



Dave Yost • Auditor of State

HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Harrison County Agricultural Society
Harrison County
P.O. Box 274
Cadiz, Ohio 43907

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Harrison County Agricultural Society, Harrison County, Ohio (the Society), as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2014 and 2013, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Admissions receipts are reported at \$44,198 and \$36,746 for the years ended November 30, 2014 and 2013, respectively, which are 34 percent of receipts for the year ended November 30, 2014, and 35 percent of receipts for the year ended November 30, 2013.

Privilege fees receipts are reported at \$10,790 and \$12,430 for the years ended November 30, 2014 and 2013, respectively, which are eight percent of receipts for the year ended November 30, 2014, and 12 percent of receipts for the year ended November 30, 2013.

Sales receipts are reported at \$24,370 and \$23,618 for the years ended November 30, 2014 and 2013, respectively, which are 19 percent of receipts for the year ended November 30, 2014, and 23 percent of receipts for the year ended November 30, 2013.

Fees receipts are reported at \$15,024 and \$6,760 for the years ended November 30, 2014 and 2013, respectively, which are 12 percent of receipts for the year ended November 30, 2014, and seven percent of receipts for the year ended November 30, 2013.

Other operating receipts are reported at \$6,962 and \$12,545 for the years ended November 30, 2014 and 2013, respectively, which are five percent of receipts for the year ended November 30, 2014, and 12 percent of receipts for the year ended November 30, 2013.

Operating disbursements are reported at \$107,376 and \$97,197 for the years ended November 30, 2014 and 2013, respectively, which are 98 percent of disbursements for the year ended November 30, 2014, and 97 percent of disbursements for the year ended November 30, 2013.

We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as admissions, privilege fees, sales, fees, other operating receipts and operating disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Basis for Additional Opinion Qualification (Continued)

The activity of the Harrison County Junior Fair Board for the year ended November 30, 2013 is required to be disclosed, as described in Note 4 of the financial statements. The activity was not reported by the Society. Consequentially, Note 4 of the financial statement is not complete.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraphs, the financial statements referred to above present fairly, in all material respects, the cash balances of the Harrison County Agricultural Society, Harrison County, Ohio as of November 30, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 9, 2016

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**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

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

	2014	2013
Operating Receipts		
Admissions	\$44,198	\$36,746
Privilege Fees	10,790	12,430
Sales	24,370	23,618
Fees	15,024	6,760
Rentals	2,150	3,700
Other Operating Receipts	6,962	12,545
<i>Total Operating Receipts</i>	103,494	95,799
Operating Disbursements		
Utilities	11,681	10,660
Professional Services	31,339	25,882
Equipment and Grounds Maintenance	13,087	25,249
Junior Fair	39,584	19,628
Other Operating Disbursements	11,685	15,778
<i>Total Operating Disbursements</i>	107,376	97,197
<i>(Deficiency) of Operating Receipts</i>	(3,882)	(1,398)
Non-Operating Receipts (Disbursements)		
State Support	6,267	5,542
County Support	3,800	2,400
Donations/Contributions	16,393	0
Investment Income	1	25
Refund of a Prior Year Disbursement	0	167
Debt Service	(2,500)	(2,500)
<i>Net Non-Operating Receipts (Disbursements)</i>	23,961	5,634
<i>Excess of Receipts Over Disbursements</i>	20,079	4,236
Cash Balance, Beginning of Year	19,371	15,135
Cash Balance, End of Year	\$39,450	\$19,371

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

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**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harrison County Agricultural Society, Harrison County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1846 to operate an annual agricultural fair. The Society sponsors the week-long Harrison County Fair during July. Harrison County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Harrison County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and annual steer and heifer show. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Harrison County, Ohio.

Notes 4 and 5, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

All deposits are maintained in certificate of deposits, a money market savings account and a non-interest bearing checking account.

