



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BARLOW AGRICULTURAL AND MECHANICAL ASSOCIATION  
WASHINGTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended November 30, 2022.....	5
Notes to the Financial Statements For the Year Ended November 30, 2022.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended November 30, 2021.....	11
Notes to the Financial Statements For the Year Ended November 30, 2021.....	13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	23

**This page intentionally left blank.**



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Barlow Agricultural and Mechanical Association, Inc.  
Washington County  
18081 State Route 555  
Cutler, Ohio 45724

To the Board of Directors:

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

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

We have audited the financial statements of the Barlow Agricultural and Mechanical Association, Inc., Washington County, Ohio (the Association), which comprises the cash balances, receipts and disbursements as of and for the year ended November 30, 2022 and 2021, and the related notes to the financial statements.

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

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

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

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

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

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

***Basis for Opinion Qualification***

We were unable to obtain sufficient appropriate audit evidence supporting completeness of the \$36,178 Admissions receipts for the year ended November 30, 2021, which is 51 percent of total operating receipts for the year ended November 30, 2021. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

***Basis for Opinions***

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

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

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 5, 2024

**This page intentionally left blank.**

**Barlow Agricultural and Mechanical Association, Inc.***Washington County**Statement of Receipts, Disbursements and  
Change in Fund Balance (Regulatory Cash Basis)  
For the Year Ended November 30, 2022***Operating Receipts**

Admissions	\$64,412
Privilege Fees	5,812
Rentals	21,836
Other Operating Receipts	<u>13,697</u>
<i>Total Operating Receipts</i>	<u>105,757</u>

**Operating Disbursements**

Wages and Benefits	118
Utilities	15,577
Professional Services	27,575
Equipment and Grounds Maintenance	11,628
Property and Rent Services	5,054
Senior Fair	17,884
Junior Fair	10,776
Other Operating Disbursements	<u>215,874</u>

<i>Total Operating Disbursements</i>	<u>304,486</u>
--------------------------------------	----------------

*Excess (Deficiency) of Operating Receipts*

<i>Over (Under) Operating Disbursements</i>	<u>(198,729)</u>
---	------------------

**Non-Operating Receipts (Disbursements)**

State Support	5,945
Local Support	3,300
Donations/Contributions	220,635
Investment Income	862
Debt Service	<u>(25,956)</u>

<i>Net Non-Operating Receipts (Disbursements)</i>	<u>204,786</u>
---	----------------

<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	6,057
---	-------

<i>Cash Balance, Beginning of Year</i>	<u>51,671</u>
--	---------------

<i>Cash Balance, End of Year</i>	<u>\$57,728</u>
----------------------------------	-----------------

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

**This page intentionally left blank.**

# **Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2022*

---

---

## **Note 1 – Reporting Entity**

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

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 auctions, flea market, and tractor pulls. The reporting entity does not include any other activities or entities of Washington County, Ohio.

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

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

## **Note 2 – Summary of Significant Accounting Policies**

### ***Basis of Presentation***

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

### ***Basis of Accounting***

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

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

### ***Deposits***

The Association'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.

# **Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2022*

*(Continued)*

---

## ***Capital Assets***

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

## **Income Tax Status**

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

## **Note 3 – Deposits**

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

	2022
Demand deposits	\$56,253
Other time deposits (savings and NOW accounts)	1,475
Total deposits	<u><u>\$57,728</u></u>

## ***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

## **Note 4 – Risk Management**

The Association provides general insurance coverage for all the buildings on the Association's Fairgrounds. A private company provides general liability with aggregate limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Association's Treasurer is bonded with coverage of \$10,000.

## **Note 5 – Debt**

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

	Principal	Interest Rate
Note Payable for Barn Construction	\$11,594	3.50%

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%.

**Barlow Agricultural and Mechanical Association, Inc.**  
*Washington County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2022*  
*(Continued)*

---

Amortization of the above debt (principal and interest) is scheduled as follows:

Fiscal Year Ending <u>November 30:</u>	Note Payable for Barn Construction
2023	3,891
2024	8,392
	<hr/> <u>\$12,283</u>

**Note 6 – Contingent Liabilities**

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

**Note 7 – Related Party Transactions**

The Association paid Board Member Curt Welsh \$48,600 and RC Construction Co. and Son, Inc. \$5,000 during 2021, as approved in the minute record, to reimburse Mr. Welch for a property purchase. RC Construction Co. and Son, Inc. purchased the property from an individual seller on October 12, 2021 for \$53,600. This property was transferred to the Association for the same price on July 12, 2022.

