



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Madison County Agricultural Society, Madison County, prepared by BHM CPA Group, Inc., for the audit period December 1, 2020 through November 30, 2022. 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. Madison County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 09, 2024

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MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
For the Years Ended November 30, 2022 and 2021
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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Madison County Agricultural Society, Madison County, Ohio (the Society), which comprises the cash balances, receipts and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Society on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
February 21, 2024

Madison County Agricultural Society
Madison County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2022

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Operating Receipts	
Admissions	135,545
Privilege Fees	17,719
Rentals	194,172
Sponsors	90,170
Other Operating Receipts	<u>19,305</u>
<i>Total Operating Receipts</i>	<u>456,911</u>
 Operating Disbursements	
Wages and Benefits	52,615
Utilities	74,535
Professional Services	11,266
Equipment and Grounds Maintenance	156,906
Senior Fair	6,268
Junior Fair	34,633
Capital Outlay	349,263
Contractual Entertainment	57,183
Other Operating Disbursements	<u>107,073</u>
<i>Total Operating Disbursements</i>	<u>849,742</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(392,831)</u>
 Non-Operating Receipts (Disbursements)	
State Support	6,847
County Support	203,228
Donations/Contributions	335
Sale of Asset	0
Interest Expense	<u>(11)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	<u>210,399</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(182,432)
 Cash Balance, Beginning of Year	<u>220,289</u>
 <i>Cash Balance, End of Year</i>	<u><u>\$37,857</u></u>

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

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2022

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.

B. Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. 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 5, 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee and the Junior Fair Sales Committee Building Fund's financial activity.

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

C. 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).

These statements include 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, 2022

D. 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.

E. Property, Plant, and Equipment

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

F. 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).

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, 2022 is as follows:

Demand deposits	\$26,553
Certificate of deposits	11,304
Other time deposits	<u>0</u>
Total deposits	<u><u>\$37,857</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. DEBT

The Society had an outstanding loan to the Madison County Commissioners in the amount of \$23,107 that was forgiven in the current year and is included in county support income.

4. 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.

MADISON COUNTY AGRICULTURAL SOCIETY MADISON
COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2022

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, 2023.

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.

5. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$17,297 for the year ended November 30, 2022 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2022 follows:

	2022
Beginning Cash Balance	6,611
Receipts	20,777
Disbursements	(17,297)
Ending Cash Balance	\$ 10,091

6. 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, 2022 is not available at this time of this filing.

MADISON COUNTY AGRICULTURAL SOCIETY MADISON
COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2022

7. JUNIOR FAIR SALES COMMITTEE BUILDING FUND

The Junior Fair Sales Committee Building Fund is a separate committee charged with raising money to support and sponsor various building projects on the fairgrounds. Projects are completed when funds are available. Financial activity for the year ended November 30, 2022 follows:

	2022
Beginning Cash Balance	\$ 13,341
Receipts	0
Disbursements	0
Ending Cash Balance	\$13,341

8. COVID-19

The World Health Organization declared the novel coronavirus (COVID-19) as a pandemic in March 2020. The United States of America, Ohio and Central Ohio were affected by COVID-19 both in terms of the virus itself including the related effects on personnel as well as the orders from both federal and state organizations on operational procedures to prevent the spread of COVID-19. The offices of the fairgrounds were officially closed for all personnel. The closure had a direct affect of the rental of facilities as all activities ceased for several months. The fair for 2020 was a junior fair only event, spread over multiple days to limit the number of participants at any one time. All required protocols were followed per state officials.

The financial impact on the financial statements was significant, however, the Ag Society did receive all funding offered by the State of Ohio specifically for Ohio fairs. The Ag Society has built up some reserves. In 2021 the fairgrounds were open and operating at full capacity and has continued into 2022. No adjustments have been made to these financial statements.

Subsequent events have been evaluated through the date of the auditor's report.

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Madison County Agricultural Society
Madison County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2021

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Operating Receipts	
Admissions	137,993
Privilege Fees	15,629
Rentals	185,345
Sponsors	41,818
Other Operating Receipts	<u>32,606</u>
<i>Total Operating Receipts</i>	<u>413,391</u>
 Operating Disbursements	
Wages and Benefits	24,100
Utilities	66,814
Professional Services	2,846
Equipment and Grounds Maintenance	133,005
Senior Fair	21,784
Junior Fair	16,699
Capital Outlay	1,610
Contractual Entertainment	52,094
Other Operating Disbursements	<u>48,879</u>
<i>Total Operating Disbursements</i>	<u>367,831</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>45,560</u>
 Non-Operating Receipts (Disbursements)	
State Support	59,770
County Support	63,911
Donations/Contributions	4,165
Interest Expense	<u>(1,282)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>126,564</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 172,124
 Cash Balance, Beginning of Year, Restated	 <u>48,165</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$220,289</u></u>

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

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

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.

B. Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. 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 5, 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee and the Junior Fair Sales Committee Building Fund's financial activity.

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

C. 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).

These statements include 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, 2021

D. 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.

E. Property, Plant, and Equipment

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

F. 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).

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, 2021 is as follows:

Demand deposits	<u>\$220,289</u>
Total deposits	<u><u>\$220,289</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. DEBT

The Society has an outstanding loan to the Madison County Commissioners in the amount of \$23,107. Interest only has been paid on this debt for the year.

4. 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.

MADISON COUNTY AGRICULTURAL SOCIETY MADISON
COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR FISCAL YEAR ENDED NOVEMBER 30, 2021

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, 2022

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.

5. 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 \$16,914 for the year ended November 30, 2021, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2021, follows:

2021	
Beginning Cash Balance	\$ 11,177
Receipts	12,348
Disbursements	<u>(16,914)</u>
Ending Cash Balance	<u>\$ 6,611</u>

6. 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, 2021, is not available at the time of this filing.

<u>2021</u>	
Beginning cash balance	\$ 18,626
Ending cash balance	<u><u>\$ 0</u></u>

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2021

7. JUNIOR FAIR SALES COMMITTEE BUILDING FUND

The Junior Fair Sales Committee Building Fund is a separate committee charged with raising money to support and sponsor various building projects on the fairgrounds. Projects are completed when funds are available. Financial activity for the year ended November 30, 2021, follows:

	2021
Beginning Cash Balance	\$ 13,341
Receipts	0
Disbursements	0
Ending Cash Balance	\$13,341

8. COVID-19

The World Health Organization declared the novel coronavirus (COVID-19) as a pandemic in March 2020. The United States of America, Ohio and Central Ohio were affected by COVID-19 both in terms of the virus itself including the related effects on personnel as well as the orders from both federal and state organizations on operational procedures to prevent the spread of COVID-19. The offices of the fairgrounds were officially closed to all personnel. The closure had a direct effect of the rental of facilities as all activities ceased for several months. The fair for 2020 was a junior fair only event, spread over multiple days to limit the number of participants at any one time. All required protocols were followed per state officials.

The financial impact on the financial statements was significant, however, the Ag Society did receive all funding offered by the State of Ohio specifically for Ohio fairs. The Ag Society has built up some reserves. In 2021 the fairgrounds were open and operating at full capacity. The 2021 county fair was back to pre-covid standards. No adjustments were made to these financial statement.

Subsequent events have been evaluated through the date of the auditor's report.

9. Restatement of Beginning Balances

Beginning balances in the Cash Balances were restated due to the prior financial statements including funds from a Building Fund that isn't operated by the Society:

	2021
2021 Beginning Cash Balance	\$ 64,301
Prior Period Cash Balance Adjustments	(16,136)
2021 Restated Beginning Cash Balance	\$48,165



**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 the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021 and the related notes to the financial statements of the Madison County Agricultural Society, Madison County, (the Society) and have issued our report thereon dated February 21, 2024, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-002.

Society's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Society's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Society's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
February 21, 2024

**Madison County Agricultural Society
Madison County
Schedule of Findings
November 30, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness/Noncompliance – Timely Deposits

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

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

The Society held funds of varying amounts greater than the allowable one or three business days without depositing them in accordance with Ohio Revised Code Section 9.38. Of the total receipts tested, 17% were not deposited timely during the fiscal year ended November 30, 2022 and 16% during the fiscal year ended November 30, 2021. 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: We'll take this under advisement and work on correcting this.

**Madison County Agricultural Society
Madison County
Schedule of Findings
November 30, 2022 and 2021**

FINDING NUMBER 2022-002

Material Weakness/Noncompliance – Availability of Accounting Records

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

The Society could not locate support for debt agreements and expenditures in a timely manner. This information was eventually located after multiple follow-up inquiries and the support was determined to be sufficient.

By not maintaining all supporting documentation related to debt agreements, as well as receipts and expenditures, the Society is at risk of funds being misused or misplaced. This could create an opportunity for fraud, theft, or error. The Society is also at risk of improperly stating their debt activity in their financial statements.

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

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

**Madison County Agricultural Society
Madison County**

**Summary Schedule of Prior Audit Findings
November 30, 2022 and 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Financial Statement Presentation	Partially corrected	Reissued as Management Letter comment due to no material adjustments
	Material Weakness/Noncompliance – Timely Deposits	Reissued as Finding 2022-001	
2020-003	Material Weakness/Noncompliance – Availability of Accounting Records	Reissued as Finding 2022-002	

OHIO AUDITOR OF STATE KEITH FABER



MADISON COUNTY AGRICULTURAL SOCIETY

MADISON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/23/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov