

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018



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Columbus, Ohio 43215
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Members of the Board
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, 2017 through November 30, 2018. 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.

The Auditor of State is currently conducting an investigation at the Society. The investigation is ongoing and control or compliance issues, if any, related to this investigation will be addressed in future audit reports.

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

March 6, 2020

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**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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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, 2018.

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 a financial statement 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 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 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, 2018, and the respective change 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 cash balances, receipts and disbursements, and related notes of the Madison County Agricultural Society, Madison County as of November 30, 2018, 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 27, 2019, 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 27, 2019

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018**

Operating Receipts

Admissions	\$ 109,072
Privilege Fees	42,808
Rentals	123,924
Sustaining and entry fees	8,160
Pari-mutuel wagering commission	113
Other operating receipts	<u>98,090</u>
 Total Operating Receipts	 <u>382,167</u>

Operating Disbursements

Wages and benefits	40,130
Utilities	60,539
Professional services	3,557
Equipment and grounds maintenance	117,998
Race purse	81,502
Senior fair	17,507
Junior fair	14,561
Capital outlay	63,809
Contractual entertainment	56,267
Other operating disbursements	<u>103,835</u>
 Total Operating Disbursements	 <u>559,705</u>

Excess (Deficiency) of Operating Receipts	<u>(177,538)</u>
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Non-Operating Receipts (Disbursements)

State support	89,102
County support	50,000
Donations/Contributions	33,646
Debt Proceeds	<u>37,500</u>

Net Non-Operating Receipts (Disbursements)	<u>210,248</u>
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Excess (Deficiency) of Receipts Over (Under) Disbursements	32,710
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Cash balance, beginning of year	<u>39,735</u>
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Cash balance, end of year	<u>\$ <u>72,445</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
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

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 7 and 8, 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(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
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

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. 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
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

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, 2018 is as follows:

	2018
Demand deposits	\$ 72,445
Total deposits	\$ 72,445

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, 2018 was \$7,432, 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
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

	2018
Total Amount Bet (Handle)	\$ 5,826
Less: Payoff to Bettors	(4,833)
Parimutuel Wagering Commission	993
Tote Service Set Up Fee	(600)
Tote Service Commission	(200)
State Tax	(80)
Society Portion	\$ 113

4. DEBT

Debt outstanding at November 30, 2018, was as follows:

	Principal	Interest Rate
County Loan	\$ 37,500	2.75
Total	\$ 37,500	

The Madison County Commissioners loaned the Society \$37,500 on February 28, 2018, for fairground improvements. The Society did not make any debt payments during the fiscal year ended November 30, 2018. The interest rate applicable at November 30, 2018, is 2.75 percent. Payments are due on March 1 of each year.

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

Year Ending November 30:	County Loan	Total
2019	\$8,119	\$8,119
2020	8,130	8,130
2021	8,129	8,129
2022	8,130	8,130
2023	8,130	8,130
	\$40,638	\$40,638

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, 2020.

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 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. The amount due is currently being negotiated with the IRS by the current treasurer of the Society. In August of 2018 there was an ACH from the checking account for civil penalties from 2011 and prior in the amount of \$6,686. After discussions with the IRS there was a refund of \$2,358 in June 2019 and according to notices, there will be more refunds to come in 2019.

7. 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 \$14,561 for the year ended November 30, 2018 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, 2018 follows:

	2018
Beginning Cash Balance	\$ 7,055
Receipts	9,058
Disbursements	(10,865)
Ending Cash Balance	\$ 5,248

8. 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, 2018 follows:

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

	2018
Beginning Cash Balance	\$ 10,797
Receipts	345,253
Disbursements	(352,701)
Ending Cash Balance	\$ 3,349

9. 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, 2018.

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).

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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 cash balances, receipts, and disbursements of the Madison County Agricultural Society, Madison County, Ohio as of and for the fiscal year ended November 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated September 27, 2019, 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 opinions 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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2018-002 and 2018-003.

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. We did not subject the Madison County Agricultural 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 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 report is not suitable for any other purpose.



Julian & Grube, Inc.
September 27, 2019

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

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

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 statement. 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 statement and note disclosures to properly state financial statement amounts. Adjustments were made to properly reflect the activity of an outside bank account used by the Society to track resources for a horse arena. The Society uses QuickBooks to record its activity but did not enter the information relating to this outside account into QuickBooks and therefore, it was not included on the financial statement. Additionally, an adjustment was made to properly reflect debt proceeds received from the Madison County Commissioners. The audited financial statement has been adjusted to include the receipts, disbursements, and ending balance of this outside account and the debt proceeds.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system does not include a second review of the financial statement to ensure the information accurately portrays all activities of the Society. In addition, the present system (QuickBooks) does not include all financial activities of the Society. The Society uses QuickBooks' reports to prepare the financial statement and related notes and therefore, the financial report was missing certain information.

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, causing a misrepresentation of 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: The Society will take measures to improve this process and has hired an outside accountant to assist with daily operations and financial statement reporting.

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

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-002

Material Weakness/Noncompliance - Timely Deposits

Ohio Revised Code § 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, 35.48% were not deposited timely. The Society does not have an internal control system for receipts that would allow them to comply with Ohio Revised Code Section 9.38.

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: This will be corrected in the future.

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

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2018-003

Material Weakness/Noncompliance – Rental Receipts

Ohio Administrative Code (OAC) § 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 Fair Manager received public money relating to rental agreements and did not deposit this money with the treasury. Of all rental contracts tested, five were not deposited with the treasury in the amount of \$1,750. Signed rental agreements were maintained by the Fair Manager; however, the signed agreements were not provided to the Treasurer. Further, these five contracts involved cash receipts, which were also not provided to the Treasurer and not recorded in the Society’s financial accounting system (QuickBooks), as required by OAC § 117-2-02(D).

Contracts for facility rentals were handled exclusively by the Fair Manager. Rental contracts are pre-numbered and sequential but are typically not received in order. The signed contract is not received by the Treasurer until payment is made, which is usually near the time the event is scheduled. This can sometimes be months after the contract is agreed to. Since the contracts are not received in order, they become difficult to track. This provided the Fair Manager an opportunity to misappropriate funds that were received in cash.

By not properly obtaining all supporting documentation for all rental receipts, the Society is at risk of funds being misused or misplaced.

We recommend the Society require rental contracts be turned into the Treasurer upon being signed by all parties and prior to receiving payment. This should assist the Treasurer in tracking all rental agreements and ensuring all payments are timely received and deposited.

Client Response: We will closely monitor rental receipts in the future.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	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, 2017 to properly state financial statement amounts.	Not Corrected	Finding repeated at 2018-001 as adjustments were posted to the financial statement.
2017-002	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 2017, it was noted 23.33% were not deposited timely.	Not Corrected	Finding repeated at 2018-002 as deposits were not timely deposited.

OHIO AUDITOR OF STATE KEITH FABER



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
MARCH 19, 2020**