

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

LARRY KIENZLE, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Hocking County Agricultural Society, prepared by Julian & Grube, Inc., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hocking County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 12, 2015

This page intentionally left blank.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statement:	
Statement of Receipts, Disbursements and Changes in Fund Balance (Cash Basis) - For the Years Ended November 30, 2014 and 2013	3
Notes to the Financial Statement	4 - 7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	8 - 9

This page intentionally left blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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 statement and related notes of the Hocking County Agricultural Society, Hocking County, Ohio, as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 this financial statement 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 statement is 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 Hocking County Agricultural Society's preparation and fair presentation of the financial statement 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 Hocking County Agricultural Society's internal control. Accordingly, we express no 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 opinion.

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

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

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

Though the Hocking County Agricultural Society does not intend this statement 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 Section 117.38 and Ohio Administrative Code Section 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Hocking County Agricultural Society as of November 30, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Hocking County Agricultural Society, Hocking County, Ohio, as of November 30, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2015, on our consideration of the Hocking County Agricultural 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 Hocking County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 14, 2015

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Admissions	155,960	166,588
Privilege Fees	26,304	24,772
Sales by Board	1,979	4,468
Utilities	6,935	6,730
Fees	16,223	17,938
Rentals	21,870	20,068
Local	1,500	1,500
Total Operating Receipts	230,771	242,064
Operating Disbursements:		
Wages and Benefits	18,919	24,911
Administrative	17,080	17,237
Supplies	20,008	21,986
Utilities	29,466	23,637
Professional Services	72,265	75,028
Property Services	27,768	21,710
Advertising	724	1,021
Repairs	11,859	2,942
Insurance	10,975	12,502
Rent and Leases	5,936	6,481
Capital Outlay	0	4,752
Senior Fair	4,531	4,332
Contest Expenses	12,914	15,369
Junior Fair	18,755	30,533
Other Operating Disbursements	9,448	4,066
Total Operating Disbursements	260,648	266,507
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(29,877)	(24,443)
Non-Operating Receipts (Disbursements):		
State Support	5,416	5,608
Restricted Support	12,824	12,212
Unrestricted Support	15,755	19,740
Investment Income	55	60
Debt Service	(18,250)	(12,295)
Net Non-Operating Receipts (Disbursements)	15,800	25,325
Excess (Deficiency) of Receipts Over (Under) Disbursements	(14,077)	882
Cash Balance, Beginning of Year	58,425	57,543
Cash Balance, End of Year	\$44,348	\$58,425

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

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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 was founded in 1853 to operate an annual agricultural fair. The Society sponsors the week-long Hocking County Fair during September. The Board of Directors manage the Society. The Board is made up of twenty-one 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.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as demolition derbies. The reporting entity does not include any other activities or entities of Hocking County, Ohio.

Notes 5 and 6, 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.

B. Accounting Basis

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(D). The 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. 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.

D. Property, Plant, and Equipment

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 YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

F. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509(a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits as of the years ended November 30, 2014 and 2013 were as follows:

	2014	2013
Demand Deposits	\$ 15,683	\$ 29,815
Money Markets	28,665	28,610
Total Deposits	\$ 44,348	\$ 58,425

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 3 - DEBT

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest
Loan for Restroom Project	\$ 34,118	Variable
Loan for Skid Loader	\$ 23,072	5.530%

The \$140,000 Restroom Project Loan bears a variable interest rate and is due to the Citizen's Bank. The loan was entered into on May 8, 2008 and matures October 1, 2023. Proceeds of the loan were used to construct a restroom building and are collateralized by the restroom building.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 3 - DEBT - (Continued)

Amortization of the above debt is scheduled as follows:

Year Ending November 30,	Principal	Interest	Total
2015	\$ 9,333	\$ 1,591	\$ 10,924
2016	9,333	1,134	10,467
2017	9,333	705	10,038
2018	<u>6,119</u>	<u>279</u>	<u>6,398</u>
Total	<u>\$ 34,118</u>	<u>\$ 3,709</u>	<u>\$ 37,827</u>

The \$29,549 Skid Loader loan bears a fixed interest rate of 5.530% and is due to the Citizen's Bank. The loan was entered into on September 23, 2014 and matures October 2, 2018.

Amortization of the above debt is scheduled as follows:

Year Ending November 30,	Principal	Interest	Total
2015	\$ 5,352	\$ 1,230	\$ 6,582
2016	5,586	996	6,582
2017	5,902	680	6,582
2018	<u>6,232</u>	<u>350</u>	<u>6,582</u>
Total	<u>\$ 23,072</u>	<u>\$ 3,256</u>	<u>\$ 26,328</u>

NOTE 4 - RISK MANAGEMENT

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds pursuant to 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 2015.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 5 - JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Hocking County Fair. In 2014 and 2013, the Society disbursed \$18,755 and \$30,533, respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board's financial activity for the years ended November 30, 2014 and 2013 follows:

Beginning Cash Balance	\$ 1,921	\$ 2,333
Receipts	999	915
Disbursements	(973)	(1,327)
Ending Cash Balance	\$ 1,947	\$ 1,921

NOTE 6 - JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the 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 years ended November 30, 2014 and 2013 follows:

Beginning Cash Balance	\$ 24,795	\$ 19,904
Receipts	206,035	187,214
Disbursements	(206,789)	(182,323)
Ending Cash Balance	\$ 24,041	\$ 24,795



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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 statement of the Hocking County Agricultural Society, Hocking County, Ohio, as of and for the years ended November 30, 2014 and 2013 and the related notes to the financial statement and have issued our report thereon dated May 14, 2015, wherein we noted the Hocking County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Hocking County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Hocking County Agricultural 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 Hocking County Agricultural Society's financial statement. 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Hocking County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Hocking County Agricultural Society's financial statement is 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Hocking County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Hocking County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
May 14, 2015

This page intentionally left blank.



Dave Yost • Auditor of State

HOCKING COUNTY AGRICULTURAL SOCIETY

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2015**