



OHIO AUDITOR OF STATE  
**KEITH FABER**





**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended November 30, 2020 and 2019, and related notes of the Union County Agricultural Society, Union County, Ohio, (the Society).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 these financial statements 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 statements are 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 Society's preparation and fair presentation of the financial statements 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 Society's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the Society prepared these financial statements 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 statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the 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(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 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 Society as of November 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualifications***

Admission receipts are reported at \$106,645 for the year ended November 30, 2019, which is 21 percent of total receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amount recorded as admissions. Consequently, we were unable to determine whether any adjustments to this amount was necessary.

Monthly bank to book reconciliations were not prepared or reviewed each month for the period March 2020 through November 2020. We were unable to satisfy ourselves as to the accuracy of the November 30, 2020 cash balance by other auditing procedures. Consequently, we were unable to determine whether any adjustments to this balance was necessary.

***Additional Opinion Qualifications***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualifications* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of Union County Agricultural Society, Union County as of November 30, 2020 and 2019, and for the years 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 2.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2022

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

<hr/> <hr/>	
<b>Operating Receipts</b>	
Taxes	\$2,392
Admissions	10,686
Privilege Fees	830
Rentals	78,901
Sustaining and Entry Fees	15,640
Pari-mutuel Wagering Commission	40
Other Operating Receipts	1,854
	<hr/>
<i>Total Operating Receipts</i>	<i>110,343</i>
	<hr/>
<b>Operating Disbursements</b>	
Wages and Benefits	15,394
Utilities	19,306
Professional Services	59,880
Equipment and Grounds Maintenance	17,243
Property and Rent Services	72,395
Race Purse	84,845
Junior Fair	41,230
Capital Outlay	9,028
Other Operating Disbursements	14,020
	<hr/>
<i>Total Operating Disbursements</i>	<i>333,341</i>
	<hr/>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<i>(222,998)</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	146,045
Local Support	16,000
Donations/Contributions	141,919
Investment Income	97
Sale of Asset	300
Debt Service	(1,156)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>303,205</i>
	<hr/>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>80,207</i>
	<hr/>
Cash Balance, Beginning of Year	26,399
	<hr/>
<i>Cash Balance, End of Year</i>	<i>\$106,606</i>
	<hr/> <hr/>

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

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

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**Note 1 – Reporting Entity**

The Union County Agricultural Society (the Society), Union County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1846 to operate an annual agricultural fair. The Society sponsors the week – long Union County Fair during July. During the fair, harness races are held, culminating in the running of the Union County Fair Harness Race. Union County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Union County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, and harness racing during fair week. Due to the COVID-19 pandemic, the 2020 annual fair only included the junior fair, the junior livestock sale, and harness racing. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events as rented by the community. The reporting entity does not include any other activities or entities of Union County, Ohio.

Note 8 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair’s financial activity is reported in the Society’s financial statements.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

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

***Basis of Presentation***

The Society’s financial statements consist of a statement of receipts, disbursements and change in fund balance (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. The Society had no investments.

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

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***Capital Assets***

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

***Race Purse***

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

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

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

***Pari-mutuel Wagering***

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

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

**Note 3 – Deposits**

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

	<u>2020</u>
Demand deposits	106,606

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 year ended November 30, 2020, in the amount of \$82,240, as State Support.

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

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***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 (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.

	2020
Total Amount Bet (Handle)	\$ 1,608
Less: Payoff to Bettors	(1,274)
Parimutuel Wagering Commission	314
Tote Service Set Up Fee	(1,150)
Tote Service Commission	0
State Tax	(37)
Society Portion	\$ (873)

**Note 5 – Risk Management**

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

The Union County Commissioners provide general insurance coverage for all the buildings on the Union County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society's Fair Manager was bonded for \$50,000 in 2019. The Secretary and Treasurer did not have an additional bond in 2020.

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

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

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

	2020
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

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

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**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:

	Principal	Interest Rate
Note Payable for Rabbit/Poultry Barn	\$70,000	4.95%

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

Amortization of the above debt is scheduled as follows:

Year Ending November 30:	Rabbit/Poultry Barn
2021	\$9,044
2022	9,044
2023	9,044
2024	9,044
2025	9,044
2026-2030	45,220
	\$90,440

**Note 8 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Union County Fair's auction. A commission of 4 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, 2020, follows:

	2020
Beginning Cash Balance	\$ 41,119
Receipts	39,771
Disbursements	(40,854)
Ending Cash Balance	\$ 40,036

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

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**Note 9 – COVID-19**

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

**Note 10 – Subsequent Event**

On April 5, 2021, the Society entered into a \$399,385 Beef Barn Note. The note bears an interest rate of 4.0 percent and is due to the Richwood Banking Company. The note matures April 1, 2031. Proceeds of the note were used for construction of a beef barn. The Society is making interest only payments and pledge cards are being received from the Union County Foundation over the next 10 years to service this debt.

