



OHIO AUDITOR OF STATE
KEITH FABER



**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY
NOVEMBER 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Logan County Agricultural Society
Logan County
301 East Lake Avenue
Bellefontaine, Ohio 43311

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

Opinion Qualification 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 statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements as of and for the fiscal years ended November 30, 2022 and 2021, and the related notes of the Logan County Agricultural Society, Logan County, 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 fiscal years ended November 30, 2022 and 2021, or the changes in financial position thereof for the fiscal 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

A portion of the Fair Gate Admissions receipts were unsupported, and we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. In fiscal year 2022, \$25,551 out of \$108,534 (24%) recorded for Fair Gate Admissions was unsupported or 17% of the entire Admissions receipt account. In fiscal year 2021, \$35,480 out of \$113,694 (31%) was unsupported or 23% of the entire Admissions receipt account. In addition, sufficient appropriate audit evidence to support Royalty Program receipts completeness was not maintained. The amounts recorded as Royalty Receipts includes \$895 and \$600 in 2022 and 2021, respectively. These receipts roll up into the Donations/Contributions receipt account on the Society's financial statements. 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, 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

December 5, 2023

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

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Operating Receipts	
Admissions	\$ 147,235
Privilege Fees	43,731
Rentals	30,685
Other Operating Receipts	<u>27,655</u>
<i>Total Operating Receipts</i>	<u>249,306</u>
 Operating Disbursements	
Wages and Benefits	16,744
Utilities	24,308
Professional Services	117,328
Equipment and Grounds Maintenance	18,461
Property and Rent Services	73,485
Senior Fair	8,225
Junior Fair	19,557
Other Operating Disbursements	<u>10,325</u>
<i>Total Operating Disbursements</i>	<u>288,433</u>
 <i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	 <u>(39,127)</u>
 Non-Operating Receipts (Disbursements)	
State Support	4,847
Local Support	1,600
Donations/Contributions	58,910
Investment Income	183
Debt Service	<u>30</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>65,570</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 26,443
 Cash Balance, Beginning of Year	 <u>166,197</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$ 192,640</u></u>

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

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

Note 1 – Reporting Entity

The Logan County Agricultural Society (the Society), Logan 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 1850 to operate an annual agricultural fair. The Society sponsors the week – long Logan County Fair during July. Logan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 28 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Logan 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. Other year-round activities at the fairgrounds include facility rental and community events including Community Care events. The reporting entity does not include any other activities or entities of Logan County, Ohio.

Note 8 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair Board’s financial activity is reported in the Society’s financial statement.

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 change in fund balance (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Deposits and Investments

The Society maintained all money in demand deposits and held no investments.

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.

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

Note 2 – Summary of Significant Accounting Policies - Continued

Leases

The Society is the lessee in various leases (as defined by GASB 87) related to fair ground land and office equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

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:

	<u>2022</u>
Demand deposits	<u>\$175,398</u>
Other time deposits (savings accounts)	<u>17,242</u>
Total deposits	<u>\$192,640</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

Note 4 – Risk Management - Continued

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Workers' Compensation

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.

General Insurance

The Logan County Commissioners provide general insurance coverage for all the buildings on the Logan County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. PEP provides general liability and vehicle insurance with aggregate limits of \$2,000,000 and \$2,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000.

Note 5 – Social Security

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

The Employee 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 – Debt

The Society has a \$40,000 line of credit bearing interest at 5.25 percent. There was no debt outstanding at November 30, 2022.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

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 Logan 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:

	<u>20CY</u>
Beginning Cash Balance	\$ 30,545
Receipts	380,186
Disbursements	<u>(369,772)</u>
Ending Cash Balance	<u>\$ 40,959</u>

Note 9 – Noncompliance

The Society did not maintain sufficient documentation to support certain types of receipts, in noncompliance with Ohio Administrative Code (OAC) Section 117-2-02.

