

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

**FINANCIAL STATEMENT  
(AUDITED)**

**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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(800) 282-0370

Board of Directors  
Barlow Agricultural & Mechanical Association, Inc.  
P.O. Box 103  
Barlow, Ohio 45712

We have reviewed the *Independent Auditor's Report* of the Barlow Agricultural & Mechanical Association, Inc., Washington County, prepared by Julian & Grube, Inc., for the audit period December 1, 2017 through November 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Barlow Agricultural & Mechanical Association, Inc. is responsible for compliance with these laws and regulations

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

Keith Faber  
Auditor of State  
Columbus, Ohio

September 19, 2019

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**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

Barlow Agricultural & Mechanical Association, Inc.  
Washington County  
P.O. Box 103  
Barlow, Ohio 45712

To the Board of Directors:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of and for the fiscal year ended November 30, 2018.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 this financial statement 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 statement is 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 Barlow Agricultural & Mechanical Association, Inc.'s preparation and fair presentation of the financial statement 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 Barlow Agricultural & Mechanical Association, Inc.'s internal control. Accordingly, we express no such 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 adverse and qualified opinions.

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

As described in Note 2 of the financial statement, the Barlow Agricultural & Mechanical Association, Inc. prepared the financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), 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 statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Barlow Agricultural & Mechanical Association, Inc. does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Barlow Agricultural & Mechanical Association, Inc. as of November 30, 2018, and the respective change in financial position thereof for the fiscal year then ended.

***Basis for Additional Opinion Qualification***

Gate receipts (included as admissions) are reported at \$38,620 for the fiscal year ended November 30, 2018, which is approximately 20% of operating receipts. We are unable to obtain sufficient appropriate audit evidence supporting the amount recorded as admission receipts. Consequently, we are unable to determine whether any adjustments to this amount was necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of November 30, 2018, for the fiscal year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019, on our consideration of the Barlow Agricultural & Mechanical Association, Inc.'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 Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 25, 2019



**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018**

	<b>2018</b>
<b>Operating Receipts:</b>	
Admissions	\$ 38,620
Privilege Fees	12,839
Rentals	11,175
Jr. Fair Funds	1,000
Unrestricted Support	686
Royalties	20
Feeder Calf Auction	122,558
Miscellaneous Receipts - Other	1,736
	<b>188,634</b>
 <b>Operating Disbursements:</b>	
Benefits	120
Administrative Expense	7,467
Supplies & Materials	6,147
Utilities	10,920
Professional Services	4,938
Property Services	7,716
Advertising & Communication	4,656
Radio & TV Ads	288
Repairs	16,005
Insurance	7,712
Rent	750
Senior Fair & Open Class	8,547
Contest Expenses	15
Junior Fair Expenses	8,094
Other Fair Expenses	825
Feeder Calf Payout	114,507
Non-Sufficient Check Expenses	100
Thirty-One Bingo	(2,623)
Other Misc. Expenses	200
	<b>196,384</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>(7,750)</b>
 <b>Non-Operating Receipts (Disbursements):</b>	
State & Local Gov. Support	6,326
Local Gov't Grant in Aid	5,600
Restricted Support	5,765
Spring Auction Receipts	31,580
Spring Auction Expenses	(25,292)
Spring Checks	(3,776)
Debt Service:	
Principal	(59,492)
Interest	(1,156)
Note Proceeds	75,300
Interest	117
	<b>34,972</b>
Net Non-Operating Receipts (Disbursements)	<b>34,972</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>27,222</b>
Cash Balance, Beginning of Year	<b>39,006</b>
<b>Cash Balance, End of Year</b>	<b>\$ 66,228</b>

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

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

**NOTE 1 - REPORTING ENTITY**

The Barlow Agricultural & Mechanical Association, Inc., Washington County (the Society), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1872 to operate an annual agricultural fair. The Society sponsors the four day - long Barlow Fair during the last weekend in September. Washington County is not financially accountable for the Society. The Board of Directors manage the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Washington County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including consignment auction, flea market, tractor pull, and Christmas in the Village Vendor Event. The reporting entity does not include any other activities or entities of Washington County, Ohio.

