

**LOGAN COUNTY
AGRICULTURAL SOCIETY**
LOGAN COUNTY, OHIO

REGULAR AUDIT

**FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2020 & 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Logan County Agricultural Society
301 E. Lake Ave
Bellefontaine, OH 43311

We have reviewed the *Independent Auditor's Report* of the Logan County Agricultural Society, Logan County, prepared by Julian & Grube, Inc., for the audit period December 1, 2018 through November 30, 2020. 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 Logan County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2021

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**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY, OHIO**

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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 Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Logan County Agricultural Society's preparation and fair presentation of the financial statements 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 Logan County Agricultural Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the financial statements are prepared by the Logan County Agricultural Society, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

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.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Additional Opinion Qualification

For the fiscal year ended November 30, 2020, Admission Receipts included \$30,711, or approximately 16% of operating receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as received. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the effects of the matter described in the "Basis for Additional Opinion Qualification" paragraph, the 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, 2020 and November 30, 2019, and related notes of the Logan County Agricultural Society, Logan County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, as described in Note 2.

Emphasis of Matter

As described in Note 12 to the financial statements for the fiscal year ended November 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Logan County Agricultural Society. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the Logan County Agricultural Society's internal control over financial reporting and on 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 Logan County Agricultural 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 Logan County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 24, 2021

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, 2020

Operating Receipts	
Taxes	\$ 97
Admissions	119,230
Privilege Fees	26,067
Rentals	38,519
Other Operating Receipts	<u>15,756</u>
<i>Total Operating Receipts</i>	<u>199,669</u>
Operating Disbursements	
Wages and Benefits	16,509
Utilities	19,337
Professional Services	63,375
Equipment and Grounds Maintenance	10,567
Property and Rent Services	48,732
Race Purse	7,788
Senior Fair	197
Junior Fair	13,555
Capital Outlay	244,228
Other Operating Disbursements	<u>10,149</u>
<i>Total Operating Disbursements</i>	<u>434,437</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(234,768)</u>
Non-Operating Receipts (Disbursements)	
State Support	13,805
Local Support	5,000
Debt Proceeds	4,755
Donations/Contributions	170,341
Investment Income	38
Debt Service	<u>(5,039)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>188,900</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(45,868)
Cash Balance, Beginning of Year	<u>170,881</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 125,013</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Logan County (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 1849 to operate an annual agricultural fair. The Society sponsors the week – long Logan County Fair during July. During the fair, harness races are held offsite, culminating in the running of the Signature Series. 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, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including fundraisers and livestock shows. The reporting entity does not include any other activities or entities of Logan County, Ohio.

Note 10 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 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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

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.

Race Purse

Signature Series stake races are held during the Logan 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 Ohio Colt Racing 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 a deposits pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2020</u>
Demand deposits	<u>\$121,402</u>
Other time deposits (savings)	<u>3,611</u>
Total deposits	<u><u>\$125,013</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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, 2020, in the amount of \$7,788 as State Support.

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

Pari-mutuel Wagering

Due to the COVID-19 pandemic, the harness racing that would have occurred during the 2020 Logan County Fair was held and handled by the Champaign County Fair.

Note 5 – 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>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

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.

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, 2020.

Note 7 – Debt

The Society has a \$40,000 line of credit bearing interest of 5.25 percent. There was no outstanding amounts at November 30, 2020.

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

Note 8 – Construction and Contractual Commitments

The Society is constructing a building to be used for a show arena during the week of fair and storage during the off season. The Society is using grant monies received in previous fiscal years, as well as donations from local businesses and supporters in prior and current years to construct the building. The accompanying financial statement includes the activity for this construction. The financial activity for the year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$ 141,761
Receipts	96,297
Disbursements	(234,447)
Ending Cash Balance	\$ 3,611

Note 9 – 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.

Note 10 – 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 three percent on auction sales covers auction costs and an additional one percent covers barn/show arena improvements. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the fiscal year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$ 20,098
Receipts	280,144
Disbursements	(280,208)
Ending Cash Balance	\$ 20,034

Note 11 – Subsequent Event

In May 2021, Ryland Eades was appointed to the Treasurer position.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. The Society’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Society’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Note 13 – 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(D).

