



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hardin County Agricultural Society
Hardin County
P.O. Box 317
Kenton, OH 43326

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Hardin County Agricultural Society, Hardin County (the Society), on the receipts, disbursements and balances recorded in the Society's cash basis accounting records for the years ended November 30, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Society. The Society is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended November 30, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Society. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the November 30, 2018 bank reconciliations for the Cons. Sale, 4th of July, Savings (C.U.), and Checking; the December 5, 2018 bank reconciliation for the Jr. Fair Accrued Interest Fund; the November 30, 2017 bank reconciliations for the Checking, 4th of July, Savings (C.U.); and the December 5, 2017 bank reconciliation for the Jr. Fair Accrued Interest Fund. We found no exceptions.
2. We attempted to agree the December 1, 2016 beginning fund balance recorded to the November 30, 2016 balance in documentation in the prior year Agreed-Upon Procedures working papers. The balance did not agree.

The December 1, 2016 balance on the Statement of Revenues, Disbursements and Changes in Fund Balance (Cash Basis) for the year ended November 30, 2017 was \$293,987 and the November 30, 2016 balance on the Statement of Revenues, Disbursements and Changes in Fund Balance (Cash Basis) for the year ended November 30, 2016 was \$272,694; a difference of \$21,293.

When the annual report is prepared each November 30, the Cash Balance, Beginning of Year should be agreed to the Cash Balance, End of Year on the prior year Statement of Cash Receipts, Disbursements and Changes in Fund Balance (Cash Basis). The Board of Directors should review each annual report to help assure the Cash Balance, Beginning of Year agrees to the Cash Balance, End of Year on the prior year Statement of Cash Receipts, Disbursements and Changes in Fund Balance (Cash Basis). The Cash Balance, End of Year on the annual report should also be agreed to the Society's bank reconciliation.

We agreed the December 1, 2018 beginning fund balances recorded to the November 30, 2018 balances. We found no exceptions.

3. We attempted to agree the totals per the bank reconciliations to the total of the November 30, 2018 and 2017 fund cash balance reported in the Trial Balance report.

For 2018, the amounts agreed except for the checking account, which had a Reconciliation Detail Report register balance of \$256,000.08 and a balance of \$248,561.22 on the Trial Balance report, which is a difference of \$7,438.86. Most of this difference appears due to a \$7,500 deposit in transit on the Reconciliation Detail Report at November 30, 2018, which was deposited into the checking account on June 20, 2018, but the Society continued to carry the deposit in transit on the reconciliation through November 30, 2018.

For 2017, the amounts agreed except for the checking account, which had a Reconciliation Detail Report register balance of \$275,944.27 and a balance of \$276,596.01 on the Trial Balance report, which is a difference of \$651.74.

Bank to book reconciliations should be prepared each month. Amounts on the reconciliations such as bank balance, outstanding checks, deposits in transit and other adjusting factors should be agreed to supporting documentation. Unexplained variances should be investigated and resolved. The reconciliations, along with supporting documentation, should be presented to the Board each month for review and approval. The review and approval should be noted on the reconciliation and/or the minutes.

4. We confirmed the November 30, 2018 bank account balances with the Society's financial institutions. We found no exceptions. We also attempted to agree the confirmed balances to the amounts appearing in the November 30, 2018 bank reconciliation. The total of the confirmed balances was \$394,232.57 and the total of the amounts appearing in the November 30, 2018 bank reconciliation was \$376,084.94, a difference of \$18,147.63. A difference of \$11.22 was identified between the confirmed balance of the Liberty National Bank Checking account and the balance on the Reconciliation Summary report. The remaining difference is the sum of the balances of the Certificate of Deposit, the Visa Classic account and the Regular Shares account, which were not included in the Society's reconciliation at November 30, 2018.

