



OHIO AUDITOR OF STATE
KEITH FABER



**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Hocking County Agricultural Society
Hocking County
P.O. Box 142
Logan, Ohio 43138

To the Board of Directors:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society, as of November 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Society received Rental receipts in the amount of \$13,703 for the year ended November 30, 2020, for which there was no supporting documentation. The Society also received Admissions receipts in the amount of \$152,646, privilege fees in the amount of \$23,426, rental receipts in the amount of \$20,651, and other operating receipts in the amount of \$22,740, for the year ended November 30, 2019, for which there was no supporting documentation. We were unable to obtain sufficient appropriate audit evidence supporting the aforementioned amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Further, the Society failed to maintain supporting documentation to support thirteen and thirty-seven percent of disbursements tested, for the years ended November 30, 2020 and 2019, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraphs, the 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, 2020 and 2019 and related notes of the Society, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 1, 2022

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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, 2020

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Operating Receipts	
Privilege Fees	\$3,350
Rentals	13,703
Other Operating Receipts	<u>2,154</u>
<i>Total Operating Receipts</i>	<u>19,207</u>
Operating Disbursements	
Wages and Benefits	17,708
Utilities	22,288
Professional Services	17,782
Equipment and Grounds Maintenance	23,611
Property and Rent Services	10,433
Senior Fair	1,250
Junior Fair	17,698
Capital Outlay	2,290
Other Operating Disbursements	<u>48,132</u>
<i>Total Operating Disbursements</i>	<u>161,192</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(141,985)</u>
Non-Operating Receipts (Disbursements)	
State Support	55,044
Donations/Contributions	64,271
Sale of Assets	1,001
Debt Service	<u>(2,702)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>117,614</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(24,371)
Cash Balance, Beginning of Year	<u>90,014</u>
<i>Cash Balance, End of Year</i>	<u><u>\$65,643</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, 2020

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 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.

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, 2020

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

	2020
Demand deposits	\$65,643

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 2021.

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, 2020.

Note 6 – Debt

Debt outstanding at November 30, 2020, was as follows:

	Principal	Interest Rate
Bank Loan for Spartan Mower	\$2,565	5.50%

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

Note 6 – Debt (Continued)

The \$7,500 bank loan bears an interest rate of 5.50% and is due to Vinton County National Bank. The loan was entered into on April 30, 2019 and matures on October 15, 2021. Proceeds of the loan were used to purchase a 2019 Spartan mower.

Amortization of the above debt is scheduled as follows:

Fiscal	
Year Ending	
November 30:	<u>Spartan Mower</u>
2021	\$2,565

Note 7 – 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 2020, the Society disbursed \$17,698. 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, 2020, follows:

	<u>2020</u>
Beginning Cash Balance	\$2,775
Receipts	0
Disbursements	<u>0</u>
Ending Cash Balance	<u><u>\$2,775</u></u>

Note 8 – Junior Livestock Sale Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the 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>2020</u>
Beginning Cash Balance	\$24,735
Receipts	192,288
Disbursements	<u>(180,063)</u>
Ending Cash Balance	<u><u>\$36,960</u></u>

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

Note 9 – 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.

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

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Operating Receipts	
Admissions	\$152,646
Privilege Fees	23,426
Rentals	26,475
Other Operating Receipts	<u>22,740</u>
<i>Total Operating Receipts</i>	<u>225,287</u>
Operating Disbursements	
Wages and Benefits	17,535
Utilities	26,087
Professional Services	97,674
Equipment and Grounds Maintenance	21,884
Property and Rent Services	27,791
Senior Fair	4,739
Junior Fair	14,565
Capital Outlay	20,443
Other Operating Disbursements	<u>59,556</u>
<i>Total Operating Disbursements</i>	<u>290,274</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(64,987)</u>
Non-Operating Receipts (Disbursements)	
State Support	5,101
Local Support	4,500
Debt Proceeds	7,500
Donations/Contributions	74,863
Debt Service	<u>(3,237)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>88,727</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	23,740
Cash Balance, Beginning of Year	<u>66,274</u>
<i>Cash Balance, End of Year</i>	<u><u>\$90,014</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, 2019

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 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.

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, 2019

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

	2019
Demand deposits	\$90,014

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 2020.

