We'll take this under advisement and work on correcting this.



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2009	<u>Material Weakness - Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and the Board with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statement and notes to the financial statement for the fiscal year ended November 30, 2018 to properly state financial statement amounts.	Not Corrected	Reissued as finding 2020-001 as audit adjustments were posted to the Society's financial statements.
2018-002	2015	<u>Material Weakness/Noncompliance – Timely Deposits</u> - Ohio Revised Code Section 9.38 requires deposits of public money be made in a timely manner. Public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the receipt unless the receipts are less than \$1,000 and the money can be safeguarded. In this case, the deposit must be made within three business days. The Society held funds of varying amounts greater than the allowable one or three business days without depositing them in accordance with Ohio Revised Code Section 9.38. Of the total receipts tested in fiscal year ended November 30, 2018, it was noted 35.48% were not deposited timely.	Not Corrected	Reissued as finding 2020-002 as the Society did not deposit receipts timely.
2018-003	2018	<u>Material Weakness/Noncompliance – Rental Receipts</u> – Ohio Administrative Code Sections 117-2-02(D) states all local public offices may maintain accounting records in a manual or computerized format. The records used shall be based on the nature of operations and services the public office provides. Rental agreements were maintained by the fair manager but not provided to the Treasurer. These agreements also involved cash receipts that were not provided to the Treasurer and not recorded in the Society's financial accounting system.	Not Corrected	Reissued as finding 2020-003 as the Society did not maintain proper accounting records.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**MADISON COUNTY AGRICULTURAL SOCIETY**

**MADISON 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 1/10/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)