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, 2019

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Operating Receipts	
Taxes	\$ 2,000
Admissions	116,596
Privilege Fees	37,138
Rentals	43,124
Sustaining and Entry Fees	15,647
Pari-mutuel Wagering Commission	431
Other Operating Receipts	<u>23,129</u>
<i>Total Operating Receipts</i>	<u>238,065</u>
 Operating Disbursements	
Wages and Benefits	21,189
Utilities	24,739
Professional Services	95,330
Equipment and Grounds Maintenance	23,748
Property and Rent Services	62,557
Race Purse	101,003
Senior Fair	9,251
Junior Fair	13,552
Capital Outlay	53,437
Other Operating Disbursements	<u>19,570</u>
<i>Total Operating Disbursements</i>	<u>424,376</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(186,311)</u>
 Non-Operating Receipts (Disbursements)	
State Support	98,676
Local Support	3,800
Debt Proceeds	11,100
Donations/Contributions	215,308
Investment Income	114
Debt Service	<u>(11,511)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	<u>317,487</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	131,176
 Cash Balance, Beginning of Year	<u>39,705</u>
 <i>Cash Balance, End of Year</i>	<u><u>\$ 170,881</u></u>

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

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

Note 1 – Reporting Entity

The Agricultural Society of Logan County (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 1849 to operate an annual agricultural fair. The Society sponsors the week – long Logan County Fair during July. During the fair, harness races are held, culminating in the running of the Signature Series. 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, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including fundraisers and livestock shows. The reporting entity does not include any other activities or entities of Logan County, Ohio.

Note 10 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 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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

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.

Race Purse

Signature Series stake races are held during the Logan 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 Ohio Colt Racing 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 a deposits pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	2019
Demand deposits	\$26,620
Other time deposits (savings)	144,261
Total deposits	\$170,881

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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, 2019, in the amount of \$7,543 as State Support.

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

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 net of the service fees 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 recorded net of the Pari-mutuel Wagering Commission and are included in Pari-mutuel Wagering Commission receipts. 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.

	2019
Total Amount Bet (Handle)	\$ 8,371
Less: Payoff to Bettors	(6,673)
Parimutuel Wagering Commission	1,698
Tote Service Set Up Fee	(900)
Tote Service Commission	(367)
State Tax	(233)
Society Portion	\$ 198

Note 5 – 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>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

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.

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

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.

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, 2019.

Note 7 – Debt

The Society has a \$40,000 line of credit bearing interest of 7.00 percent. There was no outstanding amounts at November 30, 2019.

Note 8 – Construction and Contractual Commitments

The Society is constructing a building to be used for a show arena during the week of fair and storage during the off season. The Society is using grant monies received in previous fiscal years, as well as donations from local businesses and supporters in prior and current years to construct the building. The accompanying financial statement includes the activity for this construction. The financial activity for the year ended November 30, 2019, follows:

	2019
Beginning Cash Balance	\$ 25,713
Receipts	178,222
Disbursements	<u>(62,174)</u>
Ending Cash Balance	<u>\$ 141,761</u>

Note 9 – 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, 2019

Note 10 – 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 three percent on auction sales covers auction costs and an additional one percent covers barn/show arena improvements. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2019, follows:

	<u>2019</u>
Beginning Cash Balance	\$ 15,875
Receipts	346,654
Disbursements	<u>(342,431)</u>
Ending Cash Balance	<u>\$ 20,098</u>

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *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, the financial statements of the cash balances, receipts, and disbursements of the Logan County Agricultural Society, Logan County, Ohio, as of and for the fiscal years ended November 30, 2020 and November 30, 2019, and the related notes to the financial statements and have issued our report thereon dated August 24, 2021, wherein we noted as described in Note 2 to the financial statements, the Logan County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as described in Note 12 to the financial statements, for the fiscal year ended November 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Logan County Agricultural Society. Additionally, we qualified our opinion over certain amounts included within Admissions Receipts for the fiscal year ended November 30, 2020, due to a lack of sufficient appropriate audit evidence in noncompliance with OAC Section 117-2-02(D).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Logan County Agricultural 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 Logan County Agricultural Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Logan County Agricultural 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 Logan County Agricultural 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Logan County Agricultural 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 and responses as item 2020-001.

