



OHIO AUDITOR OF STATE
KEITH FABER



**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Morgan County Agricultural Society
Morgan County
P.O. Box 594
McConnelsville, Ohio 43756

To the Board of Directors:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of the Morgan County Agricultural Society, Morgan 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.

Opinion Qualification on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the *Basis for Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes of the Morgan County Agricultural Society, Morgan County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

Basis for Opinion Qualification

Privilege Fees receipts are reported at \$41,523 and \$20,058 for the years ended November 30, 2022 and 2021, respectively, which are 11 percent and 5 percent of total operating and non-operating receipts for the years ended November 30, 2022 and 2021, respectively. Other Operating Receipts are reported at \$56,681 and \$27,898 for the years ended November 30, 2022 and 2021, respectively, which are 14 percent and 7 percent of total operating and non-operating receipts for the years ended November 30, 2022 and 2021, respectively. Donations and Contributions receipts are reported at \$115,447 and \$124,196 for the years ended November 30, 2022 and 2021, respectively, which are 29 percent and 32 percent of total operating and non-operating receipts for the years ended November 30, 2022 and 2021, respectively. Rentals receipts are reported at \$20,447 for the year ended November 30, 2021, which are 5 percent of total operating and non-operating receipts for the year ended November 30, 2021. Admissions receipts are reported at \$99,554 for the year ended November 30, 2021, which are 25 percent of total operating and non-operating receipts for the year ended November 30, 2021. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Privilege Fees, Other Operating Receipts, Donations and Contributions for the years ended November 30, 2022 and 2021 and Admissions and Rentals for the year ended November 30, 2021. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Society on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

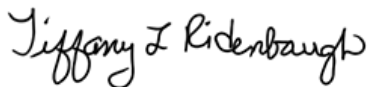
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2025, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

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

Operating Receipts

Taxes	\$96
Admissions	125,956
Privilege Fees	41,523
Rentals	20,520
Sustaining and Entry Fees	15,765
Pari-mutuel Wagering Commission	0
Other Operating Receipts	56,681

<i>Total Operating Receipts</i>	<u>260,541</u>
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Operating Disbursements

Wages and Benefits	6,791
Utilities	36,080
Professional Services	98,860
Equipment and Grounds Maintenance	33,232
Property and Rent Services	31,578
Race Purse	85,122
Senior Fair	3,132
Junior Fair	11,621
Capital Outlay	36,075
Other Operating Disbursements	85,065

<i>Total Operating Disbursements</i>	<u>427,556</u>
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<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(167,015)</u>

Non-Operating Receipts

State Support	13,525
Local Support	2,399
Donations/Contributions	115,447
Investment Income	124

<i>Net Non-Operating Receipts</i>	<u>131,495</u>
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<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(35,520)
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Cash Balance, Beginning of Year	<u>107,141</u>
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<i>Cash Balance, End of Year</i>	<u><u>\$71,621</u></u>
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The notes to the financial statement are an integral part of this statement.

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

NOTE 1 – REPORTING ENTITY

The Morgan County Agricultural Society (the Society), Morgan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week-long Morgan County Fair during September. During the fair, harness races are held, culminating in the running of the Southern Valley Colt Stakes. Morgan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Morgan County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. 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 The Mother's Day Flea Market, Mother's Day Demolition Derby and Gun Bash. The reporting entity does not include any other activities or entities of Morgan County, Ohio.

The Society participates in a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

Notes 7 and 8, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 § 117.38 and Ohio Administrative Code 117-2-03(C) permit.

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

Deposits

All deposits are maintained in a checking account.

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.

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under § 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of § 509(a).

Race Purse

Harness stake races are held during the Morgan 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 the Southern Valley Colt Circuit 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 Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2022 was as follows:

	2022
Demand deposits	<u>\$71,621</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

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

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 \$7,883 as State Support.