D. Property, Plant, and Equipment

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

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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). Contributions to the Society are deductible per §170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

2. 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, 2014 and 2013 was as follows:

	2014	2013
Demand deposits	\$28,854	\$6,775
Certificates of deposit	6,416	6,416
Other time deposits (savings and NOW accounts)	4,180	6,180
Total deposits	\$39,450	\$19,371

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

3. RISK MANAGEMENT

The Harrison County Commissioners provide general insurance coverage for all the buildings on the Harrison County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability insurance with limits of \$1,000,000. The Society's general manager is bonded with coverage of \$10,000. The Society pays commercial liability insurance for the fairgrounds.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2014.

4. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Harrison County Fair. The Society disbursed \$59,212 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. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2014 follows:

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2014 AND 2013
(Continued)**

4. JUNIOR FAIR BOARD (Continued)

	2014
Beginning Cash Balance	\$605
Receipts	7,764
Disbursements	(8,347)
Ending Cash Balance	\$22

The Junior Fair Board's financial activity for the year ended November 30, 2013 was not disclosed by the Society.

5. 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 sell their animals through the Harrison County's auction. A commission of three percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$11,990	\$10,991
Receipts	393,900	270,920
Disbursements	(385,725)	(269,921)
Ending Cash Balance	\$20,165	\$11,990

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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

Harrison County Agricultural Society
Harrison County
P.O. Box 274
Cadiz, Ohio 43907

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Harrison County Agricultural Society, Harrison County, Ohio (the Society), as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated March 9, 2016, wherein we noted the Society followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We qualified our opinion on the Society for the years ended November 30, 2014 and 2013 because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as admissions revenue in the amounts of \$44,198 and \$36,746 for the years ended November 30, 2014 and 2013, respectively; for amounts recorded as privilege fees revenue in the amounts of \$10,790 and \$12,430 for the years ended November 30, 2014 and 2013, respectively; for amounts recorded as sales receipts in the amounts of \$24,370 and \$23,618 for the years ended November 30, 2014 and 2013, respectively; for amounts recorded as fees receipts in the amounts of \$15,024 and \$6,760 for the years ended November 30, 2014 and 2013, respectively; for amounts recorded as other operating receipts in the amounts of \$6,962 and \$12,545 for the years ended November 30, 2014 and 2013, respectively; and for operating disbursements in the amounts of \$107,376 and \$97,197 for the years ended November 30, 2014 and 2013, respectively. Additionally, the activity of the Harrison County Junior Fair Board for the year ended November 30, 2013 is required to be disclosed, as described in Note 4 of the financial statements. The activity was not reported by the Society. Consequentially, Note 4 of the financial statement is not complete.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. We consider findings 2014-001 and 2014-002 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-003 through 2014-005 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters we must report under *Government Auditing Standards*.

Society's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 9, 2016

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

The Society should maintain an accounting system and accounting records sufficient to enable the Society to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D).

As a result of audit procedures performed, errors were noted in the Society's financial statements that required audit adjustments and reclassifications as follows:

- For 2014, the QuickBooks Profit and Loss Statement did not balance to the QuickBooks Balance Sheet by \$1,824. This occurred as the Society improperly included the balance of Harrison County Fund N10 for \$44,974 as well as the book balances of the Harrison County Junior Fair and Harrison County Sales Committee for \$36 and \$20,814, respectively. This was partially offset on the Profit and Loss Statement as the Society reported \$64,000 in revenue related to the Harrison County Fund N10 account. No other revenue and disbursements related to the activity of Harrison County, Harrison County Junior Fair and Harrison County Sales Committee were reported in the Profit and Loss Statement. However, the activities of the Harrison County Fund N10 account, the Harrison County Junior Fair and Harrison County Sales Committee should not be reported by the Society. As a result, the Society's fund balance was over reported by \$65,824, Donations and Contributions were over reported by \$64,000, and the Balance Sheet and Profit and Loss Statement did not reconcile by \$1,824;
- For 2013, the QuickBooks Profit and Loss Statement did not balance to the QuickBooks Balance Sheet by \$1,185. This occurred as December 2012 disbursements of \$1,317 were not reported, \$25 in Investment Income was not reported, and \$107 in stale dated outstanding checks were not accounted for as an adjustment to disbursements;
- For 2014, Other Operating Receipts was overstated by \$3,992 as it included \$1,917 in Admissions revenue, \$1,350 in Privilege Fees and \$725 in Fees; and
- For 2013, Other Operating Receipts was overstated by \$5,693 as it included \$395 in Admissions revenue, \$2,200 in Rent, \$475 in Privilege Fees, \$521 in Sales, \$1,935 in Fees and \$167 in a Refund of a Prior Year Expenditure.