The Junior Fair Board and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statements.

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 change in fund balance (regulatory cash basis).

**Basis of Accounting**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Deposits**

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

**Capital Assets**

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

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Income Tax Status**

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**NOTE 3 - DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2018</u>
Demand deposits	<u><u>\$66,228</u></u>

*Deposits:* Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 4 - DEBT**

Debt outstanding at November 30, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Barn Construction Loan	\$51,623	3.50%

On July 18, 2016, the Society obtained a promissory note from the Citizens Bank Company for the construction of a new barn. The note was for a maximum amount of \$100,000 with an interest rate of 2.99%. The Society financed \$45,250 in 2016, \$45,250 in 2017, and \$20,000 in 2018. This loan was retired in March 2018.

On March 23, 2018, the Society obtained a promissory note from the Citizens Bank Company for the construction of a new barn. The note was for a maximum amount of \$55,300 with an interest rate of 3.50%. The Society financed all \$55,300 in 2018 with principal retirements of \$3,676.54 during the fiscal year.

**NOTE 5 - RISK MANAGEMENT**

The Society provides general insurance coverage for all the buildings on the Society's fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

**NOTE 6 - 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.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

**NOTE 7 - ACCOUNTABILTY AND COMPLIANCE**

1. The Society was in noncompliance with Ohio Administrative Codes Section 117-2-02(D) and Section 117-2-02(3) for incomplete accounting records.
2. The Society was in noncompliance with Ohio Revised Code Section 149.43 for not adopting a Public Records Policy.
3. The Society was in noncompliance with Ohio Revised Code Section 9.38 for untimely deposits.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Barlow Agricultural & Mechanical Association, Inc.  
Washington County  
P.O. Box 103  
Barlow, Ohio 45712

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 statement of the cash balances, receipts, and disbursements of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of and for the fiscal year ended November 30, 2018, and the related notes to the financial statement and have issued our report thereon dated July 25, 2019, wherein we noted the Barlow Agricultural & Mechanical Association, Inc. followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to a lack of sufficient audit evidence supporting the amount recorded as admissions receipts for the fiscal year ended November 30, 2018.

#### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Barlow Agricultural & Mechanical Association, Inc.'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 and responses 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 Barlow Agricultural & Mechanical Association, Inc.'s financial statement. We consider findings 2018-001, 2018-003, 2018-004, 2018-006, and 2018-008 described in the accompanying schedule of findings and responses 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 finding 2018-007 described in the accompanying schedule of findings and responses to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Barlow Agricultural & Mechanical Association, Inc.'s financial statement is 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2018-001, 2018-002, and 2018-005.

***Barlow Agricultural & Mechanical Association, Inc.'s Responses to Findings***

The Barlow Agricultural & Mechanical Association, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Barlow Agricultural & Mechanical Association, Inc.'s responses to the auditing procedures applied in the audit of the financial statement 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 Barlow Agricultural & Mechanical Association, Inc.'s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Barlow Agricultural & Mechanical Association, Inc.'s internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
July 25, 2019

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2018-001

**Material Weakness/Noncompliance - Accounting Records**

Ohio Administrative Code (OAC) § 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. Such records should include a cash receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger. The local office should also maintain adequate documentation to support the amounts recorded on this ledger. In addition, OAC § 117-2-02(3) states that check vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices and timely record the transaction into its manual or computerized account records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society's receipts and disbursements are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of receipt and disbursement records.

The following internal control weaknesses were noted relating to the Society's receipt and disbursement procedures and amounts could not be substantiated due to lack of adequate supporting documentation:

- Admissions receipts in the entire reported amount of \$38,620. See 2018-004 for more detail.
- Certain cash disbursements in the amount of \$1,574 affecting multiple line items. See 2018-008 for more detail.