Pari-mutuel Wagering

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

	<u>2022</u>
Total Amount Bet (Handle)	\$ 4,562
Less: Payoff to Bettors	<u>(3,595)</u>
Parimutuel Wagering Commission	886
Tote Service Set Up Fee	(1,300)
Tote Service Commission	
State Tax	<u>(96)</u>
Society Portion	<u><u>\$ 457</u></u>

NOTE 5 – RISK MANAGEMENT

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

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

NOTE 6 – DEBT

The Society maintains an available line of credit which was obtained from the Citizens National Bank of McConnellsville, Ohio. The Society's credit limit on this line of credit is \$30,000. There was no outstanding balance on this line of credit at November 30, 2022.

NOTE 7 – JUNIOR FAIR BOARD

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Morgan County Fair. The Society disbursed \$11,621 directly to vendors to support Junior Fair Activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2021, follows:

	<u>2022</u>
Beginning Cash Balance	\$2,183
Receipts	3,601
Disbursements	<u>(2,705)</u>
Ending Cash Balance	<u><u>\$3,079</u></u>

NOTE 8 – JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Morgan County Fair auction. A commission of 3% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities.

The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2022, follows:

	<u>2022</u>
Beginning Cash Balance	\$161,544
Receipts	474,169
Disbursements	<u>(491,637)</u>
Ending Cash Balance	<u><u>\$144,076</u></u>

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

Operating Receipts

Admissions	\$99,554
Privilege Fees	20,058
Rentals	20,447
Sustaining and Entry Fees	5,355
Other Operating Receipts	27,898

<i>Total Operating Receipts</i>	<u>173,312</u>
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Operating Disbursements

Wages and Benefits	6,000
Utilities	37,383
Professional Services	35,807
Equipment and Grounds Maintenance	47,657
Property and Rent Services	20,724
Race Purse	79,294
Senior Fair	6,800
Junior Fair	5,987
Capital Outlay	9,067
Other Operating Disbursements	58,284

<i>Total Operating Disbursements</i>	<u>307,003</u>
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<i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	<u>(133,691)</u>
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Non-Operating Receipts (Disbursements)

State Support	64,904
Local Support	31,724
Donations/Contributions	124,196
Investment Income	87
Debt Service	(4,437)

<i>Net Non-Operating Receipts (Disbursements)</i>	<u>216,474</u>
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<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	82,783
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Cash Balance, Beginning of Year	<u>24,358</u>
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<i>Cash Balance, End of Year</i>	<u><u>\$107,141</u></u>
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The notes to the financial statement are an integral part of this statement.

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

NOTE 1 – REPORTING ENTITY

The Morgan County Agricultural Society (the Society), Morgan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week – long Morgan County Fair during September. During the fair, harness races are held, culminating in the running of the Southern Valley Colt Stakes. Morgan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Morgan County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. 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 The Mother's Day Flea Market, Mother's Day Demolition Derby and Gun Bash. The reporting entity does not include any other activities or entities of Morgan County, Ohio.

The Society participates in a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

Notes 8 and 9, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 § 117.38 and Ohio Administrative Code 117-2-03(C) permit.

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

Deposits

All deposits are maintained in a checking account.

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.

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under § 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of § 509(a).

Race Purse

Harness stake races are held during the Morgan 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 the Southern Valley Colt Circuit 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 Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2021 was as follows:

	2021
Demand deposits	<u>\$107,141</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

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

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.

Pari-mutuel Wagering

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

	<u>2021</u>
Total Amount Bet (Handle)	\$3,536
Less: Payoff to Bettors	<u>(2,790)</u>
Parimutuel Wagering Commission	683
Tote Service Set Up Fee	(1,200)
Tote Service Commission	
State Tax	<u>(72)</u>
Society Portion	<u><u>\$157</u></u>

NOTE 5 – RISK MANAGEMENT

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

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

NOTE 6 – DEBT

The Society maintains an available line of credit which was obtained from the Citizens National Bank of McConnellsville, Ohio. The Society's credit limit on this line of credit is \$30,000. There was no outstanding balance on this line of credit at November 30, 2021.

