

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

**FINANCIAL STATEMENT**

**FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

**STANLEY STRODE, TREASURER**





# Dave Yost • Auditor of State

Board of Directors  
Morgan County Agricultural Society  
4272 Lindimore Rd  
McConnelsville, OH 43756

We have reviewed the *Independent Auditor's Report* of the Morgan County Agricultural Society, Morgan County, prepared by Julian & Grube, Inc., for the audit period December 1, 2012 through November 30, 2014. 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 Morgan County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 13, 2015

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**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

Morgan County Agricultural Society  
Morgan County  
4272 Lindimore Road  
McConnelsville, Ohio 43756

To the Board of Directors:

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

We were engaged to audit the accompanying financial statement and related notes of the Morgan County Agricultural Society, Morgan County, as of and for the years ended November 30, 2014 and 2013.

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

Management is responsible for preparing and fairly presenting the 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 the financial statement free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the 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. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

Admissions receipts are reported at \$105,735 and \$122,399 for the years ended November 30, 2014 and 2013, respectively, which are thirty-eight percent of receipts for the year ended November 30, 2014, and forty-three percent of receipts for the year ended November 30, 2013. Concessions receipts are reported at \$23,661 and \$24,655 for the years ended November 30, 2014 and 2013, respectively, which are eight percent of receipts for the year ended November 30, 2014, and nine percent of receipts for the year ended November 30, 2013. Rental receipts are reported at \$29,607 and \$24,272 for the years ended November 30, 2014 and 2013, respectively, which are eleven percent of receipts for the year ended November 30, 2014, and nine percent of receipts for the year ended November 30, 2013. Fee receipts are reported at \$15,131 for the year ended November 30, 2014 which are five percent of receipts for the year ended November 30, 2014. Golf fee receipts are reported at \$16,223 and \$21,686 for the years ended November 30, 2014 and 2013, respectively, which are six percent of receipts for the year ended November 30, 2014, and eight percent of receipts for the year ended November 30, 2013. In addition we were unable to substantiate fourteen percent and four percent of disbursements tested for the years ended November 30, 2014 and 2013, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as admissions receipts, concessions receipts, rental receipts, fee receipts, golf fee receipts, and certain disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Independent Auditor's Report  
Page Two

Also, as described in Note 1 of the financial statement, the Morgan County Agricultural Society prepared this 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 and would have resulted in an additional opinion modification if we had opined on the financial statement.

***Basis for Disclaimer of Opinion***

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement and related notes of the Morgan County Agricultural Society, Morgan County, Ohio. Accordingly, we do not express an opinion on the financial statement and related notes.

***Emphasis of Matter***

The accompanying financial statement has been prepared assuming the Morgan County Agricultural Society will continue as a going concern. As described in Note 9 to the financial statement, the Morgan County Agricultural Society has current debt obligations that the entity has been unable to make regular scheduled payments on, which raises substantial doubt about the Morgan County Agricultural Society's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statement does not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2015, on our consideration of the Morgan County Agricultural Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morgan County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
August 28, 2015

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

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

	<b>2014</b>	<b>2013</b>
<b>Operating Receipts:</b>		
Taxes	\$ 96	\$ 24
Admissions	105,735	122,399
Concessions	23,661	24,655
Sales During Fair	640	546
Racing Fees & Charges	16,991	9,785
Fees	15,131	9,803
Golf Fees	16,223	21,686
Rentals	29,607	24,272
Utilities Reimbursements	90	100
	<b>208,174</b>	<b>213,270</b>
<b>Operating Disbursements:</b>		
Wages and Benefits	33,217	32,325
Administrative	3,662	2,073
Race Supplies & Materials	674	927
Supplies & Materials	11,390	14,344
Utilities	33,086	31,090
Racing	45,552	35,259
Professional Services	55,576	65,451
Property Services	28,351	21,121
Advertising & Communication	2,655	4,072
Repairs	9,678	4,946
Insurance	11,031	11,402
Rent-Lease Expense	16	766
Senior Fair & Open Class	6,617	4,119
Contest Expense	27,249	13,984
Junior Fair Expense	7,894	7,618
Other Fair Expense	2,711	1,707
Other Miscellaneous Expenses	8,374	10,187
	<b>287,733</b>	<b>261,391</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>(79,559)</b>	<b>(48,121)</b>
<b>Non-Operating Receipts (Disbursements):</b>		
Local Government	0	2,400
State Support	37,807	32,474
Restricted Support	7,197	6,824
Unrestricted Support	28,692	27,224
Interest	28	31
Debt Service	(2,089)	(10,836)
	<b>71,635</b>	<b>58,117</b>
Net Non-Operating Receipts (Disbursements)	<b>71,635</b>	<b>58,117</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>(7,924)</b>	<b>9,996</b>
Cash Balance, Beginning of Year	<b>12,399</b>	<b>2,403</b>
<b>Cash Balance, End of Year</b>	<b>\$4,475</b>	<b>\$12,399</b>

