



OHIO AUDITOR OF STATE
KEITH FABER



**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Athens County Agricultural Society
Athens County
PO Box 669
Athens, Ohio 45701

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of the Athens County Agricultural Society, Athens County, Ohio (the Society), which comprises the cash balances, receipts and disbursements as of and for the year 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 statement referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the year ended November 30, 2021, and the related notes to the financial statement, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional 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 year ended November 30, 2022, and the related notes of the Athens County Agricultural Society, Athens 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 thereof for the year then ended.

Basis for Opinion Qualification

We were unable to obtain sufficient appropriate audit evidence supporting completeness of the \$153,289 Admissions receipts for the year ended November 30, 2022, which is 44.6 percent of total operating receipts for the year ended November 30, 2022. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

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 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 March 6, 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

March 6, 2025

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Athens County Agricultural Society

Athens County

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

Operating Receipts

Taxes	\$2,329
Admissions	153,289
Privilege Fees	20,696
Rentals	140,002
Sustaining and Entry Fees	5,875
Other Operating Receipts	<u>21,364</u>
<i>Total Operating Receipts</i>	<u>343,555</u>

Operating Disbursements

Wages and Benefits	12,271
Utilities	29,476
Professional Services	177,328
Equipment and Grounds Maintenance	89,559
Property and Rent Services	44,649
Race Purse	86,405
Senior Fair	4,283
Junior Fair	19,229
Capital Outlay	9,016
Other Operating Disbursements	<u>28,983</u>
<i>Total Operating Disbursements</i>	<u>501,199</u>

Excess (Deficiency) of Operating Receipts

<i>Over (Under) Operating Disbursements</i>	(157,644)
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Non-Operating Receipts (Disbursements)

State Support	124,801
Local Support	4,800
Donations/Contributions	42,254
Investment Income	110
Sale of Assets	11,221
Debt Service	<u>(2,709)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>180,477</u>

Excess of Receipts Over Disbursements

Cash Balance, Beginning of Year	<u>186,433</u>
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<i>Cash Balance, End of Year</i>	<u>\$209,266</u>
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The notes to the financial statements are an integral part of this statement.

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

Note 1 – Reporting Entity

The Athens County Agricultural Society (the Society), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week – long Athens County Fair during August. During the fair, harness races are held, culminating in the running of the Pari-Mutual Harness Racing. Athens County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Athens 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, harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including truck and tractor pulls, horse shows, and beef shows. The reporting entity does not include any other activities or entities of Athens County, Ohio.

Note 7 summarizes the 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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) 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.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2022
(Continued)

Capital Assets

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

Race Purse

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

Sustaining and Entry Fees Horse owners and South Valley Colt Circuit Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

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

Pari-mutuel Wagering

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

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

Note 3 – Deposits

The Society maintains 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:

	<u>2022</u>
Demand Deposits	<u>\$81,341</u>
Other Time Deposits (savings and NOW accounts)	<u>127,925</u>
Total Deposits	<u>209,266</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2022
(Continued)

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$6,434 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from the Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2022</u>
Total Amount Bet (Handle)	\$ 2,658
Less: Payoff to Bettors	<u>(2,165)</u>
Parimutuel Wagering Commission	493
Tote Service Set Up Fee	(1,250)
State Tax	<u>(38)</u>
Society Portion	<u><u>\$ (795)</u></u>

Note 5 – Risk Management

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

The Athens County Commissioners provide general insurance coverage for all the buildings on the Athens County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's general manager is bonded with coverage of \$50,000.

Note 6 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2022.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2022
(Continued)

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 Athen 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 fiscal year ended November 30, 2022, follows:

	2022
Beginning Cash Balance	\$ 12,268
Receipts	424,155
Disbursements	<u>(421,920)</u>
Ending Cash Balance	<u>\$ 14,503</u>

Athens County Agricultural Society

Athens County

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

Operating Receipts

Taxes	\$35
Admissions	153,806
Privilege Fees	18,610
Rentals	57,862
Sustaining and Entry Fees	5,350
Other Operating Receipts	<u>21,411</u>
<i>Total Operating Receipts</i>	<u>257,074</u>

Operating Disbursements

Wages and Benefits	17,148
Utilities	31,262
Professional Services	111,907
Equipment and Grounds Maintenance	68,425
Property and Rent Services	51,356
Race Purse	77,165
Senior Fair	5,703
Junior Fair	15,393
Capital Outlay	2,262
Other Operating Disbursements	<u>29,603</u>

