



OHIO AUDITOR OF STATE
KEITH FABER



**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Hocking County Agricultural Society
Hocking County
PO Box 142
Logan, Ohio 43138

To the Board of Directors:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of the Hocking County Agricultural Society, Hocking 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.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Opinion Qualification* section of our report, the accompanying financial statement 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 of the Hocking County Agricultural Society, Hocking County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

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 or where applicable, cash flows 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 adverse and qualified audit opinions.

Basis for Opinion Qualification

We were unable to obtain sufficient appropriate audit evidence supporting the Rentals operating receipts of \$31,565, Other operating receipts of \$25,643 and Donations and Contributions non-operating receipts of \$175,346 for the year ended November 30, 2022, which is 18% and 14.6%, respectively, of total operating receipts and 92% of total non-operating receipts. We were unable to obtain sufficient appropriate audit evidence supporting \$17,476 of the Admissions receipts, \$135,319 of Donations and Contributions non-operating receipts, and \$31,322 of the nonpayroll disbursements for the year ended November 30, 2021, which is 9.1% of total operating receipts, 38.7% of total non-operating receipts and 6.4% of nonpayroll disbursements. We were also unable to obtain sufficient appropriate audit evidence supporting the Junior Fair Board activity (Note 6) and the Junior Livestock Sale Committee activity (Note 7) in the Notes to the Financial Statements for the years ended November 30, 2022 and 2021. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Society on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 2 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 § 117.38 and Ohio Administrative Code 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 *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 June 5, 2025, 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 5, 2025

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

Operating Receipts

Admissions	\$100,168
Privilege Fees	18,057
Rentals	31,565
Other Operating Receipts	<u>25,643</u>

<i>Total Operating Receipts</i>	<u>175,433</u>
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Operating Disbursements

Wages and Benefits	21,986
Utilities	24,830
Professional Services	85,292
Equipment and Grounds Maintenance	21,552
Property and Rent Services	60,282
Senior Fair	3,221
Junior Fair	25,968
Other Operating Disbursements	<u>140,912</u>

<i>Total Operating Disbursements</i>	<u>384,043</u>
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<i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	<u>(208,610)</u>
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Non-Operating Receipts (Disbursements)

State Support	4,847
Local Support	9,000
Contributions/Donations	175,346
Sale of Assets	<u>1,000</u>

<i>Net Non-Operating Receipts (Disbursements)</i>	<u>190,193</u>
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<i>Excess of Receipts Over Disbursements</i>	(18,417)
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Cash Balance, Beginning of Year	<u>96,909</u>
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<i>Cash Balance, End of Year</i>	<u><u>\$78,492</u></u>
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The notes to the financial statements are an integral part of this statement.

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Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Hocking County, Ohio (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 sponsors the week-long Hocking County Fair during September. Hocking County is not financially accountable for the Society. The Board of Directors manage the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect board members from its membership. Members of the society must be residents of Hocking 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 other year-round activities. This includes facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Hocking County, Ohio.

Notes 6 and 7, respectively summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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.

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.

Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2022</u>
Demand deposits	\$78,492

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds pursuant of Ohio Revised Code 1711.24. A private company provides general liability insurance, with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's treasurer and secretary are bonded with coverage of \$10,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2023.

Note 5 – 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, 2022.

Note 6 – Junior Fair Board

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Hocking County Fair. In 2022, the Society disbursed \$25,968. 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. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2022, follows:

Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 6 – Junior Fair Board (Continued)

	<u>2022</u>
Beginning Cash Balance	\$2,421
Receipts	0
Disbursements	<u>0</u>
Ending Cash Balance	<u><u>\$2,421</u></u>

Note 7 – 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 Hocking County'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 fiscal year ended November 30, 2020, follows:

	<u>2022</u>
Beginning Cash Balance	\$52,053
Receipts	308,624
Disbursements	<u>(318,689)</u>
Ending Cash Balance	<u><u>\$41,988</u></u>

Note 8 – COVID-19

The United States declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenue and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Operating Receipts	
Admissions	\$136,736
Privilege Fees	17,461
Rentals	23,345
Other Operating Receipts	<u>14,788</u>
<i>Total Operating Receipts</i>	<u>192,330</u>
Operating Disbursements	
Wages and Benefits	18,443
Utilities	32,079
Professional Services	87,528
Equipment and Grounds Maintenance	16,218
Property and Rent Services	42,096
Senior Fair	3,164
Junior Fair	17,455
Capital Outlay	181,848
Other Operating Disbursements	<u>108,926</u>
<i>Total Operating Disbursements</i>	<u>507,757</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(315,427)</u>
Non-Operating Receipts (Disbursements)	
State Support	54,346
Local Support	159,729
Contributions/Donations	135,319
Debt Service	<u>(2,701)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>346,693</u>
<i>Excess of Receipts Over Disbursements</i>	31,266
Cash Balance, Beginning of Year	<u>65,643</u>
<i>Cash Balance, End of Year</i>	<u><u>\$96,909</u></u>

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

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Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Hocking County, Ohio (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 sponsors the week-long Hocking County Fair during September. Hocking County is not financially accountable for the Society. The Board of Directors manage the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect board members from its membership. Members of the society must be residents of Hocking 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 other year-round activities. This includes facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Hocking County, Ohio.

Notes 6 and 7, respectively summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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.

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.

Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2021</u>
Demand deposits	\$96,909

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds pursuant of Ohio Revised Code 1711.24. A private company provides general liability insurance, with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's treasurer and secretary are bonded with coverage of \$10,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2022.

Note 5 – 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, 2021.