Sound financial reporting is the responsibility of the Society and is essential to ensure the information provider to the readers of the financial statements is complete and accurate. The financial statements and accounting system have been adjusted accordingly.

To help ensure the Society financial statements and notes to the financial statements are complete and accurate, the Society should adopt policies and procedures to identify and correct errors and omissions. In addition, the Society should review the financial statements prior to submission for audit.

Officials' Response: Included County Commissioner and Sale Committee money in report in error. Society misunderstood that funds were not to be reported on the Society report. Funds will be removed from future reports.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Material Weakness

The Society should design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, the Society should maintain an accounting system and accounting records sufficient to assure accountability of entity assets. Also, the Society should have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious.

The Society utilized the QuickBooks accounting system to present accounting records. However, the system was not utilized until after 2014, and, therefore, the accounting records were created after the fact. Revenue was reported based upon deposits in the bank, deposit tickets and limited source documentation, when possible. Disbursements were created from bank statements and their check stub register. As a result, the Society did not maintain an adequate accounting system during 2014 and 2013 that management could utilize in their decision making process regarding financial information or review to assure the accountability of entity assets.

The Society did not have internal controls sufficient to assure that recorded transactions had occurred and were not fictitious over various account balances. Deposit tickets utilized in the reporting of revenue could not be agreed to specific transactions in various instances, especially as the Society does not utilize a receipt system for individual transactions or a group of transactions, such as daily fair receipts. The supporting documentation maintained was not complete or sufficient to provide evidence that the presented account balances occurred, were complete, properly classified and not fictitious. Additionally, Ohio Rev. Code § 149.351 states that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under §§149.38 to 149.42, Ohio Rev. Code.

Weaknesses in the Society's accounting system are enumerated below, specific to the reported account balances:

- Admissions Revenue:
 - The Society did not maintain a comprehensive list of ticket sequences expected to be utilized. Additionally, unsold tickets were not maintained. As a result, admissions revenue could not be determined to be accurate or complete;
 - Ticket sequences were not always documented on tally sheets during the fair. As a result, admissions revenue could not be determined to be accurate;
 - The Society charges admission by car load on July 4 until 3:00 PM in each year instead of by ticket. However, there was not any documentation on admissions by car load for that time period. As a result, the expected admissions revenue for this time period could not be calculated;
 - Deposits of cash during the fair did not match the reported cash received. While deposits were in excess of documented cash, there was no support as to the excess or its source, such as from other types of revenue that may be received during the fair other than admissions. As a result, admissions revenue could not be determined to be accurate, complete or properly classified;

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

Material Weakness (Continued)