<i>Total Operating Disbursements</i>	<u>410,224</u>
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<i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	<u>(153,150)</u>
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Non-Operating Receipts (Disbursements)

State Support	157,978
Local Support	4,800
Donations/Contributions	39,914
Investment Income	70
Sale of Assets	2,500
Debt Service	<u>(369)</u>

<i>Net Non-Operating Receipts (Disbursements)</i>	<u>204,893</u>
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<i>Excess of Receipts Over Disbursements</i>	<u>51,743</u>
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Cash Balance, Beginning of Year	<u>134,690</u>
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<i>Cash Balance, End of Year</i>	<u>\$186,433</u>
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The notes to the financial statements are an integral part of this statement.

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

Note 1 – Reporting Entity

The Athens County Agricultural Society (the Society), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week – long Athens County Fair during August. During the fair, harness races are held, culminating in the running of the Pari-Mutual Harness Racing. Athens County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Athens 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, harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including truck and tractor pulls, horse shows, and beef shows. The reporting entity does not include any other activities or entities of Athens County, Ohio.

Note 7 summarizes the 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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) 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.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2021
(Continued)

Capital Assets

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

Race Purse

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

Sustaining and Entry Fees Horse owners and South Valley Colt Circuit Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

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

Pari-mutuel Wagering

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

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

Note 3 – Deposits

The Society maintains 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:

	<u>2021</u>
Demand Deposits	\$108,563
Other Time Deposits (savings and NOW accounts)	<u>77,870</u>
Total Deposits	<u><u>186,433</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2021
(Continued)

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2021, in the amount of \$4,727 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from the Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2021</u>
Total Amount Bet (Handle)	\$ 2,634
Less: Payoff to Bettors	<u>(2,149)</u>
Parimutuel Wagering Commission	485
Tote Service Set Up Fee	(1,200)
Tote Service Commission	0
State Tax	<u>(35)</u>
Society Portion	<u>\$ (750)</u>

Note 5 – Risk Management

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

The Athens County Commissioners provide general insurance coverage for all the buildings on the Athens County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's general manager is bonded with coverage of \$50,000.

Note 6 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2021.

Athens County Agricultural Society
Athens County
Notes to the Financial Statement
For the Year Ended November 30, 2021
(Continued)

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 Athen 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 fiscal year ended November 30, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$ 21,518
Receipts	379,055
Disbursements	<u>(388,305)</u>
Ending Cash Balance	<u>\$ 12,268</u>

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

Athens County Agricultural Society
Athens County
PO Box 669
Athens, Ohio 45701

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 Athens County Agricultural Society, Athens County, Ohio (the Society), and have issued our report thereon dated March 6, 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 for Admissions because sufficient documentation was not maintained to support completeness.

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 2022-003 that we consider to be material weaknesses.

Athens County Agricultural Society
Athens County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings as item 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2025

ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2022-001

Material Weakness- Supporting Documentation

When designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records.

Strong internal control policies and procedures over admission receipts is an important aspect of the Society's operation. All tickets for admittance to the fair and its events should be consecutively pre-numbered. Separate tickets should be used to account for each type of admission. The numbered sequence of tickets given to distribution locations should be recorded. All unsold tickets and cash for sold tickets should be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt should be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office should be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations should be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt should be assigned to account for the cash associated with all reconciliations.

The Society did not complete a ticket summary sheet or utilize other methods to support the completeness of admissions in 2022. Further, The Society did not maintain underlying documentation and support for rental receipts in 2022 and 2021 of \$3,977 and \$3,596, respectively and did not maintain documentation of the approved rate for Halloween parking for 2021. As such, it was not possible to determine that the proper rates were charged, or proper amounts were collected due to the lack of support. Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

Failure to retain and/or obtain such documentation has resulted in the inability to determine that all Admission receipts due were collected and accounted for on the Society's financial statements for 2022 which has resulted in a qualified audit opinion regarding the Society's receipts.

The Society should ensure all required documentation and support of financial transactions is properly maintained.

Officials' Response: Controls have been put in place to track ticket sales at the gate. A log was started in 23 going forward.