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

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<b>Operating Receipts</b>	
Taxes	\$2,339
Admissions	106,645
Privilege Fees	37,803
Rentals	89,875
Sustaining and Entry Fees	17,414
Pari-mutuel Wagering Commission	105
Other Operating Receipts	16,920
	<hr/>
<i>Total Operating Receipts</i>	<i>271,101</i>
	<hr/>
<b>Operating Disbursements</b>	
Wages and Benefits	28,971
Utilities	34,316
Professional Services	192,321
Equipment and Grounds Maintenance	18,499
Property and Rent Services	79,557
Race Purse	87,457
Senior Fair	1,575
Junior Fair	33,704
Capital Outlay	7,034
Other Operating Disbursements	24,985
	<hr/>
<i>Total Operating Disbursements</i>	<i>508,419</i>
	<hr/>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<i>(237,318)</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	82,401
Local Support	8,000
Debt Proceeds	8,000
Donations/Contributions	128,864
Investment Income	333
Debt Service	(22,318)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>205,280</i>
	<hr/>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>(32,038)</i>
	<hr/>
Cash Balance, Beginning of Year	58,437
	<hr/>
<i>Cash Balance, End of Year</i>	<i>\$26,399</i>
	<hr/> <hr/>

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

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

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**Note 1 – Reporting Entity**

The Union County Agricultural Society (the Society), Union County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1846 to operate an annual agricultural fair. The Society sponsors the week – long Union County Fair during July. During the fair, harness races are held, culminating in the running of the Union County Fair Harness Race. Union County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Union County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, and harness racing during fair week. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events including flea markets, craft shows, and Rockin’ Ribs Fest, and horse shows. The reporting entity does not include any other activities or entities of Union County, Ohio.

Note 8 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair’s financial activity is reported in the Society’s financial statements.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

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

***Basis of Presentation***

The Society’s financial statements consist of a statement of receipts, disbursements and change in fund balance (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. The Society had no investments.



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

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***Capital Assets***

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

***Race Purse***

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

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

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

***Pari-mutuel Wagering***

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

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

**Note 3 – Deposits**

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

	<u>2019</u>
Demand deposits	26,399

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 year ended November 30, 2019, in the amount of \$68,300, as State Support.

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

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***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 (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.

	2019
Total Amount Bet (Handle)	\$ 4,526
Less: Payoff to Bettors	(3,644)
Parimutuel Wagering Commission	907
Tote Service Set Up Fee	(1,100)
Tote Service Commission	(13)
State Tax	(93)
Society Portion	\$ (299)

**Note 5 – Risk Management**

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

The Union County Commissioners provide general insurance coverage for all the buildings on the Union County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society's fair manager is bonded with coverage of \$50,000.

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

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

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

	2019
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

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

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**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:

	Principal	Interest Rate
Note Payable for Rabbit/Poultry Barn	\$66,313	5.00%

The \$100,000 Rabbit/Poultry Barn Note bears an interest rate of 5.0 percent and is due to Richwood Bank. The note was entered into on June 25, 2015, and matures September 1, 2025. Proceeds of the note were used for construction of a new barn.

Amortization of the above debt is scheduled as follows:

Year Ending November 30:	Rabbit/Poultry Barn
2020	\$13,068
2021	13,068
2022	13,068
2023	13,068
2024	13,068
2025	13,068
	\$78,408

**Note 8 – Junior Livestock Sale Committee**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Union County Fair's auction. A commission of 4 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, 2019, follows:

	2019
Beginning Cash Balance	\$ 31,227
Receipts	19,852
Disbursements	(9,960)
Ending Cash Balance	\$ 41,119

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

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**Note 9 – Subsequent Events**

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

On April 5, 2021, the Society entered into a \$399,385 Beef Barn Note. The note bears an interest rate of 4.0 percent and is due to the Richwood Banking Company. The note matures April 1, 2031. Proceeds of the note were used for construction of a beef barn. The Society is making interest only payments and pledge cards are being received from the Union County Foundation over the next 10 years to service this debt.

# OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Union County Agricultural Society, Union County, Ohio, (the Society) as of and for the years ended November 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated October 27, 2022, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion as we were unable to obtain sufficient appropriate audit evidence supporting the amount recorded as admission receipts in 2019, and we were unable to satisfy ourselves as to the accuracy of the November 30, 2020 cash balance. We further noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-003 to be material weaknesses.