The failure to include all accounts in the monthly bank to book reconciliation increases the risk of errors and/or irregularities that may not be detected in a timely manner. Monthly bank reconciliations should be performed by the Society. All accounts held by the Society should be included in the reconciliations and the sum of the reconciled balances from each account should be agreed to the reported fund cash balance. To give a more complete presentation, the Society should consider preparing one reconciliation that includes all accounts and is reconciled to the total fund balance. The Board of Directors should periodically review the monthly bank reconciliations to help assure they are being accurately prepared and include all accounts.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the November 30, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent December and January bank statements (three of them cleared). We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to November 30. There were no exceptions.
6. We selected the reconciling credit (such as deposits in transit) from the November 30, 2018 bank reconciliation:

- a. We attempted to trace the credit to the subsequent December or January bank statements. The reconciling credit was not on the subsequent December or January bank statements.
- b. We attempted to agree the credit amount to the Itemized Income Statement. The credit was not recorded as a November receipt for the same amount recorded in the reconciliation.

The reconciling credit of \$7,500 listed on the November 30, 2018 bank reconciliation was not a deposit in transit. The credit was related to a June 2018 advance from the Society's regular checking account to the Society's Fourth of July checking account. The \$7,500 was paid back to the regular checking account via Fourth of July checking account check number 1069 dated June 20, 2018 and was deposited into the Society's regular checking account on June 20, 2018. On the November 30, 2018 Reconciliation Detail report for the regular checking account, the \$7,500 deposit in transit was manually crossed out, and the Register Balance as of November 30, 2018 was manually reduced in order to reconcile the balance to the bank.

Bank to book reconciliations should be prepared each month. Amounts on the reconciliations such as bank balance, outstanding checks, deposits in transit and other adjusting factors should be agreed to supporting documentation. Unexplained variances should be investigated and resolved. The reconciliations, along with supporting documentation, should be presented to the Board each month for review and approval. The review and approval should be noted on the reconciliation and/or the minutes.

7. We traced interbank account transfers occurring in November of 2018 to the accounting records and bank statements and reconciliations to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at November 30, 2018 and November 30, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. There were no exceptions.

Admission/Grandstand Receipts

We haphazardly selected one day of admission/grandstand cash receipts from the year ended November 30, 2018 and one day of admission/grandstand cash receipts from the year ended November 30, 2017 recorded in the Itemized Income Statement and agreed the receipt amount to the supporting documentation (Cashier Shift Reports). The amounts agreed.

For September 5, 2018, the amount recorded in the Itemized Income Statement for September 5, 2018 was \$7,232.

- a. The ticket sales recapitulation reported 904 tickets sold on that date.
- b. The admission price per ticket was \$8.
- c. Therefore the recapitulation sheet multiplied by the admission price supports admission receipts of \$7,232 for September 5, 2018.

For September 8, 2017, the amount recorded in the Itemized Income Statement for September 8, 2017 was \$14,004.

- a. The ticket sales recapitulation reported 1,751 tickets sold on that date.
- b. The admission price per ticket was \$8.
- c. Therefore the recapitulation sheet multiplied by the admission price supports admission receipts of \$14,008 for September 5, 2017.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans outstanding as of November 30, 2016. These amounts agreed to the Society's December 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of November 30, 2016:
Quest Loan	\$19,553.50

2. We e inquired of management, and inspected the receipt and expenditure records for evidence of loan or credit agreements, and bonded, note, County, or mortgage debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt service payments owed during 2016 and 2015 and agreed these payments from the Register: CHECKING report to the related debt amortization schedules. We also compared the date the debt service payments were due to the date the Society made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Itemized Income Statement report. The amounts agreed.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Register: CHECKING report for the year ended November 30, 2018 and ten from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Register: CHECKING report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. Based on the nature of the expenditure, the account coding is reasonable. We found no exceptions.

Other Compliance

Ohio Rev. Code Section 117.38 requires Societies to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Society filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended November 30, 2018 and 2017 in the Hinkle system. However, for each year opening and ending fund balances were not included on the financial statements. Complete filings including opening and ending fund balances were made on April 26, 2019 for the year ended November 30, 2018 and on April 24, 2019 for the year ended November 30, 2017.

1. For all credit card accounts we obtained:
 - o copies of existing internal control policies,
 - o a list of authorized users, and
 - o a list of all credit card account transactions.

- a. We inspected the established policy obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.

- b. We selected 5 credit card transactions made by employees for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Society's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Society's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended November 30, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2019

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HARDIN COUNTY AGRICULTURAL SOCIETY

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2019**