

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

JODI GARRISON, CPA, TREASURER



Dave Yost • Auditor of State

Board of Directors
Madison County Agricultural Society
205 Elm St
London, OH 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, 2014 through November 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 27, 2017

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**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Financial Statement:	
Statement of Receipts, Disbursements and Changes in Fund Balance (Cash Basis).....	3
Notes to the Financial Statement	4 - 9
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10 - 11
Schedule of Findings and Responses.....	12
Status of Prior Audit Findings	13 - 16

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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 Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Madison County Agricultural Society, Madison County, Ohio as of and for the fiscal year ended November 30, 2015.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Madison County Agricultural Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Madison County Agricultural Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statement, the Madison County Agricultural Society prepared this financial statement using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Madison County Agricultural Society does not intend this statement 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 *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 statement referred to above does 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, 2015, or changes in financial position thereof for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Madison County Agricultural Society, Madison County, Ohio as of November 30, 2015, and its combined cash receipts and disbursements for the fiscal year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017, on our consideration of the Madison County Agricultural Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 28, 2017

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2015**

Operating Receipts

Admissions	\$ 118,325
Privilege Fees	42,573
Rentals	92,695
Sustaining and entry fees	15,280
Pari-mutuel wagering commission	255
Other operating receipts	<u>94,585</u>
 Total Operating Receipts	 <u>363,713</u>

Operating Disbursements

Wages and benefits	18,013
Utilities	50,224
Professional services	2,720
Equipment and grounds maintenance	42,533
Race purse	71,148
Senior fair	11,358
Junior fair	18,736
Capital outlay	469,064
Contractual entertainment	91,833
Other operating disbursements	<u>98,926</u>
 Total Operating Disbursements	 <u>874,554</u>

Excess (Deficiency) of Operating Receipts	<u>(510,842)</u>
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Non-Operating Receipts (Disbursements)

State support	75,485
County support	347,532
Donations/Contributions	<u>115,784</u>

Net Non-Operating Receipts (Disbursements)	<u>538,801</u>
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Excess (Deficiency) of Receipts Over (Under) Disbursements	27,959
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Cash balance, beginning of year	<u>76,203</u>
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Cash balance, end of year	<u>\$ <u>104,162</u></u>
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The notes to the financial statement is an integral part of this statement

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015

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 including 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 8 and 9, 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.

B. Accounting Basis

These financial statements follow 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015

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).

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. The accompanying financial statement report 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 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
NOVEMBER 30, 2015

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 a demand deposit and savings account of all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2015 is as follows:

	<u>2015</u>
Demand deposits	\$101,020
Other time deposits (savings and NOW accounts)	<u>3,142</u>
Total deposits	<u><u>104,162</u></u>

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, 2015 was \$6,790 respectively as State Support.

Pari-mutuel Wagering

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

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015

	2015
Total Amount Bet (Handle)	\$ 8,025
Less: Payoff to Bettors	(6,356)
Parimutuel Wagering Commission	1,669
Tote Service Set Up Fee	(300)
Tote Service Commission	(668)
State Tax	(255)
Society Portion	\$ 446

4. DEBT

The Society had no outstanding long-term debt at November 30, 2015.

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, 2018.

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. CONTINGENT LIABILITIES

There are accumulated penalties and interest amounts due to the IRS for past years through September 2014 for unfiled payroll tax returns. There has been no bills or notices received from the IRS regarding this matter for over a year and the board considers this matter closed.

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015

7. SUBSEQUENT EVENT

In September 2014, the Treasurer of the Society withdrew via checks and direct withdrawal, without authorization, \$60,491 from the Society's checking and savings accounts. In addition, during the process of the transfer of the treasurer position, it was discovered that the same former treasurer had not filed payroll tax returns for ten years and had not filed form 990 returns in her tenure of over twenty years. Upon contact with the IRS, the Society was required to file 990 returns going back to 2009. Those returns were filed in 2015 and the Society is current on those returns. A form 1023 was filed in 2016 and the Society's 501(c)(3) status has been re-instated to the time of incorporation, February 11, 2015. The board has made a determination to not pursue retroactive re-instatement at this time.

The Society sued the former treasurer for repayment of the money withdrawn as well as to cover the cost of correcting all of her errors. The former treasurer settled out of court and signed an agreement for repayment of the balance owed. Final payment on the agreement was received in April 2017. Restitution payments received during the year ending November 30, 2015 totaled \$30,500 and are reflected as Other Operating Receipts on the financial statement. The amounts were paid in accordance with the settlement.

8. 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 \$18,736 for the year ended November 30, 2015 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, 2015 follows:

	2015
Beginning Cash Balance	\$ 1,321
Receipts	15,488
Disbursements	(13,834)
Ending Cash Balance	\$ 2,975

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015

9. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Madison County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2015 follows:

	<u>2015</u>
Beginning Cash Balance	\$ 9,597
Receipts	412,922
Disbursements	<u>(420,050)</u>
Ending Cash Balance	<u><u>\$ 2,469</u></u>

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Madison County Agricultural Society, Madison County, Ohio as of and for the fiscal year ended November 30, 2015, and the related notes to the financial statement, which collectively comprise the Madison County Agricultural Society's financial statement and have issued our report thereon dated September 28, 2017, wherein we noted the Madison County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Madison County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Madison County Agricultural Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Madison County Agricultural Society's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Board of Directors
Madison County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Madison County Agricultural Society's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2015-002.

Madison County Agricultural Society's Response 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. We did not audit the Madison County Agricultural Society's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Madison County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *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.
September 28, 2017

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

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2015**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and the Board with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statement and notes to the financial statement for the fiscal year ended November 30, 2015 to properly state financial statement amounts.