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

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Operating Receipts	
Taxes	\$ 315
Admissions	155,638
Privilege Fees	41,224
Rentals	36,730
Other Operating Receipts	<u>28,030</u>
<i>Total Operating Receipts</i>	<u>261,937</u>
 Operating Disbursements	
Wages and Benefits	17,633
Utilities	29,230
Professional Services	133,313
Equipment and Grounds Maintenance	17,509
Property and Rent Services	79,678
Senior Fair	2,665
Junior Fair	15,008
Capital Outlay	22,969
Other Operating Disbursements	<u>15,175</u>
<i>Total Operating Disbursements</i>	<u>333,180</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(71,243)</u>
 Non-Operating Receipts (Disbursements)	
State Support	57,770
Donations/Contributions	54,904
Investment Income	51
Debt Service	<u>(298)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	<u>112,427</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	41,184
 Cash Balance, Beginning of Year	<u>125,013</u>
 <i>Cash Balance, End of Year</i>	<u><u>\$ 166,197</u></u>

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

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

Note 1 – Reporting Entity

The Logan County Agricultural Society (the Society), Logan 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 1850 to operate an annual agricultural fair. The Society sponsors the week – long Logan County Fair during July. Logan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Logan 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. Other year-round activities at the fairgrounds include facility rental and community events including Community Care events. The reporting entity does not include any other activities or entities of Logan County, Ohio.

Note 9 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair Board’s financial activity is reported in the Society’s financial statement.

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 change in fund balance (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Deposits and Investments

The Society maintained all money in demand deposits and held no investments.

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.

Logan County Agricultural Society
Logan 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 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:

	<u>2021</u>
Demand deposits	\$148,965
Other time deposits (savings accounts)	17,232
Total deposits	\$166,197

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

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

Note 4 – Risk Management - Continued

Workers' Compensation

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.

General Insurance

The Logan County Commissioners provide general insurance coverage for all the buildings on the Logan County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. PEP provides general liability and vehicle insurance with aggregate limits of \$2,000,000 and \$2,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000.

Note 5 – Social Security

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

The Employee 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 – Debt

The Society has a \$40,000 line of credit bearing interest at 5.25 percent. There was no debt outstanding at November 30, 2021.

Note 7 – Contingent Liabilities

The Society is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 8 – Related Party Transactions

A Board member is part owner of a company from which the Society acquired electrical services during the year. The Society paid \$25,859.25 for the various services provided in 2021. A signed conflict of interest form is held by the Society.

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

Note 9 – 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 Logan 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:

	2021
Beginning Cash Balance	\$ 20,034
Receipts	377,134
Disbursements	<u>(366,623)</u>
Ending Cash Balance	<u>\$ 30,545</u>

Note 10 – Noncompliance

The Society did not maintain sufficient documentation to support certain types of receipts, in noncompliance with Ohio Administrative Code (OAC) Section 117-2-02.



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**

Logan County Agricultural Society
Logan County
301 East Lake Avenue
Bellefontaine, Ohio 43311

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 statement of the cash balances, receipts, and disbursements as of and for the fiscal years ended November 30, 2022 and 2021 and the related notes to the financial statement of the Logan County Agricultural Society, Logan County, (the Society) and have issued our report thereon dated December 5, 2023, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We issued a qualified opinion on the Admissions and Donations/Contributions receipt accounts due to the lack of sufficient appropriate audit evidence supporting the amounts recorded.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

December 5, 2023

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN 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

Noncompliance and Material Weakness – Maintenance of Accounting Records

Ohio Admin. Code § 117-2-02 states, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code. The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements.