NOTE 7 – CONTINGENT LIABILITIES

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

NOTE 8 – JUNIOR FAIR BOARD

The Junior Fair Board, which is composed of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Morgan County Fair. The Society disbursed \$5,987 directly to vendors to support Junior Fair Activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$1,399
Receipts	3,296
Disbursements	<u>(2,519)</u>
Ending Cash Balance	<u><u>\$2,176</u></u>

NOTE 9 – JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Morgan County Fair auction. A commission of 3% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities.

The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2021, follows:

	<u>2021</u>
Beginning Cash Balance	\$36,365
Receipts	401,663
Disbursements	<u>(276,484)</u>
Ending Cash Balance	<u><u>\$161,544</u></u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Morgan County Agricultural Society
Morgan County
P.O. Box 594
McConnelsville, Ohio 43756

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statement of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statement of the Morgan County Agricultural Society, Morgan County, Ohio (the Society), and have issued our report thereon dated August 11, 2025, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion as we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Privilege Fees, Other Operating Receipts and Donations and Contributions for the fiscal year ended November 30, 2022, and Rentals, Privilege Fees, Other Operating Receipts, Donations and Contributions and Admissions for the fiscal year ended November 30, 2021.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 and 2022-003 through 2022-006 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-002.

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 11, 2025

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the Society's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Society did not maintain underlying documentation and support for the following:

2022:

- Six out of six (or 100%) of Privilege Fees receipts tested, totaling \$12,017 were not fully supported by a contract and/or approved rate schedule, which projected to a \$41,523 error. This resulted in an opinion qualification over the amount reported as Privilege Fees receipts totaling \$41,523.
- Eight out of eight (or 100%) of Other Operating Receipts tested, totaling \$27,005 were not supported, which projected to a \$56,681 error. This resulted in an opinion qualification over the amount reported as Other Operating Receipts totaling \$56,681.
- Four out of five (or 80%) of Donations and Contributions receipts tested, totaling \$23,640 were not supported, which projected to a \$28,541 error. This resulted in an opinion qualification over the amount reported as Donations and Contributions totaling \$115,447.

2021:

- Four out of four (or 100%) of Rental receipts tested, totaling \$3,776 in 2021 were not supported by a contract and/or approved rate schedule, which projected to a \$13,921 error. This resulted in an opinion qualification over the amount reported as Rental receipts totaling \$20,447. One of the receipts tested in this sample was for a total of \$2,640. Included in this receipt total of \$2,640, was \$1,770 of supported contracts; therefore, this amount is not included in the \$3,776 of unsupported receipts which when projected does not agree to the total amount reported as receipts.
- Four out of four (or 100%) of Privilege Fees receipts tested, totaling \$9,412 were not fully supported by a contract and/or approved rate schedule, which projected to a \$20,058 error. This resulted in an opinion qualification over the amount reported as Privilege Fees receipts totaling \$20,058.
- Four out of four (or 100%) of Other Operating Receipts tested, totaling \$17,425 were not supported, which projected to a \$27,898 error. This resulted in an opinion qualification over the amount reported as Other Operating Receipts totaling \$27,898.
- Two out of three (or 67%) of Donations and Contributions receipts tested, in the amount of \$50,350 was not supported, which projected to a \$56,199 error. This resulted in an opinion qualification over the amount reported as Donations and Contribution receipts totaling \$124,196.
- One out of forty-three (or 2%) of disbursements tested were not supported by an invoice or other supporting documentation.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements and expenditures that are not for a proper public purpose.

The Society should maintain all supporting documentation such as invoices, contracts, fee schedules, etc. for all financial transactions and records should be maintained in an orderly manner to support all transactions.

Official's Response: We did not receive a response from Officials to this finding.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-002

Noncompliance and Significant Deficiency

Ohio Admin. Code 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code. Also, Ohio Admin. Code 117-2-02(D) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors.

We noted the following deficiencies with the Society's use of the QuickBooks accounting system in 2022:

- One out of forty-five (or 2%) of expenditures tested had a check number recorded in QuickBooks that was different from the number that cleared the bank.
- Two out of forty-five (or 4%) of expenditures tested did not have a check number assigned in QuickBooks as they were manual checks.