- The Society sold week long passes prior to the fair. However, this revenue was presented in QuickBooks under their admissions revenue. While certain amounts were determined to have been incorrectly reported elsewhere, the lack of overall documentation did not allow for deposits and QuickBooks records to be reviewed in a detailed enough manner to determine where this revenue was reported. As a result, admissions revenue could not be determined to be accurate, complete or properly classified.
- Privilege Fees:
 - The primary source of reported privilege fees were deposit tickets. These were not always detailed enough, or were not fully supported, to determine the proper classification of the account balance;
 - Concession managers did maintain, mostly, concession forms from inside and outside vendors. These forms documented space, camper and other rentals. However, when all information was considered, the expected revenue that should have been received did not agree to the reported revenue. Due to the lack of a proper receipt system, it could not be determined why this difference occurred. As such, the account balances could not be determined to be accurately classified or complete.
- Sales:
 - Sales were primarily derived from steer shows and an annual spring dinner. The primary support was deposit tickets. However, the deposits tickets were not always detailed enough, or were not fully supported, to determine the proper classification of the account balance;
 - The Society reported \$18,900 and \$17,860 in Sales for the spring dinner in 2014 and 2013, respectively. While a list of revenue sources (entrance fees, gun and other auctions, etc.) was maintained for the spring dinners in 2014 and 2013, support for amounts received was limited and did not fully support the account balance. As a result, support was not adequate to determine that reported Sales revenue was complete and accurate.
- Fees:
 - Fees were primarily derived from membership fees to be part of the Society and sponsorship fees for the fair. For 2014, no membership fees were reported, though membership passes were provided as documentation. For 2013, only \$75 in membership fees were reported though the number of memberships would lead to an expectation of \$430 in receipts, based upon the \$5 price for membership. The membership fees could have been missing or included in another account balance. However, due to the Society not maintaining itemized receipts or deposit tickets not being detailed, it could not be determined where, or if, the amounts were reported. As a result, support was not adequate to determine that reported Fees from membership fees was complete and accurate;
 - A limited number of sponsorship forms were presented as source documentation. As a result, support was not adequate to determine that reported Fees from membership fees was complete and accurate.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

Material Weakness (Continued)

- Other Operating Receipts:
 - Balances should be comprised of various miscellaneous revenues that cannot be defined as other allowable classification types. The source documentation was deposit tickets and copies of checks, when maintained, relating to the reported amounts. However, the majority of deposit tickets did not have any related support. Or, the support was not detailed to its purpose. As a result, support was not adequate to determine if Other Operating Receipts were properly classified, occurred or was complete.
- Disbursements:
 - Supporting documentation (invoices, statements, itemized receipts, contracts, etc.) was not maintained for \$4,816 and \$2,575 in disbursements tested through sampling in 2014 and 2013, respectively. As testing was performed by selecting a sample from the population, this difference was projected over the disbursement population to determine the potential total dollar amount of disbursements that were not supported. It was projected that \$21,370 and \$44,946 in unsupported disbursements were made in 2014 and 2013, respectively. These samples and population excluded disbursements that were individually significant to the financial statements. In addition to the previously stated unsupported expenditures, \$12,400 and \$11,500 in individually significant disbursements were not supported by contracts and invoices in 2014 and 2013, respectively. As a result, it could not be determined if the disbursement properly related to the operations of the Society, was allowable or was classified correctly on the financial statements.

As a result, Admissions Revenue and Privilege Fees could not be adequately re-calculated, or properly confirmed, to be compared to the reported amounts. Also, \$23,061 in Sales, \$8,533 in Fees and \$6,952 in Other Operating Revenue of the reported amounts could not be supported in 2014. \$14,506 in Sales, \$2,825 in Fees and \$12,545 in Other Operating Revenue of the reported amounts could not be supported in 2013. Regardless of what could be supported, account balances could not be adequately determined to be complete or accurate due to the lack of source documentation. Additionally, disbursements were not properly supported as to determine if they related to the operations of the Society, were allowable or were classified correctly on the financial statements.

In addition, the Junior Fair Board's financial activity for the year ended November 30, 2013 was not presented in the Notes to the Financial Statements.