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



**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Morgan County (the "Society"), as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week-long Morgan County Fair during September. Morgan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Morgan County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rental, track and stall rental, golf course green fees and community events, including horse shows sponsored by the Arabian Horse Association of Ohio and fundraisers sponsored by the Morgan County Chamber of Commerce. The reporting entity does not include any other activities or entities of Morgan County, Ohio.

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

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

**B. Accounting Basis**

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). The basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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.

**C. Property, Plant and Equipment**

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

**D. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. 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).

**F. Race Purse**

Harness stake races are held during the Morgan County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and the Southern Valley Colt Circuit pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 6 for additional information.

**G. Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the “handle”), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the “Commission”) is the Society’s share of total pari-mutuel wagers after payment of amounts to winning bettors. The Commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 6 for additional information.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits as of the years ended November 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Demand Deposits	<u>\$ 4,475</u>	<u>\$ 12,399</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

**NOTE 3 - RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Morgan County Commissioners provide general insurance coverage for all the buildings on the Morgan County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. The Society's Secretary and Treasurer are bonded with coverage of \$20,000 each.

**NOTE 4 - JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Morgan County Fair. The Society disbursed \$7,894 in 2014 and \$7,618 in 2013 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Expense. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity.

The Junior Fair Board's financial activity for the years ended November 30, 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$ 2,414	\$ 1,221
Receipts	3,173	3,966
Disbursements	(3,661)	(2,773)
Ending Cash Balance	\$ 1,926	\$ 2,414

**NOTE 5 - JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Morgan County Fair auction. A commission of 3% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities.

The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$ 14,756	\$ 15,543
Receipts	396,825	297,793
Disbursements	(395,249)	(298,580)
Ending Cash Balance	\$ 16,332	\$ 14,756

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

**NOTE 6 - HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs money, received to supplement purse for the years ended November 30, 2014 and 2013, was \$16,991 and \$19,784, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2014	2013
Total Amount Bet (Handle)	\$ 33,527	\$ 32,474
Less: Payoff to Bettors	(41,167)	(31,573)
Parimutuel Wagering Commission	(7,640)	901
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(829)	(198)
State Tax	(96)	(78)
Society Portion	\$ (8,765)	\$ 425

**NOTE 7 - DEBT**

Debt outstanding at November 30, 2014, was as follows:

	Principal	Interest Rate
Note for Barn and General Expenses	\$ 48,003	3.938%

The \$65,090 note bears an interest rate of 3.938 percent and is due to the Citizens National Bank of McConnellsville, Ohio. The note was entered into on October 24, 2011 and matures in November 2019. Proceeds of the note were used for a barn renovation and general expenses.

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

**NOTE 7 - DEBT - (Continued)**

Amortization of the above debt is scheduled as follows:

Year Ending November 30,	Barn Loan / <u>General Expenses</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,939	\$ 1,892	\$ 10,831
2016	9,291	1,540	10,831
2017	9,657	1,174	10,831
2018	10,038	793	10,831
2019	<u>10,078</u>	<u>753</u>	<u>10,831</u>
Total	<u>\$ 48,003</u>	<u>\$ 6,152</u>	<u>\$ 54,155</u>

**NOTE 8 - ACCOUNTABILITY AND COMPLIANCE**

1. The Society was in noncompliance with Ohio Administrative Codes Section 117-2-02(D) and Section 117-2-02(3).
2. The Society was noncompliant with Ohio Revised Code Section 149.43.

**NOTE 9 - GOING CONCERN**

The Society had an ending cash balance of \$4,475 and a net operating deficit of \$7,924 for the year ended 11/30/2014. The Society had a debt obligation due by the end of November as described in Note 7. The scheduled debt payment for the year ended 11/30/2014 was greater than the ending cash balance and therefore no principal payment was made. An agreement was reached with the issuing authority for payments to be postponed for six months and the debt maturity by one year. At this time the Society was still unable to make their payment and exceeded the time limit for the agreed upon repayment date. A payment was made toward the obligation in August of fiscal year 2015. This payment was made at less than the required amount and therefore, with an inability to meet their regular debt obligation, the Society will continue as a going concern.