The Society does not have a proper organizational control structure to ensure each receipt and each disbursement can be located timely and that transactions are properly accounted for in its system. In addition, the Society does not have proper controls in place regarding the withdrawing and use of cash.

Without a proper organizational control structure, the Society is at risk for misplacing receipts and disbursements, which could result in a lack of accountability over financial activity or potential fraud.

We recommend the Society's Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society regarding admissions receipts and cash disbursements.

*Client Response:* The Society will be keeping all records chronologically to ensure that all information can be accessed quickly and efficiently. Furthermore, the Society will not have our audits performed off-site moving forward so that any questions arising can be quickly addressed by the Treasurer and/or a board member.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2018-002

**Noncompliance**

Ohio Revised Code Section 149.43 states all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

The Society did not have a Board-approved public records policy in place during fiscal year 2018.

Due to the Society not adopting a public records policy, the result could be the Society not fulfilling public records requests properly or timely.

We recommend the Society adopt a public records policy, which states what records are available, times when records may be reviewed and costs for copies to be made.

*Client Response:* The public records policy for the Society is stated in the annual fair books, but will be amended and revised to include better information including cost of copies and then added to the Society’s website and Facebook page as well.

Finding Number	2018-003
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**Material Weakness - Financial Statement Presentation**

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

The following audit adjustments were made to correct misstatements identified in the audit of the Society’s financial statement:

- \$20,000 was reclassified from Restricted Support to Note Proceeds to properly state the issuance of debt.
- It was necessary to record an audit adjustment to increase Note Proceeds by \$55,300, increase Debt Service – Principal by \$55,261, and increase Debt Service – Interest by \$39 to properly state the issuance and payment of debt.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.



**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2018-003 - (Continued)

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

We recommend the Society consult with their auditors and/or the Auditor of State to help ensure accurate financial reporting.

Client Response: The Society is in the process of switching accountants and will bring up these questions when that is finalized.

Finding Number	2018-004
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**Material Weakness – Admission Receipts**

Strong internal control policies and procedures over admission receipts is an important aspect of the Society’s operation. All tickets for admittance to the fair and its events should be consecutively pre-numbered. Separate tickets should be used to account for each type of admission. The numbered sequence of tickets given to distribution locations should be recorded. All unsold tickets and cash for sold tickets should be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt should be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office should be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations should be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt should be assigned to account for the cash associated with all reconciliations.

The Society did not complete a ticket summary sheet or adequately track daily admission receipts. Therefore, we manually counted all sold ticket stubs for the fair gate receipts that were available to us. However, we were not able to reconcile the ticket stubs to the amount of ticket receipts deposited into the bank and recorded on the receipts ledger. In addition, individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. Finally, per inquiry with the Treasurer, the volunteers collecting tickets and cash at the gates were sometimes left unsupervised allowing for the possibility of fraud or theft against the Society.

By not completing ticket summary sheets along with maintaining adequate support, the Society could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Society’s Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Barlow Agricultural & Mechanical Association, Inc. regarding admission receipts. We also recommend the Society maintain a reconciliation form with the first and last ticket sold attached, counted and signed by at least two people, which should agree to the admission ticket deposit. Further, discrepancies on the reconciliation should be investigated.

Client Response: The Society will buy numbered tickets to have at the admission gates along with reconciliation sheets to keep better track of the tickets and money being collected to avoid possible theft and loss.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2018-005

**Noncompliance**

Ohio Rev. Code §9.38 indicates that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

The collection and deposit of public monies did not follow the above guidelines for five of twenty-one tested instances.

The Society does not have a policy or internal practice regulating the timely return and deposit of receipts.

Delays of this nature could cause daily receipts to be lost, stolen, or misplaced without being detected in a timely manner.