Due to the errors identified above, weaknesses in the Society's overall accounting system are enumerated below:

- The accounting system was not utilized during the year which could result in inaccurate tracking of activity and reporting;
Pre-numbered duplicate receipts were not issued for all monies collected;
- Bank reconciliations were performed; however, they were not created to agree to formal accounting records; and
- Support documentation was not adequately maintained which should be agreed back to individual receipts and disbursements reported.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

Material Weakness (Continued)

The Society should establish an effective accounting system that includes the following procedures:

- Complete and accurate cash journal, receipt ledger, and disbursement ledger should be maintained and include all detailed information for each transaction, such as the receipt or check number, payee, amount, date, and purpose;
- Accurate financial reports that identify receipts and disbursements by the prescribed line items should be submitted for audit annually;
- Complete and accurate monthly reconciliations should be prepared. Reconciliations should include all bank accounts, including the detail of all reconciling items and the balance should agree to the fund balance maintained in the cashbook. The Society's finance committee or the Board of Directors should review the reconciliation for accuracy and note their approval in the minutes;
- Disbursements should be supported by a voucher packet that includes a copy of the check and detailed invoice and/or other supporting documentation;
- Complete and accurate subsidiary ledgers should be maintained for each source of revenue. In addition, supporting documentation for the ledgers, such as, pre-numbered duplicate receipts, deposits slips, forms, and contracts should be maintained. A pre-numbered duplicate receipt should be issued for all monies received by the Society;
- All prize monies and purses should be properly approved by the Board prior to events. Approval should indicate amounts to be awarded in total for an event as well as indicate the amount to be paid, if applicable, by finishing position; and
- All fair workers and contracted amounts should be formally approved in the minutes. Support for days worked by these independent contractors should be maintained and approved by a supervising member of the Board of Directors.

Implementing these procedures will help improve internal control over the Society's transactions and should provide information for an accurate presentation of their financial activity.

Officials' Response: Society has taken steps to better identify deposits and maintain support documentation to agree revenue reporting to specific transactions. Society has taken steps to establish an accounting system that maintains cash journals, receipts ledgers and disbursement ledgers.

FINDING NUMBER 2014-003

Significant Deficiency

The Society held their 2014 annual fair from July 1 through July 5. They reported gate receipts of \$33,310 during this period. However, their bank statements indicated these amounts were not fully deposited until July 11 when the final \$26,600 received during the fair was deposited. As a result, cash was deposited up to at least five business days after the receipt of cash. Additionally, the Society maintained copies of some checks received from various sources. There were multiple instances of checks being deposited significantly after the date of the check.

HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-003 (Continued)

Significant Deficiency (Continued)

This included the following:

- A check written to the Society for \$336 on July 18, 2014 being deposited on August 11, 2014;
- A check written to the Society for \$100 on June 6, 2014 being deposited on June 30, 2014;
- A check written to the Society for \$100 on April 8, 2014 being deposited on June 9, 2014;
- A check written to the Society for \$400 on April 23, 2014 being deposited on July 11, 2014;
- And a \$1,000 check written to the Society on April 24, 2014 being deposited on August 12, 2014.

As a result, checks could have been deposited between several weeks and months after they were received by the Society.

A well designed system of internal control should include procedures to ensure that all cash and checks received by the Society are deposited quickly within the Society's financial institution. While the Society's fiscal officer is considered to be the depository as defined by Ohio Rev. Code § 9.38, the depositing of all monies into their financial institution is a necessary step to properly safeguard the assets of the Society. As the Society deposited monies up to several months after their receipt, there was an increased risk of theft in office and monies being stolen or lost which could result in significant financial issues for the Society.

The Society should design and implement a system where all cash and checks received are promptly recorded by the Society within their financial accounting system and deposited timely to their financial institution. As cash from gate receipts is extremely vulnerable to theft, the Society should implement procedures that it is deposited immediately after daily gate receipts are reviewed and recorded in their financial accounting system. The implementation of procedures to properly deposit and safeguard monies received should help to deter theft as well as mitigate the risk of misappropriation of assets or monies being lost or stolen.

Officials' Response: In 2015, the Society deposited gate receipts daily. Society Treasurer deposits all checks received in a timely manner. Society has no control over checks that may be dated prior to the Society receiving those checks.

