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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Auglaize County Agricultural Society
Auglaize County
P.O. Box 431
Wapakoneta, Ohio 45895

We have performed the procedures enumerated below, with which the Board of Directors and the management of Auglaize County Agricultural Society, Auglaize County (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, 2012 and 2011, 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.

Cash and Investments

1. We tested the mathematical accuracy of the November 30, 2012 and November 30, 2011 bank reconciliations. We found no exceptions.
2. We agreed the December 1, 2010 beginning fund balance recorded to the November 30, 2010 balance documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the November 30, 2012 and 2011 fund cash balance reported in the Account Register Reports. The amounts agreed.
4. We confirmed the November 30, 2012 bank account balances with the Society's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the November 30, 2012 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the November 30, 2012 bank reconciliation:
 - a. We traced all debits to the subsequent December bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the Account QuickReport, to determine the debits were dated prior to November 30. We noted no exceptions.

Cash and Investments (Continued)

6. We tested investments held at November 30, 2012 and November 30, 2011 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. We noted no exceptions.

Intergovernmental

1. We selected all the receipts from the Distribution Transaction Detail Report (State DTL) for 2012 and 2011. We also selected all receipts from the County Auditor's Vendor Detail from 2012 and 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Account QuickReport. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper account codes. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Admission Receipts

We haphazardly selected one day of admission cash receipts from the year ended November 30, 2012 and one day of admission cash receipts from the year ended November 30, 2011 recorded in the Account QuickReport and determined whether the receipt amount agreed to the supporting documentation (ticket recapitulation sheets). The amounts agreed for the day we tested from 2011.

For August 1, 2012, the amount recorded in the Admissions account code in the Account QuickReport for all 4 gates was \$15,707. Per the ticket recapitulation sheets for August 1, 2012, the total collected was \$16,867. When the Treasurer was completing the August 2012 bank-to-book reconciliation the bank balance was \$1,115 higher than the book balance. The Treasurer determined that \$1,160 of the variance was from August 1, 2012 North Gate (Day) admissions. The remaining \$45 variance the Treasurer could not determine and receipted the \$1,115 in the Unrestricted Support account code (Admission Receipts) in the Account QuickReport to reconcile. While this resolved the reconciliation variance it resulted in the understatement of Admissions and an undetermined error in one or more accounts by \$45. The Society should resolve all bank to book variances to help assure accuracy of financial reporting.

Rental Receipts

We haphazardly selected 10 rental cash receipts from the year ended November 30, 2012 and 10 rental cash receipts from the year ended November 30, 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Account QuickReport. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended November 30, 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Account QuickReport. The amounts agreed.
- b. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following note outstanding as of November 30, 2010. This amount agreed to the Societies December 1, 2010 balance on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of November 30, 2010:</u>
2007 Note	<u>\$64,523</u>

2. 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 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt service payments including mortgage debt and loan/credit agreements permitted by Ohio Rev. Code Section 1711.13 owed during 2012 and 2011 and agreed these payments from the Account QuickReport 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 Account QuickReport. The debt proceeds of \$22,790.54 for the July 2011 Note was not recorded by the Society. The \$22,790.54 was the outstanding balance from a loan personally obtained by the Fair Manager, Fred Piehl, and his brother, William Piehl with a credit limit of \$50,000. Only \$30,000 was paid directly by the bank from this loan to Jacobs Manufacturing on September 29, 2010 for hog pens. There were principal and interest payments made by Mr. Piehl from December 2010 through February 2011 in the amount of \$8,373.97 resulting in a remaining balance of \$22,665.54 on July 1, 2011. The remaining balance along with a \$125 loan fee was incorporated into a new loan obtained by the Society on July 1, 2011 which also included the remaining balance of the 2007 Note noted in step 1. The debt proceeds of \$39,091.03 for the October 2011 Note was recorded by the Agricultural Society in the amount of \$38,966.03 which was less the loan fee of \$125.

The Society should not assume debt incurred by others since this increases the risk that money may be used that did not solely benefit the Society. In addition, all debt proceeds should be recorded on the Society's books.

5. For the October 2011 note, we inspected the debt legislation, noting the Society must use the proceeds for electrical upgrades and paving. We scanned the Account QuickReport for 2011 and 2012 and noted expenditures for paving and electrical upgrades.

Debt (Continued)

6. We inquired of management, scanned the Account QuickReport, and scanned the prior agreed upon procedures report and determined that the Society had a loan outstanding from a prior year and obtained loans in 2011 as permitted by Ohio Rev. Code Section 1711.13(B). We examined the Society's computation supporting that the total net indebtedness from loans did not exceed twenty-five percent of its annual revenues. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Record and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found two instances in 2012 and two instances in 2011 where an employees' pay rate was not approved by the Board.

The Board President indicated that the Fair Manager was given authority to set pay rates. There was no evidence, such as in the minutes, giving this authority to Fair Manager. We found one instance in 2012 where an hourly employee did not have a timecard.

To help assure accountability over Society resources, all pay rates should be approved by and documented in the minutes or be documented in an employment contract which is signed by the Board President. In addition, timecards should be required for all hourly employees prior to the payment of wages.

- b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended November 30, 2012 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the third quarter withholding period of 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes, social security, & Medicare	October 31, 2012	August 6, 2012; September 5, 2012; October 5, 2012	\$6,017.42	\$6,017.42
State income taxes	October 15, 2012	October 15, 2012	\$ 552.02	\$ 552.02
School district income tax	October 31, 2012	October 15, 2012	\$ 278.27	\$ 278.27
Village of New Bremen income tax	October 31, 2012	October 15, 2012	\$ 19.50	\$ 19.50
City of Wapakoneta income tax	October 31, 2012	October 15, 2012	\$ 258.93	\$ 258.93

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Account QuickReport for the year ended November 30, 2012 and ten from the year ended 2011 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 Account QuickReport 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 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, those charged with governance, and others within the Society, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

April 19, 2013

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AUGLAIZE AGRICULTURAL SOCIETY

AUGLAIZE 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 14, 2013**