**This page intentionally left blank.**

**Barlow Agricultural and Mechanical Association, Inc.***Washington County**Statement of Receipts, Disbursements and  
Change in Fund Balance (Regulatory Cash Basis)  
For the Year Ended November 30, 2021***Operating Receipts**

Admissions	\$36,178
Privilege Fees	10,325
Rentals	17,805
Other Operating Receipts	<u>6,489</u>
<i>Total Operating Receipts</i>	<u>70,797</u>

**Operating Disbursements**

Utilities	10,123
Professional Services	30,854
Equipment and Grounds Maintenance	30,896
Property and Rent Services	4,178
Senior Fair	19,898
Junior Fair	11,782
Capital Outlay	66,208
Other Operating Disbursements	<u>187,956</u>

<i>Total Operating Disbursements</i>	<u>361,895</u>
--------------------------------------	----------------

*Excess (Deficiency) of Operating Receipts*

<i>Over (Under) Operating Disbursements</i>	<u>(291,098)</u>
---	------------------

**Non-Operating Receipts (Disbursements)**

State Support	107,376
Local Support	28,300
Donations/Contributions	196,419
Investment Income	159
Debt Service	<u>(59,974)</u>

<i>Net Non-Operating Receipts (Disbursements)</i>	<u>272,280</u>
---	----------------

<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(18,818)</u>
---	-----------------

<i>Cash Balance, Beginning of Year</i>	<u>70,489</u>
--	---------------

<i>Cash Balance, End of Year</i>	<u>\$51,671</u>
----------------------------------	-----------------

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

**This page intentionally left blank.**

# **Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2021*

---

---

## **Note 1 – Reporting Entity**

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

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 auctions, flea market, and tractor pulls. The reporting entity does not include any other activities or entities of Washington County, Ohio.

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

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

## **Note 2 – Summary of Significant Accounting Policies**

### ***Basis of Presentation***

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

### ***Basis of Accounting***

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

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

### ***Deposits***

The Association'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.

# **Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statements*  
*For the Year Ended November 30, 2021*  
*(Continued)*

---

## ***Capital Assets***

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

## **Income Tax Status**

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

## **Note 3 – Deposits**

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

	2021
Demand deposits	\$49,684
Other time deposits (savings and NOW accounts)	1,987
Total deposits	<u><u>\$51,671</u></u>

## ***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

## **Note 4 – Risk Management**

The Association provides general insurance coverage for all the buildings on the Association's Fairgrounds. A private company provides general liability insurance with aggregate limits of \$5,000,000. The Association's Treasurer is bonded with coverage of \$10,000.

## **Note 5 – Debt**

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

	Principal	Interest Rate
Note Payable for Barn Construction	\$36,377	3.50%

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%.

**Barlow Agricultural and Mechanical Association, Inc.**  
*Washington County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2021*  
*(Continued)*

---

Amortization of the above debt (principal and interest) is scheduled as follows:

Fiscal Year Ending <u>November 30:</u>	Note Payable for Barn Construction
2022	\$3,891
2023	3,891
2024	<u>32,028</u>
	<u><u>\$39,810</u></u>

**Note 6 – Contingent Liabilities**

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

**Note 7 – Related Party Transactions**

The Association paid Board Member Curt Welsh \$48,600 and RC Construction Co. and Son, Inc. \$5,000 during 2021, as approved in the minute record, to reimburse Mr. Welch for a property purchase. RC Construction Co. and Son, Inc. purchased the property from an individual seller on October 12, 2021 for \$53,600. This property was transferred to the Association for the same price on July 12, 2022.

**Note 8 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Association. In addition, the impact on the Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**This page intentionally left blank.**



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

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

Barlow Agricultural and Mechanical Association, Inc.  
Washington County  
18081 State Route 555  
Cutler, Ohio 45724

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021 and the related notes to the financial statements of the Barlow Agricultural and Mechanical Association, Inc., Washington County, Ohio (the Association), and have issued our report thereon dated December 5, 2024, wherein we noted the Association followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion for 2021 for Admissions because sufficient documentation was not maintained to support completeness.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 through 2022-003 to be material weaknesses.

Barlow Agricultural and Mechanical Association, Inc.  
Washington County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2022-004 to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Association's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Association's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Association's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 5, 2024

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

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2022-001**

**Material Weakness - Admissions**

Strong internal control policies and procedures over admission receipts is an important aspect of the Association'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 Association did not complete a ticket summary sheet or utilize other methods to support the completeness of admissions in 2021. Individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. As such, it was not possible to determine that the proper rates were charged, or proper amounts were collected due to the lack of support. Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Association's financial statements which has resulted in a qualified audit opinion regarding the Association's receipts.

**Officials' Response:** The Barlow Fair asked that the hired help for the admission gates keep record of numbered tickets used, but that did not happen. After 2021, the board moved to a different POS to have reports printed and we implemented spreadsheets for the numbered tickets sold in the fair board office as well.

**FINDING NUMBER 2022-002**

**Material Weakness- Bank Reconciliations**

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

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

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

The Treasurer completed reconciliations between the Association's general checking account checkbook and the bank monthly. However, the Association uses QuickBooks to keep its accounting records used for reporting financial statement amounts for the annual financial statements filed in the Hinkle system.