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, 2019.

Note 6 – Debt

Debt outstanding at November 30, 2019, was as follows:

	Principal	Interest Rate
Bank Loan for Spartan Mower	\$4,988	5.50%

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

Note 6 – Debt (Continued)

The \$7,500 bank loan bears an interest rate of 5.50% and is due to Vinton County National Bank. The loan was entered into on April 30, 2019 and matures on October 15, 2021. Proceeds of the loan were used to purchase a 2019 Spartan mower.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Spartan Mower
2020	\$2,423
2021	2,565
	<u>\$4,988</u>

Note 7 – 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 2019, the Society disbursed \$14,565. 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, 2019, follows:

	2020
Beginning Cash Balance	\$1,970
Receipts	805
Disbursements	<u>0</u>
Ending Cash Balance	<u>\$2,775</u>

Note 8 – Junior Livestock Sale Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Hocking County's auction. A commission of 5 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, 2019, follows:

	2020
Beginning Cash Balance	\$26,829
Receipts	184,435
Disbursements	<u>(186,529)</u>
Ending Cash Balance	<u>\$24,735</u>

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OHIO AUDITOR OF STATE KEITH FABER



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

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

Hocking County Agricultural Society
Hocking County
P.O. Box 142
Logan, Ohio 43138

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements as of and for the years ended November 30, 2020 and 2019, and related notes of the Hocking County Agricultural Society, Hocking County, Ohio (the Society), and have issued our report thereon dated March 1, 2022, wherein we noted the Society followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also qualified our opinion due to lack of sufficient audit evidence supporting the amount recorded as rental receipts for the year ended November 30, 2020, the amounts recorded as admissions, rental receipts, privilege fees and other operating receipts for the year ended November 30, 2019, and thirteen and thirty-seven percent of disbursements tested for the years ended November 30, 2020 and 2019, respectively. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Society.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 1, 2022

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Noncompliance and 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. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42.

The Society did not maintain underlying documentation and support for the following in 2020:

- Thirteen percent of the disbursements selected for testing which totaled \$1,287;
- \$50 the Secretary was paid per month for "expenses"; and
- Rental receipts recorded at \$13,703.

The Society did not maintain underlying documentation and support for the following in 2019:

- Thirty-seven percent of the disbursements selected for testing which totaled \$80,244;
- \$50 the Secretary was paid per month for "expenses";
- Admission receipts recorded at \$152,646;
- Privilege fees recorded at \$23,426;
- Seventy-eight percent of Rental receipts recorded at \$26,475, totaling \$20,651; and
- Other operating receipts recorded at \$22,740.

The Society was also unable to provide bank statements to support the Junior Fair Board activity for 2019 or 2020.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Society should review and implement procedures from the Uniform System of Accounting for Agricultural Societies. The Society should maintain all invoices, purchase orders, admissions support, rental receipts support, privilege fees support and other operating receipts support for all financial transactions and records be maintained in an orderly manner to support all transactions.

FINDING NUMBER 2020-002

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.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

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

Material Weakness (Continued)

The following errors were noted in the 2020 financial statement that required audit adjustment or reclassification:

- The beginning fund balance was incorrectly reported at \$0 that resulted in an understatement of the ending fund balance on the Annual Financial Report in the amount of \$90,014.
- The Annual Financial Report did not include State Junior Fair expenditures in the amount of \$4,066 which resulted in an understatement of expenditures and an overstatement of the ending fund balance.
- Funds in the amount of \$7,500 were transferred from the general bank account to the gun bash bank account on March 9, 2020. These funds were then returned to the general bank account on July 10, 2020. Both transactions were recorded as donations and contributions and as other operating disbursements, which resulted in an overstatement of receipts and disbursements in the amount of \$15,000.
- Ohio Department of Agriculture grant in the amount of \$50,000 was posted as donations and contributions instead of state support.

The following error was noted in the 2019 financial statement that required audit adjustment or reclassification:

- Debt proceeds receipt and related capital outlay disbursement in the amount of \$7,500 were not recorded by the Society.

The adjustments noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

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.

To help ensure accuracy and reliability in the financial reporting process, management should perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. The Treasurer should refer to Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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 3/15/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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