We recommend the Society develop additional policies and procedures to help properly safeguard receipts and implement Ohio Rev. Code §9.38 relative to depositing requirements and procedures.

*Client Response:* The Society will discuss implementing different deposit procedures, possibly having board members make deposits of money received themselves, instead of the Treasurer only, at the November meeting with the newly elected board.

Finding Number	2018-006
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**Material Weakness - Bank Reconciliation**

The completion of complete and accurate monthly bank reconciliations to zero unidentified differences is critical to financial data reporting for both the Society's Board and other interested users of the Society's financial statements.

While bank reconciliations were completed over the Society's General Checking Account, the Society was unable to provide complete and accurate monthly bank reconciliations to zero unidentified differences over all bank accounts.

The Society improperly increased cash receipts for amounts billed to vendors. These amounts were not received as of the fiscal year-end and created a reconciling difference. The Society also had other unidentified reconciling differences that could not be confirmed. The total reconciling difference was \$348.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2018-006 - (Continued)

While the aggregate amount of the differences was immaterial, without complete and accurate monthly bank reconciliations to zero unidentified differences the Society is at risk of mis-postings of receipts and disbursements going undetected, which could lead to inaccurate financial reporting and the potential for misstatements.

We recommend the Society seek outside consulting if necessary to perform complete and accurate monthly bank reconciliations with zero unidentified amounts, and present these completed bank statements to its Board on a monthly basis for review and approval. This will help ensure the accuracy of reporting in a timely basis.

Client Response: The Society will operate solely on a cash basis as to not have any outstanding invoices on the books and try to prevent any discrepancies with the monthly bank reconciliations for every account.

Finding Number	2018-007
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**Significant Deficiency - Annual Budget**

The *Uniform System of Accounting for Agricultural Societies* states each agricultural society shall prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1st through November 30th. 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 of the accounts from the chart of accounts which are used by the Society. Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended. The distributed monthly budget should be integrated into the Society’s accounting system. Actual revenues and expenses shall be compared to budgeted amounts each month and reported to and reviewed by the Board of Directors. The Board of Directors shall determine the reasons why actual expenses exceed or are less than budgeted expenditures by making inquiries to fair management about the reasons.

The Society did not enact a budget in fiscal year 2018.

By not enacting a budget, the Society is at risk for deficit spending. Further, the lack of an approved budget decreases accountability over all financial activity.

We recommend the Society approve an annual budget as outlined by the *Uniform System of Accounting for Agricultural Societies* and use it as a management tool to enhance its accountability.

Client Response: The Society has already made a budget for FY2019 and will continue this practice moving forward.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2018-008

**Material Weakness - Cash Withdrawals/Disbursements**

The withdrawing of cash from bank accounts, while sometimes necessary, requires strong internal control procedures. Withdrawals should always be closely monitored by management and consistently follow Board-approved policies and procedures over the withdrawing of cash, the subsequent disbursement of that cash, as well as the redeposit of remaining cash.

The Society withdrew cash from its operating bank account to provide start-up funds for fair events and for cash disbursements for various fair purposes. The Society maintained support for cash withdrawals in the form of a withdrawal slip or check signed by the Treasurer and Board President. However, the Board of Directors did not always approve the withdrawing of cash in the form of an official Board-approved resolution. Additionally, sufficient support for cash disbursements, such as invoices, receipts, or Board resolution, was not maintained to support the proper public purpose of certain cash disbursements. Ultimately, these cash disbursements were determined to be reasonable although support was inconsistent.

By not properly monitoring cash withdrawals and disbursements, the Society is at risk of funds being misused or misplaced. Also, when the Society uses cash for operations, the risk of fraud increases.

We recommend the Society limit the withdrawing of cash as much as possible. If the Society must withdraw cash for start-up money, we recommend the exact amount of the start-up cash be redeposited into the operating bank account. If the Society determines it necessary to withdraw cash for payment of certain disbursements, we recommend a Board-approved set of policies and procedures be followed. This could include the use of a reconciliation form to track the cash withdrawn, cash spent, and any cash redeposited. Further, we recommend the Society maintain an audit trail for all cash disbursements.

