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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Adams County Agricultural Society
Adams County
P.O. Box 548
West Union, Ohio 45693

We have performed the procedures enumerated below, with which the Board of Directors and the management of Adams County Agricultural Society (the Society) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended November 30, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Procedures to Address Finding from Prior Audit

Daily Admissions

1. We examined ticket stubs for daily admissions for 2010 and 2009, noting that they were filed by date, and were retained for all fair days.
2. We recalculated admission ticket inventory sheet prepared by the fiscal officer for each fair day. No exceptions noted.
3. We traced one day's admission ticket accountability reconciliation to supporting ticket stubs with no exceptions noted.
4. We determined whether the daily admission ticket accountability reconciliation was maintained for each gate for each fair day.
5. We determined whether the daily admission ticket accountability reconciliation was signed by the ticket taker and fiscal officer. The ticket accountability reconciliation was not signed by the ticket taker and the fiscal officer. We recommend the ticket taker and fiscal officer sign the daily admission ticket accountability reconciliation.
6. We footed the daily ticket accountability reconciliation and recalculated the potential revenue for each gate for each day. No exceptions noted.

- A. We determined whether overages/underages were documented on the reconciliation. We noted this section on form was complete.
- B. We compared the recalculated total potential revenue (from step 6 above) to the total amount deposited in the Society's depository each day for admissions. No exceptions noted.
- C. We traced total admission amounts deposited each day in the Society's depository to the Society's revenue ledger and determined if these amounts were classified as admission receipts. The Society misposted certain season pass and admissions receipts. We recommend review of bank deposit ticket to ensure receipts are recorded under the proper receipt category.

Season Passes

1. We recalculated season pass inventory sheet prepared by the fiscal officer with no exceptions noted.
2. We footed the season pass accountability reconciliation and recalculated the potential season pass revenue for each gate for each day.
3. We compared the recalculated total potential revenue from gate sales (from step 6 above) to the total amount deposited in the Society's depository each day for season passes. All were deposited.
4. We traced total season ticket amounts deposited each day from gate sales in the Society's depository to the Society's revenue ledger and determined if recorded as season ticket receipts. The Society could not account for \$279 in 2009 (.8% of potential revenue, and \$954 in 2010 (3% of potential revenue). Additionally, the Society did not account for free passes provided by the Fair Board members to the fairground workers. We also saw evidence that certain admission and season pass receipts were misposted. We recommend that a detailed list of free passes provided be maintained. Also, receipts should be properly coded and reconcile to the bank deposit form and ticket accountability sheets.

Standard Procedures

Cash

1. We tested the mathematical accuracy of the November 30, 2010 and November 30, 2009 bank reconciliations. We found no exceptions.
2. We agreed the December 1, 2008 beginning fund balances recorded to the November 30, 2008 balances in the prior year audited statements. The beginning December 1, 2008 balance reported on the Adams County Agricultural Society Annual Financial Report was \$561.11 lower than the year end November 30, 2008 audited financial statements. We recommend that management investigate and correct the balance if needed.
3. We agreed the totals per the bank reconciliations to the total of the November 30, 2010 and 2009 fund cash balance reported in the Annual Financial Report of Adams County Agricultural Society. The amounts agreed.
4. We confirmed the November 30, 2010 bank account balances with the Society's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the November 30, 2010 bank reconciliation without exception.

5. We selected five outstanding checks haphazardly from the November 30, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent December and January Three of the five checks cleared during this time and two had not cleared the bank.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to November 30. We noted no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected all the receipts from the Distribution Transaction Detail Report (State DTL) for 2010 and 2009.
 - a. We compared the amount from the DTL/confirmation to the amount recorded in the Receipt Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper account code(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Privilege Fee Receipts

We haphazardly selected 10 privilege fee cash receipts from the year ended November 30, 2010 and 10 privilege fee cash receipts from the year ended November 30, 2009 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Ledger. We found no exceptions.
- b. Amount charged complied with rates in force during the period. An approved rate schedule was not maintained, therefore this test could not be performed. We recommend that an approved rate schedule is maintained every year so that contracts can be verified against the approved rate schedule for completeness and accuracy.
- c. Receipt was recorded in the proper year. We found no exceptions.

Debt

1. We inquired of management, and scanned the receipt and expenditure records for evidence of loan or credit agreements, and bonded, note, County, or mortgage debt issued during 2010 or 2009 or outstanding as of November 30, 2010 or 2009. The Society incorrectly recorded a 2009 line of credit loan as a transfer instead of debt proceeds. The Society did not record payments for a 2010 line of credit loan payoff in the expenditure ledger as being paid off. This loan was renewed rather than paid off. Also, the Society did not record transactions related to a tractor loan and related tractor purchase. The proceeds of the loan were transferred directly to the bank to the dealer for the purchase of the tractor. We recommend the Society record debt and on-behalf activity in its accounting system.

2. We obtained a summary of debt service payments owed during 2010 and 2009 and agreed these payments from the expenditure ledger to the related debt amortization schedules. The financial institution sent an adjustable rate mortgage notice to the Society communicating a new rate and payment amounts, and payments were made as indicated on notice. We also compared the date the debt service payments were due to the date the Society made the payments. The 2010 line of credit was due to be paid off on October 26, 2010, however the Society defaulted. The Society paid \$361.56 interest current to November 25, 2010 and renewed the loan. Late charges were waived.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Receipt Ledger. The Society incorrectly recorded the 2009 line of credit as a transfer, instead of debt proceeds. Also, the Society did not record transactions related to a tractor loan and related tractor purchase. The proceeds of the loan were transferred directly to the bank to the dealer for the purchase of the tractor. We recommend the Society record debt and on-behalf activity in its accounting system.
4. We inquired of management, scanned the receipt ledger, and scanned the prior audit report and determined that the Society had loan or credit agreements outstanding from a prior year and had new loans in 2009 and 2010 as permitted by Ohio Rev. Code Section 1711.13(B). Contrary to Ohio Rev. Code, Section 1711.13(B), however, the Society's total net indebtedness from loans and credit exceeded twenty-five percent of its annual revenues in both 2009 and 2010. We recommend the Society contact its legal counsel and seek professional advice about lowering its net indebtedness.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Expenditure Report for the year ended November 30, 2010 and ten from the year ended 2009 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Expenditure Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. Based on the nature of the expenditure, the account coding is reasonable. We found no exceptions.

We did not receive a response from officials to the exceptions above.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Society's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

April 12, 2011

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ADAMS COUNTY AGRICULTURAL SOCIETY

ADAMS 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
MAY 10, 2011**