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***Compliance and Other Matters***

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Society's Response to Findings***

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Society's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2022

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Admission Receipts – Material Weakness**

Implementing effective internal controls, both application and monitoring, is an important responsibility of management. Effective internal controls can help assure that transactions are complete, occurred, are accurately reported, properly cutoff, and properly classified. In addition, management should periodically monitor control procedures to verify they are functioning effectively. Safe cash handling controls include:

- Require daily verification of the starting balance by the responsible cashier to assign accountability.
- Require collections for each individual cash drawer be reconciled daily, documented, signed off by the responsible cashier and deposited in a timely manner.
- Segregate duties between collection, recordation, reconciliation and deposit processes.
- Overages should be recorded as other revenue and shortages should be recorded as other expenditures.
- Management should encourage cashiers to report overages and shortages.
- Require management to verify the daily receipt and reconciliation process.
- Require management to monitor and track daily overages and shortages for each cashier.
- Require management to use trend information regarding overages and shortages as part of the employee's evaluation and performance review.
- Specify the actions to be taken by management based on the dollar amount and/or frequency of overages and shortages.

The 2020 fair was canceled due to the COVID-19 pandemic. During the 2019 fair, the following internal control weaknesses were noted in the admission receipts process:

- Daily ticket recapitulation forms used by the Society required documentation of the gate number, date, ticket start/end number, and amounts taken in. However, this information was not documented consistently for each gate and each day of the fair.
- The daily ticket recapitulation forms were not consistently signed off by the Treasurer and/or Gate Personnel.
- The daily ticket recapitulation forms were not reconciled to daily cash deposits.

Due to the absence of the aforementioned underlying supporting documentation and internal control procedures, the audit opinion was qualified because sufficient assurance could not be obtained over the completeness of reported admissions receipts for 2019 and we were not able to satisfy ourselves as to the completeness of those receipts by other auditing procedures.

Failure to establish and implement effective internal controls impairs management's ability to effectively monitor the Society's finances and could result in the theft or loss of property without management's detection.

We recommend the Society implement written policies and procedures over admission receipts. These policies and procedures should, at a minimum, include procedures over daily ticket recapitulation sheets at each gate and daily reconciliations during fair week.

**Officials' Response:** During the November monthly board meeting, documented in the minutes, the board has updated their petty cash policy. An outside accounting firm also will be reviewing this policy and its procedures with them as we move into the new year to ensure policies and procedures are set up properly.

The supporting documentation for the latest fair was done to the best of the organization's ability to track all records as it pertains to ticketing, admissions, and other transactions.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2020 AND 2019  
(Continued)**

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

**Financial Reporting – Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

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

- Increased fiscal year 2019 beginning cash balance by \$8,387 to agree to the prior year audited financial statements.
- Increased fiscal year 2020 beginning cash balance by \$8,338 to agree to the prior year audited financial statements.

Also, several changes to the notes to the financial statements were required for both years to the horse racing, risk management, debt, and junior livestock sale committee note disclosures.

The Society has recorded these adjustments to the financial statements.

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

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

**Officials' Response:** An outside accounting firm is now engaged to assist in accounting matters. The firm will help keep the books up to date and the board informed of ongoing items. The firm will be providing monthly reconciliations and quarterly reports.



**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-003**

**Monthly Cash Reconciliations – Material Weakness**

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

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

The November 30, 2019 bank to book reconciliation reflected a \$1,550 unreconciled variance, with the bank balance being higher than the cash balance reported on the 2019 financial statement. Furthermore, as a result of turnover in the Society’s fiscal officer position, monthly bank to book reconciliations were not prepared or reviewed each month for the period March 2020 through November 2020.

Due to the absence of bank to book reconciliations in 2020, the audit opinion was qualified because sufficient assurance could not be obtained over the November 30, 2020 cash balance and we were not able to satisfy ourselves as to the accuracy of the balance by other auditing procedures.

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

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

**Officials’ Response:** The original missing bank reconciliations were obtained from the prior accounting system as the organization has moved from QuickBooks desktop to QuickBooks online. The organization realized there were many items that needed to be cleared out in the General Fund from previous periods but have worked prospectively to correct these matters so they are not an issue moving forward in the fiscal year ending November 30, 2022. An outside accounting firm was hired to assist in cleaning up the reconciliations and reconcile all bank accounts moving forward.

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**P.O. Box 678**  
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**Tel. (937) 644-8736 Fax (937) 644-1063**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material Weakness – Admission Receipts  (Finding first reported in 2013.)	Not Corrected	Reissued as Finding 2020-001. The UCAS has been working on its procedures and documentation on admission receipts and continues to re-evaluate the process after each fair.
2018-002	Material Weakness – Financial Reporting  (Finding first reported in 2015.)	Not Corrected	Reissued as Finding 2020-002. The UCAS has been working with the auditor in a timely manner and discussing areas that may have caused these differences.
2016-002	Material Weakness – Contributions and Donations  (Finding first reported in 2013.)	Fully Corrected	

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# OHIO AUDITOR OF STATE KEITH FABER



**UNION COUNTY AGRICULTURAL SOCIETY**

**UNION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/29/2022**

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)