We noted the following deficiencies with the Society's use of the QuickBooks accounting system in 2021:

- Three out of forty-three (or 7%) of expenditures tested had check numbers recorded in QuickBooks that were different from the numbers that cleared the bank.
- Ten out of forty-three (or 23%) of expenditures tested did not have a check number assigned in QuickBooks as they were manual checks.

Lack of an organized accounting system and record keeping subjects the Society to the risk of misuse of funds and inaccurate financial reporting in addition to assuring completeness.

The Society should implement policies and procedures to ensure all transactions are appropriately supported, which would include utilizing QuickBooks appropriately for check writing to ensure a proper audit trail is maintained. The Society should discontinue the practice of writing manual checks.

Official's Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

Material Weakness

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

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

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

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-003 (Continued)

Material Weakness (Continued)

Monthly bank to book reconciliations were not prepared for three out of twelve months (25%) of 2021. Further, monthly bank to book reconciliations were not reviewed each month of 2022 and 2021. Also, the Society's year-end November 30, 2022 and 2021 reconciliations contained a significant number of stale dated outstanding checks dating back to 2016 and ranging from \$1 to \$1,259. Further, there was an unexplained variance of \$1,258 between the bank and the books at the end of 2022.

Failure to review and approve the monthly reconciliation increases the possibility that the Society will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of monthly reconciliation review increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. The Society should review Auditor of State Management Advisory Services No. 91-11 and Ohio Rev. Code § 9.39 for guidance on accounting for stale dated checks. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-004

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should obtain, review and approve detailed financial reports in order to properly monitor the activity of the public office.

The Society's financial transactions were processed through the QuickBooks accounting system. The Society's minutes disclosed financial reports periodically presented at monthly board meetings. We noted copies of some reports were maintained and details of reports provided were present for all but two months. It is undetermined if the Board of Directors received a formal bank reconciliation for review and approval as the bank reconciliation packet lacked any signatures. There was also no approval of the financial report reviewed by the Board prior to filing in the Hinkle system.

Failure to review and approve monthly financial statements, including profit and loss statements accumulating financial activity for the year and monthly bank reconciliations increases the possibility that the Board of Directors does not have a complete understanding of the Society's financial position when deciding on the various operations of the Society. In addition, as one individual typically processes all information, the Board of Directors review and approval of monthly financial reports would serve to mitigate risks for a lack of segregation of duties.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-004 (Continued)

Material Weakness (Continued)

The Board of Directors should review and approve various financial reports at each regular monthly meeting. Reports should include, but are not limited to, the following:

- The bank to book reconciliations
- Check Detail Report
- Deposit Detail Report
- Profit and Loss Statement for the month and by year
- Budget versus Actual Reports, should the Board enact a budget.
- Financial Report to be filed in the Hinkle system

This will help to mitigate risks of incorrectly reporting financial activity as well as give the Board better oversight. This will also serve to give the Board information by which they may question financial activity, as deemed necessary.

Official's Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-005

Material Weakness

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 Society did not always record receipts and disbursements into accurate classifications based upon the source of the receipt or the nature of the disbursement.

The following errors were identified in 2022, which were agreed to by management, and the financial statement has been adjusted accordingly:

- A check written for startup cash and the corresponding deposit for fair week in the amount of \$15,000 was incorrectly recorded on the financial statements, overstating Admissions Receipts and Administrative expense disbursements.
- Rewiring of the barn in the amount of \$15,000 was posted to Equipment and Grounds Maintenance instead of Capital Outlay.

