



**HANCOCK COUNTY AGRICULTURAL SOCIETY  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2022-2021**

**OHIO AUDITOR OF STATE  
KEITH FABER**





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

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Hancock County Agricultural Society  
Hancock County  
1017 East Sandusky Street  
P.O. Box 148  
Findlay, Ohio 45839-0148

To the Board of Directors:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified, Qualified, and Adverse Opinions***

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

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the year ended November 30, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society, as of November 30, 2022 and 2021, or the changes in financial position thereof for the years then ended.

#### ***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the year ended November 30, 2021, and the related notes of Hancock County Agricultural Society, Hancock County, Ohio in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Society on the basis of the financial reporting provisions of Ohio Revised Code 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.

***Basis for Additional Opinion Qualification***

We were unable to obtain sufficient appropriate audit evidence supporting \$48,035 of the \$233,784 reported as admissions receipts for the year ended November 30, 2021, which is 7.5 percent of total operating receipts for the year ended November 30, 2021. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

***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 May 30, 2024, 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

May 30, 2024

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

<b>Operating Receipts</b>	
Admissions	\$229,266
Privilege Fees	73,084
Rentals	226,688
Sustaining and Entry Fees	27,373
Other Operating Receipts	<u>140,666</u>
<i>Total Operating Receipts</i>	<u>697,077</u>
<b>Operating Disbursements</b>	
Wages and Benefits	107,415
Utilities	74,847
Professional Services	47,256
Equipment and Grounds Maintenance	58,537
Property and Rent Services	179,051
Race Purse	100,195
Senior Fair	28,837
Junior Fair	34,349
Capital Outlay	65,549
Other Operating Disbursements	<u>648,730</u>
<i>Total Operating Disbursements</i>	<u>1,344,766</u>
<i>Excess of Operating Disbursements over Operating Receipts</i>	<u>(647,689)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	12,084
Local Support	248,791
Federal Grants	400,000
Donations/Contributions	670,496
Investment Income	6,105
Debt Service	<u>(196,621)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>1,140,855</u>
<i>Excess of Disbursements Over Receipts</i>	493,166
Cash Balance, Beginning of Year	<u>845,947</u>
<i>Cash Balance, End of Year</i>	<u><u>\$1,339,113</u></u>

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

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

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**Note 1 – Reporting Entity**

Hancock County Agricultural Society, Hancock County, Ohio (the Society), 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 1938 to operate an annual agricultural fair. The Society sponsors the week – long Hancock County Fair during Labor Day weekend in September. During the fair, harness races are held, culminating in the running of the Western Ohio Colt Racing Association. Hancock County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hancock 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 junior livestock sale. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including craft shows, horse shows, and personal property auctions. The reporting entity does not include any other activities or entities of Hancock County, Ohio.

Note 8 summarizes the Old Mill Stream Foundation’s financial activity. The Junior Fair Board and Junior Livestock Sale Committee’s financial activity are 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(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. 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(C) permit.

***Deposits and Investments***

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

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

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***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.

***Leases***

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

***Race Purse***

North Central Ohio Colt stake races are held during the Hancock 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 Western 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.

**Note 3 – Deposits**

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

	2022
Demand deposits	<u>\$1,339,113</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

At November 30, 2022, \$866,600 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$7,239 as State Support.

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

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**Note 5 – Risk Management**

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

The Hancock County Commissioners provide general insurance coverage for all the buildings on the Hancock County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

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

**Note 6 – Social Security**

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

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

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

**Note 7 – Debt**

Debt outstanding at November 30, 2022, was as follows:

	Principal	Interest Rate
John Deere Tractor Lease	\$629	0%
Old Mill Stream Center Loan	254,546	3.25%
Real Estate Loan	36,129	4.75%
Tractor Loan	31,160	4.50%
Small Business Administration Loan	150,000	2.75%
Total	\$472,464	

John Deere Tractor Lease: On March 31, 2020, the Society entered into a capital lease agreement with John Deere Financial. The lease ends on March 31, 2023 with the purchase option price of \$3,561.