Logan County Agricultural Society's Responses to Findings

The Logan County Agricultural Society's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Logan County Agricultural Society's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Logan County Agricultural 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 Logan County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
August 24, 2021

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
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Finding Number	2020-001
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Material Weakness/Noncompliance - Accounting Records

Ohio Administrative Code (OAC) § 117-2-02(D) in part states that the local office should maintain adequate documentation to support the amounts recorded on its accounting ledger. It is management’s responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society’s receipts are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of the receipt records.

For the fiscal year ended November 30, 2020, the Society did not maintain adequate support for certain types of receipts, specifically admissions to the two demolition derby events held during 2020. Detailed support was not maintained for deposits of Admissions totaling \$30,711.

Lack of proper support for transactions for certain types of receipts enhances the Society’s risk of not depositing all funds collected.

We recommend the Society Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society, regarding certain admission receipts. We further recommend the Secretary and/or Treasurer implement procedures to adequately track and reconcile these types of receipts to help prevent loss of funds and improve financial reporting. Those procedures could include a ticket system that is tracked, including the amount sold, voided, and complimentary tickets/sales. Reconciliation of ticket sales and cash collected and deposited should be performed. A proper ticket inventory should also be maintained that documents the inventory of tickets purchased, sold and tickets on-hand.

Client Response: The Society is brainstorming on effective and efficient methods to support these deposits for the 2022 fair.

Finding Number	2020-002
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Material Weakness - Financial Reporting

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Society, this could also include reviewing the fiscal year-end Quickbooks detailed reports to ensure activity is reported in the correct line items. Some of the adjustments were necessary to properly record activity during the fiscal years that were properly recorded in the general ledger, but improperly excluded from the Hinkle financial statements. Some of the adjustments were necessary to properly state true cash activity versus some accrual recordings in Quickbooks.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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

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

The following adjustments were made to properly state the financial statements and notes:

Fiscal year ended November 30, 2020:

- The Cash Balance, Beginning of Year, was increased \$53,730 to agree to the audited cash balance at November 30, 2019.
- Other Operating Receipts increased \$6,100 to properly report those receipts.
- Professional Services decreased \$129, Equipment and Grounds Maintenance decreased \$56, Property and Rent Services increased \$4,728, Senior Fair increased \$197, Junior Fair increased \$13,555, Other Operating Disbursements increased \$2,813 and Debt Service increased \$284 to properly report those expenditures.
- Debt Proceeds was increased \$4,755 and Debt Service was increased \$4,755 to properly present the line of credit issued and repaid during fiscal year 2020.

Fiscal year ended November 30, 2019:

- The Cash Balance, Beginning of Year, was decreased \$7,598 to agree to the audited cash balance at November 30, 2018.
- Professional Services increased \$34, Equipment and Grounds Maintenance increased \$18 and Debt Service increased \$26 to properly report those disbursements.
- Debt Proceeds was increased \$11,100 and Debt Service was increased \$11,100 to properly present the line of credit issued and repaid during fiscal year 2019.

The present control and monitoring system does not include a second review of the financial statement to ensure the information accurately portrays the activity of the Society.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Society’s activity.

We recommend the Society design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Society should consider having an outside third-party, or board member with financial experience, perform a second review of the financial report prior to filing in the Hinkle System. Further, the Society should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Society will closely monitor all transactions to ensure accurate financial reporting in the future.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2020 and NOVEMBER 30, 2019**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2018-001	2015	<u>Material Weakness - Financial Reporting</u> - Accurate financial reporting is required in order to provide management with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes to the financial statement for the fiscal year ended November 30, 2018.	Not Corrected	Finding repeated as 2020-002 as adjustments were posted to the current year report.

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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 10/5/2021

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