FINDING NUMBER 2022-002

Noncompliance and Material Weakness

Ohio Rev. Code § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS 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)**

FINDING NUMBER 2022-002
(Continued)

Noncompliance and Material Weakness (Continued)

During 2022, Admission gate receipts did not include sufficient documentation to support that they were timely deposited with the treasurer. However, due to an oversight by management, the General ledger showed that August 12-13, 2022 receipts were not posted until September 8, 2022. The lack of timely depositing could cause the daily receipts to be lost or misplaced without being detected in a timely manner.

The Society should monitor activity to ensure funds received are deposited as required by this section.

Officials' Response: All monies are kept in a safe at the office until deposited. Nightly counting and deposit slips are made for that day's admissions. Two people, (Treasurer and one other) take the money to the bank the next day or as soon as possible and wait while the bank does the deposit instead of doing a night drop. While counting and deposit slips are done, there are at least 2 people verifying alongside money counter print outs.

FINDING NUMBER 2022-003

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C § 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 § 210 paragraphs .A14 & .A16.

The Treasurer posted/classified certain transactions incorrectly resulting in material audit adjustments and reclassifications.

For the year ended November 30, 2022:

- The Society's Hinkle filing did not agree to the underlying general ledger resulting in adjustments as follows: Privilege Fees decreased \$11,180, Rentals increased \$11,180, Equipment and Ground Maintenance decreased \$2,400, Property and Rent Services increased \$2,400, Junior Fair increased \$55, Other Operating Disbursements decreased \$87,945, Donations/Contributions decreased \$59,910, Investment Income increased \$30, Cash Balance, Beginning of Year increased \$38, and Cash Balance, End of Year increased \$28,048.
- Sewer project receipts from the State were improperly classified resulting in a decrease to Donations/Contributions and increase to State Support of \$31,672.
- Ohio Harness and Southern Valley Colt receipts were improperly classified resulting in a decrease in Other Operating Receipts and increase in State Support of \$81,028.
- The Treasurer used start-up cash to pay certain expenses for premium and contest cash payouts rather than re-depositing the start-up cash to the bank and properly posting the expense. Additionally, admissions start-up was posted as admission receipts. As such, adjustments were posted including a decrease in Admissions of \$2,350, a decrease in Other Operating Receipts of \$1,455, an increase in Senior Fair of \$3,208, an increase in Junior Fair of \$3,682, an increase in Professional Services of \$17,330, and decrease in Cash Balance, End of Year of \$28,025.

ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS 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)**

**FINDING NUMBER 2022-003
(Continued)**

Material Weakness- Financial Reporting (Continued)

For the year ended November 30, 2021:

- The Society's Hinkle filing did not agree to the underlying general ledger resulting in adjustments as follows: Admissions increased \$17, Privilege Fees decreased \$2,880, Rentals increased \$2,839, Other Operating Receipts increased \$49, Junior Fair increased \$1,109, Cash Balance, Beginning of Year decreased \$10,820, and Cash Balance, End of Year decreased \$11,898.
- Lighting project receipts and Covid receipts from the State were improperly classified resulting in a decrease to Donations/Contributions and increase to State Support in the amount of \$71,752.
- Ohio Harness and Southern Valley Colt receipts were improperly classified resulting in a decrease to Other Operating Receipts and increase to State Support of \$76,547.
- The Treasurer used start-up cash to pay certain expenses for premium and contest cash payouts rather than re-depositing the start-up cash to the bank and properly posting the expense resulting in an increase to Senior Fair of \$3,212, an increase to Junior Fair of \$3,377, an increase in Professional Services of \$12,287, and a decrease to Cash Balance, End of Year of \$18,876.

These misstatements, and other immaterial adjustments which the Society opted to post, were caused by confusion over proper posting. As a result, adjustments and reclassifications, with which the Society's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Treasurer should take additional care in posting transactions to the Society's ledgers in order to ensure the financial statements reflect the appropriate classifications and transactions. The Treasurer should provide a reconciliation of start up cash to the amount ultimately deposited back into the Society's bank account to ensure completeness of transactions. Further, the Treasurer should review the annual report before submitting to the Hinkle System to ensure amounts agree to the underlying ledgers.

Officials' Response: The Treasurer has been referring to the Uniform Accounting handbook more last year and this year to correct those errors. The descriptions in QuickBooks are vague and the Treasurer will be correcting those to include more detail.

OHIO AUDITOR OF STATE KEITH FABER



ATHENS COUNTY AGRICULTURAL SOCIETY

ATHENS 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 4/1/2025

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