Old Mill Stream Center Loan: On September 17, 2020, the Society received loan proceeds from Premier Bank for Old Mill Stream Center building a multipurpose building. The loan is guaranteed by a Hotel/Motel Tax established by the Hancock County Commissioners. The current loan bears an interest rate of 3.25 percent and matures on September 17, 2025.

Real Estate Loan: On September 8, 2020, the Society received loan proceeds from Ag Credit to finance an owned rental house and vacant bare land adjoining the fairgrounds. The current loan bears an interest rate of 4.75 percent and matures on April 1, 2026.

Tractor Loan: On November 16, 2020, the Society received loan proceeds from Ag Credit to purchase a new tractor. The current loan bears an interest rate of 4.50 percent and matures on January 1, 2028.

Small Business Administration Loan: On March 9, 2021, the Society received loan proceeds from U.S. Small Business Administration for working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter. The current loan bears an interest rate of 2.75 percent; however, no amortization schedule is available.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	John Deere Tractor Lease	Old Mill Stream Center Loan	Real Estate Loan	Tractor Loan	Total
2023	\$629	\$258,378	\$11,476	\$6,770	\$277,253
2024			11,476	6,770	18,246
2025			11,476	6,770	18,246
2026			4,782	6,770	11,552
2027				6,770	6,770
2028				1,129	1,129
	\$629	\$258,378	\$39,210	\$34,979	\$333,196

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

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**Note 8 – Old Mill Stream Foundation**

In 2005, the Old Mill Stream Foundation (the Foundation) was created. The Foundation was organized as an entity of the Hancock County Agricultural Society but is not controlled by the Society's Board of Directors. The Foundation's Board consists of community leaders interested in the well-being or revitalization of the grounds. They decide how to allocate the funds received and assist in capital funding with the cooperation of the Fair Board. None of the funds received by the Foundation will be used to support operating expenses. Three members of Fair Board were appointed to serve on the Foundation Board. The Foundation Board is made up of ten members. The Foundation receives private donations and is a tax exempt 501(c)(3) charitable organization.

**Note 9 – Related Party Transactions**

A Board member is the son of an owner of a company from which the Society acquired electrical services during 2022. The Society paid \$32,583 for these services. The Board member abstained from all decisions regarding these transactions.

A Board member is an employee of a company from which the Society acquired electronic ticket collection services during 2022. The Society paid \$15,939 for these services. The Board member abstained from all decisions regarding these transactions.

**Note 10 – Subsequent Events**

The Old Mill Stream Center Loan was paid off as of August 24, 2023.

**Note 11 – Other Operating Receipts**

Other operating receipts consist mainly of a large race receipt in addition to other miscellaneous fees collected.

**Hancock County Agricultural Society**  
*Hancock 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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<b>Operating Receipts</b>	
Admissions	\$233,784
Privilege Fees	81,848
Rentals	205,079
Sustaining and Entry Fees	30,259
Other Operating Receipts	90,865
<i>Total Operating Receipts</i>	641,835
 <b>Operating Disbursements</b>	
Wages and Benefits	79,563
Utilities	68,966
Professional Services	65,937
Equipment and Grounds Maintenance	21,790
Property and Rent Services	137,090
Race Purse	100,602
Senior Fair	6,032
Junior Fair	28,515
Capital Outlay	74,556
Other Operating Disbursements	595,783
<i>Total Operating Disbursements</i>	1,178,834
 <i>Excess of Operating Disbursements over Operating Receipts</i>	(536,999)
 <b>Non-Operating Receipts (Disbursements)</b>	
State Support	73,781
Local Support	188,139
Debt Proceeds	150,000
PPP Loan Forgiveness	23,028
Donations/Contributions	669,858
Investment Income	5,720
Debt Service	(54,901)
 <i>Net Non-Operating Receipts (Disbursements)</i>	1,055,625
 <i>Excess of Disbursements Over Receipts</i>	518,626
 Cash Balance, Beginning of Year	327,321
 <i>Cash Balance, End of Year</i>	\$845,947

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

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

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**Note 1 – Reporting Entity**

Hancock County Agricultural Society, Hancock County, Ohio (the Society), 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 1938 to operate an annual agricultural fair. The Society sponsors the week – long Hancock County Fair during Labor Day weekend in September. During the fair, harness races are held, culminating in the running of the Western Ohio Colt Racing Association. Hancock County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hancock 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 junior livestock sale. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including craft shows, horse shows, and personal property auctions. The reporting entity does not include any other activities or entities of Hancock County, Ohio.