FINDING NUMBER 2014-004

Significant Deficiency

The "Uniform System of Accounting for Agricultural Societies" requires each agricultural society to prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1 through November 30. The budget shall be considered and approved by the Board of Directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level from the chart of accounts which are used by the Society.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004 (Continued)

Significant Deficiency (Continued)

The Board did not formally approve a budget for 2013. Additionally, while the Board did approve a budget for 2014, they did not integrate any budgetary amounts into a financial accounting system. As the Board was not provided with budget versus actual reports throughout the year, it was not provided with essential information in making informed financial decisions, and there was an increased risk in overspending anticipated resources.

The Board should review the budgetary requirements under the "Uniform System of Accounting for Agricultural Societies" and formally approve an annual budget at the same level as the chart of accounts, which is at the object level. The Society should use a receipts ledger and disbursement ledger to track activity. Upon use of these ledgers, budgetary amounts should be integrated into those ledgers and monthly budget versus actual reports should be reviewed and approved by the Board. This will help ensure the Board is aware of all the Society's financial activity, as well as provide useful information to make informed decisions.

Officials' Response: Society will develop and adopt a budget for fiscal year 2015-2016.

FINDING NUMBER 2014-005

Significant Deficiency

The Society utilized the QuickBooks accounting software to report disbursements made during 2014 and 2013. The check information entered into QuickBooks, including the number, date, amount and vendor for each check should agree to the actual written check.

During 2014, all checks had a different date in QuickBooks than the date on the actual check. During 2013, three checks had a different date in QuickBooks than the date of the actual check. Overall, there were two instances where the vendor reported for a specific check in QuickBooks was different from the vendor that the actual check was made out to. There was also one instance where the vendor on the check was not documented in QuickBooks. As a result, there was an increased risk of misappropriation, theft in office, inaccurate and incomplete financial statements, disbursements being reported in the wrong period, inaccurate bank to book reconciliations, and inadequate reports being utilized by management.

The Society should review their accounting system and check writing process. All checks should be accurately entered into QuickBooks when the check is written. This will help to ensure the overall integrity of financial statement reporting and integrity of reports to be utilized by management, which will help to ensure that checks were written to authorized vendors in the correct amounts.

Officials' Response: Society will better utilize the Quickbooks accounting software to better maintain their accounting system and check writing system to improve the overall integrity of their financial reporting.

**HARRISON AGRICULTURAL SOCIETY
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 135.22: The Fiscal Officer has not attended investment training or obtained the required exemptions.	No	Not corrected; see Management Letter.
2012-002	Ohio Rev. Code § 149.43(E): Establishment of a public records policy and records retention schedule.	No	Not corrected; see Management Letter.
2012-003	Ohio Rev. Code §2921.42 (A)(1): The Society engaged in business with a store owned by a Board member.	Yes	Corrected.
2012-004	Ohio Admin. Code §§ 117-2-01, 117-2-02 and 117-10-01: Maintenance of an adequate accounting system.	No	Not corrected; see Finding Number 2014-002.
2012-005	26 C.F.R. § 1.6041-1: Requires governments to report on Form 1099.	No	Not corrected; see Management Letter.
2012-006	Minute Documentation: The minutes did not include the roll call on voting or how each Board member voted.	Yes	Corrected.
2012-007	Financial Statement: Fund balances were inaccurately presented.	Yes	Corrected.
2012-008	Annual Budget: The Society has not adopted an annual budget as required.	No	Not corrected; see Finding Number 2014-004.
2012-009	Contracts: Fair contracts that provide rides and entertainment should be paid by check.	Yes	Corrected.
2012-010	Policies: The Society has not established various policies.	Yes	No Longer Valid.



Dave Yost • Auditor of State

HARRISON COUNTY AGRICULTURAL SOCIETY

HARRISON 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
MARCH 22, 2016**