The Society has been operating a golf course on its grounds, which has been operating at a loss. This loss was determined to be too great for the Society to continue operations of the golf course. In fiscal year 2015 the Society suspended operations of the golf course and plans to be back on track with their debt obligations within the coming years.

**NOTE 10 - SUBSEQUENT EVENT**

The Society has chosen to discontinue operations of its golf course during fiscal year 2015. The purpose for this action is to increase the cash balance of the Society by reducing expenditures related to the golf course. The Society can also expect a decrease in revenues by approximately seven percent.



## Julian & Grube, Inc.

*Serving Ohio Local Governments*

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

Morgan County Agricultural Society  
Morgan County  
4272 Lindimore Road  
McConnelsville, Ohio 43756

To the Board of Directors:

We were engaged to audit the financial statement of the Morgan County Agricultural Society as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated August 28, 2015, wherein we noted the Morgan County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Morgan County Agricultural Society was unable to make their regularly scheduled debt payment and therefore will continue as a going concern. Furthermore, we did not opine on the financial statement and related notes because material amounts of receipts and disbursements could not be substantiated.

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

As part of our financial statement engagement, we considered the Morgan County Agricultural Society's internal control over financial reporting (internal control) to determine the 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 Morgan County Agricultural Society's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 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 Morgan County Agricultural Society's financial statement. 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 findings 2014-001 and 2014-002 described in the accompanying schedule of findings and responses to be material weaknesses.

Board of Directors  
Morgan County Agricultural Society

***Compliance and Other Matters***

As part of reasonably assuring whether the Morgan County Agricultural Society'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 engagement 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 2014-001 and 2014-002.

***Morgan County Agricultural Society's Response to Findings***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
August 28, 2015

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2014-001

**Material Weakness/Noncompliance - Accounting Records**

The Auditor of State’s Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for cash receipts. A multi- part pre-numbered receipt should be completed for each cash receipt. A copy of the receipt shall be given to the person or organization making the payment. The Society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., camping contract).

All tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall 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 shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

The following internal control weaknesses were noted related to the Society’s receipt and disbursement procedures:

- To account for admissions, the Morgan County Agricultural Society Treasurer completed daily summary sheets for 2014 and 2013. However, per review of the ticket 2014 and 2013 tickets, we determined that the daily summary sheets were inaccurate. Therefore, we were not able to reconcile the supporting documentation to the amount of ticket receipts deposited into the bank and recorded on the receipts ledger. The total admissions receipts were \$105,735 or thirty-eight percent and \$122,399 or forty-three percent of revenues recorded in 2014 and 2013, respectively. In addition, individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.
- Concessions receipts in the amounts of \$23,661 and \$24,655 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.
- Rental receipts in the amounts of \$29,607 and \$24,272 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.
- Fee receipts in the amounts of \$15,131 for the year ended November 30, 2014 could not be substantiated due to lack of supporting documentation.
- Golf Fee receipts in the amounts of \$16,223 and \$21,686 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.

Lack of adequate supporting documentation could result in the Society improperly posting receipts to the accounting system and could allow errors and fraud to occur and remain undetected for an extended period of time. We recommend the Morgan County Agricultural Society 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 Morgan County Agricultural Society regarding concessions receipts, rental receipts, fee receipts, unrestricted support receipts, and cash disbursements.



**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2014-001 - (Continued)

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.

- Numerous cash disbursements affecting multiple line items for the years ended November 30, 2014 and 2013 could not be substantiated due to lack of supporting documentation in the form of vendor invoices.

We recommend the Society’s Treasurer, Board of Directors and employees take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society. We recommend the Society follow the procedures that are outlined in the Auditor of State’s Uniform System of Accounting for Agricultural Societies. Duplicate receipts should be written for all money received indicating the date, payee, description of the type of revenue, account number and amount. Another option would be the use of a cash register with a daily log maintained to summarize names of participants, dates and amounts paid.

Client Response: The Society did not respond.

MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
NOVEMBER 30, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-002

**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.

Due to the Society not adopting a public records policy, the result could be the Society not fulfilling public records requests 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 Society did not respond.

**MORGAN COUNTY AGRICULTURAL SOCIETY  
MORGAN COUNTY**

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

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u>; <i>Explain</i>:</b>
2012-001	<u>Material Weakness</u> - The Society did not have procedures in place to account for 2012 golf fees. The 2012 golf receipts were unsupported; therefore, sufficient competent evidential matter was not provided to assure completeness of recorded golf fee receipts.	No	Repeated as finding 2014-001

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# Dave Yost • Auditor of State

**MORGAN COUNTY AGRICULTURAL SOCIETY**

**MORGAN 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  
DECEMBER 1, 2015**