Note 8 summarizes the Old Mill Stream Foundation’s financial activity. The Junior Fair Board and Junior Livestock Sale Committee’s financial activity are 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(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. 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(C) permit.

***Deposits and Investments***

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



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

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***Capital Assets***

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

***Race Purse***

North Central Ohio Colt stake races are held during the Hancock 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 Western 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.

**Note 3 – Deposits**

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

	2021
Demand deposits	<u>\$845,947</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, 2021, in the amount of \$5,656 as State Support.

**Note 5 – Risk Management**

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

The Hancock County Commissioners provide general insurance coverage for all the buildings on the Hancock County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

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

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

**Note 6 – Social Security**

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

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

**Note 7 – Debt**

Debt outstanding at November 30, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
John Deere Tractor Lease	\$3,144	0%
Old Mill Stream Center Loan	418,454	3.25%
Real Estate Loan	45,643	4.75%
Tractor Loan	36,399	4.50%
Small Business Administration Loan	150,000	2.75%
Total	\$653,640	

John Deere Tractor Lease: On March 31, 2020, the Society entered into a capital lease agreement with John Deere Financial. The lease ends on March 31, 2023 with the purchase option price of \$3,561.

Old Mill Stream Center Loan: On September 17, 2020, the Society received loan proceeds from Premier Bank for Old Mill Stream Center building a multipurpose building. The loan is guaranteed by a Hotel/Motel Tax established by the Hancock County Commissioners. The current loan bears an interest rate of 3.25 percent and matures on September 17, 2025.

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

Real Estate Loan: On September 8, 2020, the Society received loan proceeds from Ag Credit to finance an owned rental house and vacant bare land adjoining the fairgrounds. The current loan bears an interest rate of 4.75 percent and matures on April 1, 2026.

Tractor Loan: On November 16, 2020, the Society received loan proceeds from Ag Credit to purchase a new tractor. The current loan bears an interest rate of \$4.50 percent and matures on January 1, 2028.

Small Business Administration Loan: On March 9, 2021, the Society received loan proceeds from U.S. Small Business Administration for working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter. The current loan bears an interest rate of 2.75 percent; however, no amortization schedule is available.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	John Deere Tractor Lease	Old Mill Stream Center Loan	Real Estate Loan	Tractor Loan	Total
2022	\$2,515	\$37,710	\$11,476	\$6,770	\$58,471
2023	629	37,710	11,476	6,770	56,585
2024		37,710	11,476	6,770	55,956
2025		352,302	11,476	6,770	370,548
2026			4,782	6,770	11,552
2027-2028				7,899	7,899
	\$3,144	\$465,432	\$50,686	\$41,749	\$561,011

**Note 8 – Old Mill Stream Foundation**

In 2005, the Old Mill Stream Foundation (the Foundation) was created. The Foundation was organized as an entity of the Hancock County Agricultural Society but is not controlled by the Society’s Board of Directors. The Foundation’s Board consists of community leaders interested in the well-being or revitalization of the grounds. They decide how to allocate the funds received and assist in capital funding with the cooperation of the Fair Board. None of the funds received by the Foundation will be used to support operating expenses. Three members of Fair Board were appointed to serve on the Foundation Board. The Foundation Board is made up of ten members. The Foundation receives private donations and is a tax exempt 501(c)(3) charitable organization.

**Note 9 – Related Party Transactions**

A Board member is the son of an owner of a company from which the Society acquired electrical services during 2021. The Society paid \$39,681 for these services. The Board member abstained from all decisions regarding these transactions.

**Note 10 – Subsequent Events**

The Old Mill Stream Center Loan was paid off as of August 24, 2023.

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

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**Note 11 – Other Operating Receipts**

Other operating receipts consist mainly of a large race receipt in addition to other miscellaneous fees collected.