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

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

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

**FINDING NUMBER 2022-002  
(Continued)**

**Material Weakness- Bank Reconciliations (Continued)**

The QuickBooks reports did not show beginning balances in the cash totals preventing those amounts from being able to be agreed directly to the bank. The Treasurer affirmed she agreed her reconciled transactions to QuickBooks each month; however, she did not print documentation to support this comparison. Additionally, bank reconciliations were not reviewed and approved or presented to the Board.

The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and fund balance. Variances should be investigated, documented and corrected. Further, the Association should maintain documentation that the reconciled balance agrees to QuickBooks to ensure all information has been input into the financial statements correctly and information is being adequately reflected. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** The reports were reconciled from bank to checkbook and to QuickBooks, but moving forward will be entered into minutes at monthly meetings and signed off on by the audit committee as well. The beginning balances are listed, but if there are more reports to print then we can do that as well. Furthermore, we would like to use online QuickBooks in the future to help this process.

**FINDING NUMBER 2022-003**

**Material Weakness- Financial Reporting**

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

The annual financial report filed in the Hinkle System for the periods ending November 30, 2022 and 2021, required audit adjustment.

- For the year ended November 30, 2022, the amounts on the annual financial statements did not agree to the underlying accounting system requiring an increase in Privilege Fees of \$530, a decrease in Other Operating Receipts of \$12, a decrease in State Support of \$902, a decrease in Donations/Contributions of \$123, an increase in Property and Rent Service \$281, a decrease in Junior Fair disbursements of \$4,352, a decrease in Other Operating Disbursements of \$3,260, an increase in Cash Balance, Beginning of Year of \$38,975, and an increase in Cash Balance, End of Year of \$45,799.
- For the year ended November 30, 2021, the amounts on the annual financial statements did not agree to the underlying accounting system requiring an increase in Professional Services of \$742, an increase in Debt Service of \$35, a decrease in Donations/Contributions of \$24,022, a decrease in Other Operating Disbursements of \$1,148, an increase in Cash Balance, Beginning of Year of \$70,489, and an increase in Cash Balance, End of Year of \$46,838. In addition, certain receipts were misclassified requiring an increase in Donations/Contributions of \$2,000, and increase in State Support of \$98,338, and a decrease in Local Support of \$100,338.

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

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

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

**FINDING NUMBER 2022-003  
(Continued)**

**Material Weakness- Financial Reporting (Continued)**

These misstatements were caused by misunderstandings concerning classification as well as a failure to agree annual financial statements amounts to the underlying accounting system. As a result, adjustments, with which the Association's management agrees, were made to the financial statements and are reflected in the accompanying financial statements. Additionally, audit adjustments were also made to the footnotes to the financial statements to ensure all required disclosures were made.

The Treasurer should take additional care in reviewing the annual financial report for submission in the Hinkle system in order to ensure the financial statements reflect the proper amounts and classifications.

**Officials' Response:** Since the years 2021 and 2022, the way in which the annual reports are submitted has made it easier and is reviewed at the state level, so discrepancies are caught before final submission. This has been resolved in subsequent years.

**FINDING NUMBER 2022-004**

**Significant Deficiency- Rental Receipts**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements.

The Association did not maintain underlying documentation and support for a projected \$7,742 of rental receipts in 2022. Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud and result in financial statement misstatements.

The Association should maintain adequate support, including rental contract, to support rental revenue.

**Officials' Response:** The Board seeks to ensure all supporting documentation is maintained. However, the underlying documentation is kept on paper which does allow for potential misplacements of some contracts, or the wrong info being written. We do not expect this to be a typical depiction of amounts unsupported as the board member in charge passed away during the audit and we were unable to access all the records. The new board member in charge has agreed to keep the records of rental contracts on paper and electronically to ensure the rental agreements are matching the deposits.

**This page intentionally left blank.**

**Barlow Agricultural and Mechanical Association, Inc.**  
**18081 State Route 555**  
**Cutler, Ohio 45724**

---

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material Weakness relating to a lack of documentation relating to Admissions.	Not Corrected	We have implemented using the Square POS to try and cut down on mistakes and implemented an excel sheet for numbered tickets including membership, season and exhibitor.
2020-002	Material Weakness relating to bank reconciliation deficiencies.	Not Corrected	We are hoping to go to an online QuickBooks which will make it easier to do reconciliations inside of QuickBooks.
2020-003	Material Weakness relating to material audit adjustments.	Not Corrected	We will be participating in a post audit interview with more than just the treasurer in attendance to better understand what is required.

# OHIO AUDITOR OF STATE KEITH FABER



BARLOW AGRICULTURAL AND MECHANICAL ASSOCIATION, INC.

WASHINGTON COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/24/2024

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)