A portion of the Fair Gate Admissions receipts were unsupported, and we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. In fiscal year 2022, \$25,551 out of \$108,534 (24%) recorded for Fair Gate Admissions was unsupported or 17% of the entire Admissions receipt account. In fiscal year 2021, \$35,480 out of \$113,694 (31%) was unsupported or 23% of the entire Admissions receipt account. In addition, sufficient appropriate audit evidence to support Royalty Program receipts completeness was not maintained. The amounts recorded as Royalty Receipts includes \$895 and \$600 in 2022 and 2021, respectively. Furthermore, in fiscal year 2022, the Society did not maintain adequate receipt support for two trophies donations totaling \$710 and one Junior Fair donation in the amount of \$1,000. The Royalty Receipts and the donations roll into the Society's Donations/Contributions receipt account. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Furthermore, the Society did not maintain adequate support for 1 of 9 Privilege Fees receipts totaling \$200 in fiscal year 2022 and for 1 of 8 Privilege Fees receipts totaling \$360, 1 of 8 Rentals receipts totaling \$500, and 1 of 5 Other Operating receipts totaling \$485 in fiscal year 2021. We were able to perform alternative audit procedures to gain the necessary audit assurances.

In addition, \$50 in Privilege Fees were incorrectly posted as Other Operating Receipts in both fiscal year 2022 and fiscal year 2021. Finally, the Society did not maintain underlying documentation and support for three non-payroll disbursements totaling \$2,240 in fiscal year 2022 and for one non-payroll disbursement, in the amount of \$1,000 in fiscal year 2021. We were able to perform alternative audit procedures to gain the necessary audit assurances.

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 establish and implement formal procedures to properly document and account for all receipt and expenditure types. Receipt packets should be maintained for all receipts and should include any agreements, contracts, and/or invoices. Pre-numbered, duplicate receipts should be kept outside of the accounting system. Bank deposit tickets should be fully completed. Additionally, Board approval of all donations and contributions will enhance the accuracy and completeness of the receipt records. The Board should establish and approve all rates to be charged by the Society to support the rates charged. Finally, all expenditures should be supported by complete voucher packets that support the amounts and vendors paid.

Officials' Response:

Switching to ticketing application for record keeping for gates. Institute donation log with signature place for donors.

FINDING NUMBER 2022-002

Material Weakness – Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide reasonable assurance all receipts and disbursements have been correctly and timely posted into the Society's Quickbooks accounting system and its bank account. Reconciliations provide an accurate accounting of the Society's financial position at month end.

Bank reconciliations were not completed until significantly after the month being reconciled (April, May, and June of 2022 were completed in October 2022 and July, August, September, and October 2022 were completed in November 2022). There was also no written documentation in the minutes that the Board of Directors approved any financial reports after January 12, 2022. In addition, the reconciliation for one of the Society's bank accounts in 2021, was incorrectly showing the register balance as \$38,011 instead of the correct amount of \$40,464, while another account's reconciliation showed a check as outstanding when it was actually cleared. The Society also utilized the incorrect totals from the reconciliations for the ending and beginning balances on the financial statements. This resulted in an adjustment of \$5,637 to the Cash Balance, Beginning of Year account for 2021 in order to accurately match the prior year audited ending balance and an adjustment of \$1,812 was necessary to appropriately reflect the 2022 statement audited balance.

The monthly bank reconciliation is a basic control to verify the accuracy and completeness of the Society's recording of current receipts and disbursements in the accounting system. Failure to maintain accurate monthly bank reconciliations and failure to have individuals other than the Treasurer review the bank reconciliations increases the possibility the Society would not properly detect the errors or funds being altered, lost, or stolen.

The Society should implement control procedures to verify the monthly bank reconciliations are promptly performed. Additionally, the monthly bank reconciliations should be reviewed by the Board of Directors to ensure the proper procedures were followed and the accounts are reconciled. The Board of Directors review should be documented by their signatures/initials on the bank reconciliations and their approval of the bank reconciliations should be noted in the meeting minutes.

Officials' Response:

Bank reconciliations will become part of the monthly Treasurer's report to be approved by the Board, which will cover both of the points being made by this material weakness.



LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness/Noncompliance - Accounting Records	Not Corrected	Repeated as Finding 2022-001 – still issues with support being kept for admissions and donations/contributions
2020-002	Material Weakness – Financial Reporting	Not Corrected	Repeated as Finding 2022-002 – still issues with reconciliations matching filed statements

OHIO AUDITOR OF STATE KEITH FABER



LOGAN COUNTY AGRICULTURAL SOCIETY

LOGAN 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 12/26/2023

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