Note 6 – Junior Fair Board

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Hocking County Fair. In 2021, the Society disbursed \$17,455. 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. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2021, follows:

Hocking County Agricultural Society
Hocking County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 6 – Junior Fair Board (Continued)

	2022
Beginning Cash Balance	<u>\$2,421</u>
Receipts	0
Disbursements	<u>0</u>
Ending Cash Balance	<u><u>\$2,421</u></u>

Note 7 – 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 Hocking County'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 fiscal year ended November 30, 2020, follows:

	2022
Beginning Cash Balance	<u>\$36,960</u>
Receipts	247,202
Disbursements	<u>(210,610)</u>
Ending Cash Balance	<u><u>\$73,552</u></u>

Note 8 – COVID-19

The United States declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenue and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER

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

Hocking County Agricultural Society
Hocking County
PO Box 142
Logan, Ohio 43138

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Hocking County Agricultural Society, Hocking County, Ohio (the Society), and have issued our report thereon dated June 5, 2025, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion for 2022 Rentals, Other Operating Receipts and Donations and Contributions and 2021 Admissions, Donations and Contributions and Nonpayroll disbursements, as well as the Notes to the Financial Statements for the Junior Fair Board activity and Junior Livestock Sale Committee, because sufficient documentation was not maintained.

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 through 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

June 5, 2025

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING 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

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 following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2021:

- Beginning Fund Balance was increased \$65,643 due to being omitted from the financial statement.

In 2022:

- Beginning Fund Balance was increased \$64,451 to agree to the prior year ending fund balance.
- Other Operating receipts were increased \$24,015, Donations and Contributions receipts were increased \$147,496, Wages and Benefits disbursements were increased \$1,428, Professional Services disbursements were increased \$20,995, Equipment and Ground Maintenance disbursements were increased \$2,673, Property and Rent Services disbursements were increased \$6,426, and Other Operating Disbursements were increased \$128,725 to agree financial statements to the underlying ledgers.

The audited financial statements have been adjusted for the items noted above so they will agree to the underlying ledgers.

The Society did not have control procedures in place to ensure transactions are properly posted to the financial statements. Not properly reporting financial activity resulted in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Society's financial position and operations.

The Fiscal Officer should review the financial statements prior to filing to ensure financial statements are complete and accurate, include beginning balances and agree to the underlying ledgers.

Officials' Response:

The Society has put in place control measures to ensure that transactions are posted properly according to the chart of accounts. The secretary and treasurer have implemented new processes to ensure segregation of duties.

FINDING NUMBER 2022-002

Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the Society's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-002 (Continued)

Material Weakness (Continued)

The Society did not maintain underlying documentation and support for the following in 2022:

- 8% of the non-payroll disbursements selected for testing which totaled \$8,925;
- 100% of rental receipts recorded at \$31,565;
- 100% of donations and contributions receipts recorded at \$175,346; and
- 100% of other operating receipts recorded at \$25,643.

The Society did not maintain underlying documentation and support for the following in 2021:

- 33% of the non-payroll disbursements selected for testing which totaled \$31,322;
- 100% of donations and contributions receipts recorded at \$135,319; and
- 13% of admissions receipts totaling \$17,476.

We could not determine if receipts noted above were charged proper rates and were posted to correct revenue accounts due to the lack of supporting documentation.

We could not determine if the disbursements noted above represented a proper public purpose and were posted to correct disbursement accounts due to lack of supporting documentation.

In addition, the Society did not maintain:

- IRS Forms W-2;
- IRS Form 1099;
- Support for an annual Cody Martin Scholarship truck pull; and
- Support for a check payable to cash for \$1,800 that was noted to be for Horse Show prizes.

In the Notes to the Financial Statements for 2022, we were unable to support the beginning cash balance, receipts, disbursements and ending cash balance of the Junior Fair Board activity (Note 6) and the beginning cash balance of the Junior Livestock Sale Committee activity (Note 7) due to the Society not maintaining adequate records to support the activity. For 2021, we were unable to support the beginning cash balance, receipts, disbursements and ending cash balance of the Junior Fair Board activity (Note 6) and the receipts, disbursements and ending cash balance Junior Livestock Sale Committee activity (Note 7) due to the Society not maintaining adequate records to support the activity.

Lack of adequate supporting documentation eliminates a significant control, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's rental, other operating and donation and contribution receipts for the year ended November 30, 2022 and the donation and contribution receipts for the year ended November 30, 2021.

The Society Secretary and Treasurer should monitor receipts and disbursements to ensure proper supporting documentation is available and properly organized to allow for proper transparency and verification. The Society should also review Auditor of State Bulletin 2020-006 for cash collection best practices related to Agricultural Societies. Finally, the Society should work with the Junior Fair Board and Junior Livestock Committee to obtain support for the Notes to the Financial Statements.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

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

FINDING NUMBER 2022-002 (Continued)

Material Weakness (Continued)

Officials' Response:

The Society has put into place new processes starting in January 2023 to correct supporting documentation. The Society underwent an overhaul of most processes to ensure compliance.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Noncompliance and Material Weakness for lack of supporting documentation	Not Corrected	The Society has put into place new processes starting in January 2023 to correct supporting documentation. The Society underwent an overhaul of most processes to ensure compliance.
2020-002	Material Weakness for financial statement errors	Not Corrected	The Society has put in place control measures to ensure that transactions are posted properly according to the chart of accounts. The secretary and treasurer have implemented new processes to ensure segregation of duties.

OHIO AUDITOR OF STATE KEITH FABER



HOCKING COUNTY AGRICULTURAL SOCIETY

HOCKING 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 6/24/2025

65 East State 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