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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hardin County Agricultural Society
Hardin County
P.O. Box 317
Kenton, OH 43326

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Hardin County Agricultural Society, Hardin County (the Society), on the receipts, disbursements and balances recorded in the Society's cash basis accounting records for the years ended November 30, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Society. The Society is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended November 30, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Society. 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.

Cash and Investments

1. We recalculated the November 30, 2016 bank reconciliations for the Cons. Sale, 4th of July, Savings (C.U.), and Checking; the December 5, 2016 bank reconciliation for the Jr. Fair Accrued Interest Fund; the November 30, 2015 bank reconciliations for the Checking, 4th of July, Savings (C.U.); and the December 5, 2015 bank reconciliation for the Jr. Fair Accrued Interest Fund. We found no exceptions.
2. We attempted to agree the December 1, 2014 beginning fund balance recorded to the November 30, 2014 documentation in the prior year audited statements. The balances did not agree. The November 30, 2014 balance in the prior audited statements was \$215,058 and the December 1, 2014 balance in the Reconciliation Summary and Reconciliation Detail Reports was \$194,361.43, a difference of \$20,696.57. The difference is the sum of the balances of the Junior Fair account, Certificate of Deposit, and the Regular Shares account, which were not included in the Society's reconciliation.

We also attempted to agree the December 1, 2015 beginning fund balances recorded to the November 30, 2015 balances. The balances did not agree. The November 30, 2015 balance was \$300,118 and the December 1, 2015 balance in the Reconciliation Summary and Reconciliation Detail Reports was \$282,482.41, a difference of \$17,635.59. The difference is the sum of the balances of the Certificate of Deposit, and the Regular Shares account, which were not included in the Society's reconciliation.

Cash and Investments (Continued)

The failure to include all accounts in the monthly bank to book reconciliation increases the risk of errors and/or irregularities that may not be detected in a timely manner. Monthly bank reconciliations should be performed by the Society. All accounts held by the Society should be included in the reconciliations and the sum of the reconciled balances from each account should be agreed to the reported fund cash balance. To give a more complete presentation, the Society should consider preparing one reconciliation that includes all accounts and is reconciled to the total fund balance. The Board of Directors should periodically review the monthly bank reconciliations to help assure they are being accurately prepared and include all accounts.

3. We agreed the totals per the bank reconciliations (for the Cons. Sale, 4th of July, Savings (C.U.), Checking, Jr. Fair Accrued Interest Fund) and the bank statements (Certificate of Deposit, the Visa Classic account, and the Regular Shares account) to the total of the November 30, 2016 and 2015 fund cash balance report in the Accounts Register Reports fund balances. The amounts agreed.
4. We confirmed the November 30, 2016 bank account balances with the Society's financial institutions. We found no exceptions. We also attempted to agree the confirmed balances to the amounts appearing in the November 30, 2016 bank reconciliation. The total of the confirmed balances was \$307,676.45 and the total of the amounts appearing in the November 30, 2016 bank reconciliation was \$289,121.49, a difference of \$18,554.96. The difference is the sum of the balances of the Certificate of Deposit, the Visa Classic account and the Regular Shares account, which were not included in the Society's reconciliation at November 30, 2016.

The failure to include all accounts in the monthly bank to book reconciliation increases the risk of errors and/or irregularities that may not be detected in a timely manner. Monthly bank reconciliations should be performed by the Society. All accounts held by the Society should be included in the reconciliations and the sum of the reconciled balances from each account should be agreed to the reported fund cash balance. To give a more complete presentation, the Society should consider preparing one reconciliation that includes all accounts and is reconciled to the total fund balance. The Board of Directors should periodically review the monthly bank reconciliations to help assure they are being accurately prepared and include all accounts.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the November 30, 2016 Checking bank reconciliation:
 - a. We traced each debit to the subsequent December, January, and February bank statements. There were no exceptions.
 - b. We traced the amounts and dates to the Register: CHECKING report, to determine the debits were dated prior to November 30. There were no exceptions.
6. We inspected investments held at November 30, 2016 and November 30, 2015 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. There were no exceptions. [2017 OCS 2-6 & 2-8]

Admission/Grandstand Receipts

We haphazardly selected one day of admission/grandstand cash receipts from the year ended November 30 2016 and one day of admission/grandstand cash receipts from the year ended November 30, 2015 recorded in the Itemized Income Statement and agreed the receipt amount to the supporting documentation (Cashier Shift Reports). The amounts agreed.

Debt

1. The prior audit documentation disclosed no debt outstanding as of November 30, 2014.
2. We inquired of management, and inspected the receipt and expenditure records for evidence of loan or credit agreements, and bonded, note, County, or mortgage debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt service payments owed during 2016 and 2015 and agreed these payments from the Register: CHECKING report to the related debt amortization schedules. We also compared the date the debt service payments were due to the date the Society made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Itemized Income Statement report. The amounts agreed.
5. For new debt issued during 2016 and 2015, we attempted to inspect the debt legislation. The Board Minutes did not mention the purpose of the debt or the issuance of the debt. We also reviewed the debt agreements and there was no mention of the purpose of the debt. Per discussion with the Secretary/Treasurer, the debt was for exterior lighting on the grounds, Merchant's building, and in parking areas; 150 watt LED flood lights; 114 other lights; race track lighting; 90 pole lights; 30 LED exterior wall pack lighting packs; and 60 4" LED strip fixtures in the Merchant's building. We inspected the expenditure ledger and observed the invoices from an electrical contractor for lighting improvements.

The failure to approve the debt issuance and the purpose in the Minutes gives the impression the Board did not approve the debt issuance and increases the risk that the debt proceeds may not be used as intended. Debt agreements that do not identify the use of the debt proceeds may result in a disagreement between the lender and the Society as to the intended purpose of the debt proceeds.

The Board should approve all debt issuances and the purpose in the Minutes. Also the Board should require that debt agreements identify the purpose of the debt issuance.

6. We inquired of management, inspected the receipt ledger, and the prior audit report to determine whether the Society had a loan or credit agreement(s) outstanding from a prior year or in 2015 as permitted by Ohio Rev. Code Section 1711.13(B). We recalculated the Society's computation supporting that the total net indebtedness from loans and credit did not exceed twenty-five percent of its annual revenues. We found no exceptions.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Register: CHECKING report for the year ended November 30, 2016 and ten from the year ended 2015 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 Register: CHECKING report 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.

Other Compliance

Ohio Rev. Code Section 117.38 requires societies to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed upon procedure engagements, subsequent to the Society's deadline where the initial filing was filed on time but incomplete. We confirmed the Society filed financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended November 30, 2016 and 2015 in the Hinkle system. However, for each year opening and ending fund balances were not included on the financial statements. In addition, for the year ended November 30, 2016 the filing did not include the notes to the financial statements. On September 29, 2017, a complete filing which included opening and ending fund balances, was made for the year ended November 30, 2016.

To be considered a complete filing the notes to the financial statements must be filed with the financial statements. Ohio Rev. Code § 117.38 imposes a penalty of \$25 per day (\$750 maximum) for incomplete filings.

A review should be performed to ensure all required elements have been included prior to filing the annual financial statements.

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

This report is to provide assistance in the evaluation of the Society's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended November 30, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

January 23, 2018



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HARDIN COUNTY AGRICULTURAL SOCIETY

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2018**