*Client Response:* The Society believes that there are instances in which we must operate with cash; however, moving forward the Treasurer and the board members will use a form to track every cent that is spent or eventually redeposited when cash is withdrawn.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.**  
**WASHINGTON COUNTY, OHIO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**NOVEMBER 30, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	<u>Material Weakness/Noncompliance - Accounting Records</u> - The Society did not comply with Ohio Administrative Codes § 117-2-02(D) and 117-2-02(3), which outlines the procedures for public offices to maintain proper records for check vouchers and cash receipts.	Not Corrected	Repeated as finding 2018-001 as the Society did not maintain proper records for certain receipts and disbursements.
2017-002	<u>Significant Deficiency/Noncompliance – Incomplete Hinkle Submission</u> - The Society did not comply with the Auditor of State Bulletin 2015-007, which outlines requirements for filing of reports with the Hinkle System. The Society did not file a complete report for fiscal year 2017.	Corrective Action Taken and Finding is Fully Corrected	N/A
2017-003	<u>Noncompliance</u> - The Society did not comply with Ohio Revised Code Section 149.43, which outlines the procedures for public offices to make timely public records requests.	Not Corrected	Repeated as finding 2018-002 as the Society did not implement a Public Records Policy.
2017-004	<u>Material Weakness – Financial Statement Presentation</u> – The Society had identified misstatements in the fiscal year 2017 financial statement that was not initially identified by the Society’s internal controls.	Not Corrected	Repeated as finding 2018-003 as the Society did not review the posting of transactions to ensure proper account classification prior to filing the current year report.
2017-005	<u>Material Weakness – Admission Receipts</u> – The Society did not complete a ticket summary sheet or adequately track daily admission receipts. The Society did not have proper controls in place to safeguard cash in regard to admissions receipts.	Not Corrected	Repeated as finding 2018-004 as the Society did not implement additional controls and procedures to safeguard fair admission receipts.
2017-006	<u>Noncompliance</u> – Ohio Revised Code Section 9.38 indicates that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the day of receipt, or within three days if the amount of receipts is less than \$1,000 and can be properly safeguarded. The collection and deposit of public monies did not follow these guidelines.	Not Corrected	Repeated as finding 2018-005 as the Society did not deposit public monies in a timely manner.
2017-007	<u>Material Weakness – Bank Reconciliation</u> : The completion of complete and accurate monthly bank reconciliations to zero unidentified differences is critical to financial data reporting for both the Society’s Board and other interested users of the Society’s financial statement. The Society was unable to provide complete and accurate monthly bank reconciliations with zero unidentified differences.	Not Corrected	Repeated as finding 2018-006 as the Society did not provide complete and accurate monthly bank reconciliations to zero unidentified differences.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.**  
**WASHINGTON COUNTY, OHIO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**NOVEMBER 30, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-008	<u>Significant Deficiency – Annual Budget</u> - The Society did not comply with the Uniform System of Accounting for Agricultural Societies, which outlines the creation of an annual budget.	Not Corrected	Repeated as finding 2018-007 as the Society did not approve a budget for fiscal year 2018.
2017-009	<u>Material Weakness – Cash Withdrawals/Disbursements</u> - The Society withdrew cash but did not always obtain Board-approval for the withdrawal of cash and in addition did not always maintain support for cash disbursements, such as invoices or receipts.	Not Corrected	Repeated as finding 2018-008 as the Society did not always maintain support for cash withdrawals or receive Board-approval for withdrawals.

# OHIO AUDITOR OF STATE KEITH FABER



**BARLOW AGRICULTURAL AND MECHANICAL ASSOCIATION INC**

**WASHINGTON 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  
OCTOBER 1, 2019**