The audited financial statement and Society records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to facilitate decisions. The present system was unable to detect and correct the errors noted.

We recommend the Society consult with their auditors, work with an outside accountant, or seek additional training courses on financial statement preparation to help ensure accurate financial reporting.

Client Response: The Society has taken measures to improve this process and has hired an outside accountant to assist with daily operations and financial statement reporting.

Finding Number	2015-002
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Noncompliance - Timely Deposits

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 2015, it was noted 41% were not deposited timely.

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 that the Society 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: This will be corrected in the future.

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

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u></u>
2014-001	Financial Reporting – Material Weakness: Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Directors and is essential to help ensure information provided to the readers of the financial statements is complete and accurate. Numerous adjustments and reclassifications were made to the Society’s financial statements, to properly reflect all financial activity.	No	Repeated as finding 2015-001
2014-002	Maintaining Supporting Documentation – Material Noncompliance / Material Weakness: Ohio Rev. Code § 149.351 requires that all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §149.38 through 149.42. Additionally, maintaining organized documentation and support for financial transactions is essential in helping to assure the Society’s financial statements are accurately presented and that all expenditures are made for a proper public purpose. The Society lacked underlying support for certain transactions.	Yes	Finding no longer valid

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

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</u>
2014-003	<p>Finding for Recovery – Resolved Under Audit: Between September 16, 2014 and September 25, 2014, Brenda Roseberry, former fiscal officer of the Society, cashed checks and withdrew cash from a Society certificate of deposit in an amount totaling \$60,491. Ms. Roseberry utilized this cash for purposes not authorized by the Society. In addition, during Ms. Roseberry’s tenure as Treasurer at the Society, she failed to file required Society tax returns and to pay required Society taxes. As Treasurer, Ms. Roseberry was the official responsible for filing Society tax returns and remitting appropriate tax payments. However, Ms. Roseberry’s failure to transmit all required funds to the appropriate entity, or system, was a gross neglect of duty amounting to reckless disregard for the Society. As a result, the Society incurred penalties and late fees. On May 9, 2016, Ms. Roseberry entered into a settlement agreement with the Society in which she agreed to repay the Society for unauthorized use of cash and for tax penalties and late fees for which she was responsible. At the time of the settlement, the court agreement documented Ms. Roseberry had made restitution payments to the Society “for an amount between \$35,834 and \$35,924”. Section 3 of the Agreement indicated Ms. Roseberry was required to pay an additional \$38,000 to the Society with a lump sum payment of \$20,000 due within three days of signing the agreement and monthly payments of \$1,500 due the 1st of each month until April 2017.</p>	Yes	Finding no longer valid

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

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</u>
2014-004	<p>Grandstand Admission Receipts – Material Weakness: The Society lacks procedures over grandstand admission receipts. The Society did not perform a reconciliation of the receipts after each event to determine whether the amounts remitted for deposit were reasonable compared to the number of tickets/wristbands sold. In addition, the Society did not maintain documentation to support the grandstand admission receipts during fiscal years 2013 and 2014.</p>	Yes	Finding no longer valid
2014-005	<p>Internal Control Over Check Approval – Material Weakness: Implementing and maintaining an internal control system over the check distribution and payment process is the responsibility of management. The following control deficiencies were noted:</p> <ul style="list-style-type: none"> • A Board Member signed blank checks • The Fiscal Officer forged a Board Member's signature on multiple checks • The Fiscal Officer wrote checks to herself for unauthorized purposes (by forging board member's signature) 	Yes	Finding no longer valid
2014-006	<p>Bank Reconciliation and Monitoring – Significant Deficiency: The Society includes a profit & loss worksheet, as well as, an outstanding bill listing in the monthly report package submitted to the Board. The Board's package; however, does not include monthly bank reconciliations nor is the Board's review of the financial reports documented in the minutes or within the reporting package. The Society did not perform timely monthly bank to book reconciliations throughout fiscal year 2014 and they reconciled year-end balances utilizing the wrong month (December 31 rather than November 30).</p>	Yes	Finding no longer valid

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

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2015**

2014-007	<p>Other Operating Receipts – Significant Deficiency: For 2014 and 2013, five instances were noted where receipt documentation beyond the pre-numbered receipt and deposit ticket was not maintained by the Society.</p>	Yes	Finding no longer valid
2014-008	<p>IRS 501(c)(3) Status – Material Noncompliance: The Society's 501(c)(3) exempt status lapsed in 2011. The Society has received donations from a large number of individuals in 2013 and 2014 for building projects. Due to the Society's failure to keep its 501(c)(3) status current, individual donations could be at risk to not qualify as tax-free donations on the donators' personal federal tax returns. The Society completed and filed Form 1023 and is currently waiting on confirmation from the IRS.</p>	Yes	Finding no longer valid
2014-009	<p>Quarterly Payroll Filing – Penalties & Interest – Material Noncompliance: The Fiscal Officer failed to timely submit the required federal payroll taxes or quarterly 941 Tax Forms as required by the Internal Revenue Service for the following tax periods: September 2005, December 2005, September 2006, December 2006, September 2007, December 2007, September 2008, December 2008, and December 2010. The total amount owed to the IRS as of June 2016, including penalties and interest, was \$9,780.43.</p> <p>In addition, the Society has yet to file the 941 Tax Forms for the following tax periods: June 2009, March 2012, June 2012, and December 2012.</p>	Yes	Finding no longer valid

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Dave Yost • Auditor of State

MADISON COUNTY AGRICULTURAL SOCIETY

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 9, 2017**