# OHIO AUDITOR OF STATE KEITH FABER



65 East State 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

Hancock County Agricultural Society  
Hancock County  
1017 East Sandusky Street  
P.O. Box 148  
Findlay, Ohio 45839-0148

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements, of Hancock County Agricultural Society, Hancock County, Ohio (the Society) and have issued our report thereon dated May 30, 2024, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(C) permit. We also qualified our opinion over admissions receipts for the year ending November 30, 2021 due to the lack of appropriate audit evidence supporting the receipts.

### ***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 a certain deficiency 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Responses 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

May 30, 2024

**HANCOCK COUNTY AGRICULTURAL SOCIETY  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness**

**Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted in the Society's financial statements and notes to the financial statements:

- Cash balance, beginning of year was understated in the amount of \$216,303 in 2022;
- Rentals receipts were overstated in the amount of \$71,583 in 2022;
- Other operating disbursements were understated in the amount of \$484,337 in 2022;
- Federal grants receipts were understated in the amount of \$400,000 in 2022;
- Debt service disbursements were understated in the amount of \$143,012 in 2022;
- Tables included in the deposits footnote and debt footnote in 2022 did not have amounts included.

The Society's financial statement and notes to the financial statement oversight and review procedures were not sufficient to help ensure activity is properly recorded and reported in the financial statements and notes. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. Management has agreed to the adjustments above. They have been made to the Society ledgers and are reflected in the accompanying financial statements and notes to the financial statements. In addition to those adjustments, we also identified additional misstatements ranging from \$1 to \$39,181 that we have brought to the Society's attention.

The Society should develop and implement policies and procedures for oversight and review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Directors to help ensure the completeness and accuracy of the Society's financial ledgers and reports.

**Officials' Response:**

The Society is working to correct financial reporting errors.

## FINDING NUMBER 2022-002

### Material Weakness

#### Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Society's financial statements are not materially misstated.

Due to inadequate policies and procedures over admissions receipts, the Society did not maintain proper underlying documentation and support for admissions during 2022 or 2021. The Society switched to electronic ticket sales in 2021, allowing tickets to be purchased online through Ticket Spice system or through cash collected at the gate during the 2021 fair. However, the Society did not keep daily ticket reconciliations in order to reconcile tickets sold at the gate versus what cash tickets were entered into the Ticket Spice system during the 2021 fair. This resulted in variance of \$48,043 for cash tickets sold being understated in the Ticket Spice system compared to cash ticket sales recorded in the Society's accounting system, as not all cash tickets sold were properly entered into the Ticket Spice system.

We were unable to gain the necessary audit assurances over this amount and therefore qualified our opinion over admission receipts in 2021. An additional error of \$1,229 was noted in 2022 and brought to the Society's attention.

Failure to utilize ticket summary sheets and reconcile daily cash ticket sales results in a lack of accountability of all funds. This increases the risk of fraud and could result in incorrect amounts of money being received by the Society for deposits.

The Society should develop and implement policies and procedures for the accountability of ticket sales, including the use of ticket summary sheets and daily ticket reconciliations. Additionally, the Society should develop a system of checks and balances for compared to what the Hometown Ticket system reports to tickets sold during the event. These procedures will help ensure the accuracy and completeness of admissions receipts collected and recorded.

#### Officials' Response:

The Society is working to correct errors over admissions receipts.



# HANCOCK COUNTY AGRICULTURAL SOCIETY

1017 EAST SANDUSKY STREET  
FINDLAY, OHIO 45839-0148  
(419) 429-7344

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	This finding was first reported in the audit of the 2015-2016 financial statements. Material weakness due to errors in financial reporting.	Not corrected and repeated in this report as Finding 2022-001.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The Society will implement policies and procedures to identify and correct errors and omissions in the financial statements and notes to the financial statements.

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# OHIO AUDITOR OF STATE KEITH FABER



**HANCOCK COUNTY AGRICULTURAL SOCIETY**

**HANCOCK 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 6/13/2024**

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

This report is a matter of public record and is available online at  
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