The following errors were identified in 2021, which were agreed to by management, and the financial statement has been adjusted accordingly:

- An Ohio Harness Horseman's Association (OHHA) receipt in the amount of \$67,997 was posted to Other Operating Receipts instead of Donations and Contributions.
- A check written for startup cash and the corresponding deposit for fair week in the amount of \$15,000 was incorrectly recorded on the financial statements, overstating Admissions Receipts and Administrative expense disbursements.
- Painting of barn roofs in the amount of \$9,728 was posted to Other Operating Disbursements instead of Equipment and Grounds Maintenance.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-005 (Continued)

Material Weakness (Continued)

- Installation of water system at the fairgrounds in the amount of \$9,067 was posted to Other Operating Disbursements instead of Capital Outlay.

In addition to the adjustments and reclasses noted above, we also identified additional reclasses ranging from \$933 to \$9,570, which we have brought to the Society's attention.

Additionally, we noted the following changes to the Notes to the Financial Statements in 2022 and 2021:

- The Society utilized an outdated notes shell, therefore requiring revision to various components of the notes to the financial statements to provide updated information
- The Society's Summary of Significant Accounting Policies footnote was revised;
- The Society's Horse Racing footnote was revised;
- The Society's Deposits footnote was revised;
- The Society's Risk Management footnote was revised;
- The Society's Debt footnote was revised.

Sound financial reporting is the responsibility of the Society and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Society's financial position and operations.

To help ensure the Society's financial statements and notes to the financial statements are complete and accurate, the Society should take the necessary steps to ensure that all revenues, disbursements and cash balances of the Society are properly presented and disclosed in the Society's financial statements and related note disclosures.

Official's Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-006

Material Weakness

Strong internal control policies and procedures over admission receipts is an important aspect of the Society's operations. Season tickets for admittance to the fair and its events should be consecutively pre-numbered. All cash for sold season passes should be compared against the season passes issued. The cash returned should equal the expected revenue from the season passes sold.

The Society issued wristbands for season ticket holders in 2021; however, a record of the wristbands was not maintained by the Society. As such, it was not possible to determine that the proper rates were charged, or proper amounts were collected due to the lack of support for the amount recorded as Season tickets of \$31,188 which rolls into the Society's Admissions receipt account. This resulted in an opinion qualification over the amount reported as Admissions receipts totaling \$99,554.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-006 (Continued)

Material Weakness (Continued)

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

The Society should maintain support for wristbands when they are used to account for the season tickets. The wristbands should be pre-numbered and a wristband summary sheet or other method to support the sale of wristbands should be completed by the Society.

Official's Response: We did not receive a response from Officials to this finding.

**MORGAN COUNTY AGRICULTURAL SOCIETY
PO BOX 594
MCCONNELSVILLE, OH 43756**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2022 and 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Ohio Rev. Code § 9.38 – Numerous receipts were not deposited with the Treasurer or designated depository for a period ranging from two to 21 business days after initial receipt of the monies.	Corrected	N/A
2020-002	Ohio Rev. Code § 117.38 – The Society had to re-file its 2020 and 2019 Hinkle Filings due to inaccurate information in the filings. The date filed for both of these was September 15, 2021.	Repeated	Management Letter
2020-003	The Society did not maintain underlying documentation and support for numerous receipts and disbursements.	Repeated	2022-001
2020-004	Ohio Admin. Code § 117-2-02(A) – Deficiencies were noted in the Society's use of the QuickBooks accounting system.	Repeated	2022-002
2020-005	Errors were identified in the Society's financial statements and notes to the financial statements that required audit reclassification.	Repeated	2022-005
2020-006	The Board of Directors did not receive a formal bank reconciliation for review and approval. Also, copies of reports provided at the meetings were not maintained and details of the reports provided were not available.	Repeated	2022-004
2020-007	Monthly bank to book reconciliations were not reviewed each month of 2020 and 2019. In addition, the November 30, 2020 and 2019 reconciliation contained a significant number of stale dated outstanding checks dating back to 2016 ranging from \$1 to \$1,259. Also, there was a \$1,200 variance on the November 30, 2020 and 2019 bank reconciliation.	Repeated	2022-003

OHIO AUDITOR OF STATE KEITH FABER



MORGAN COUNTY AGRICULTURAL SOCIETY

MORGAN 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 9/11/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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