



OHIO AUDITOR OF STATE
KEITH FABER



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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 fiscal years ended November 30, 2020 and 2019 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 fiscal years ended November 30, 2020 and 2019 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, 2020 and November 30, 2019 bank reconciliations. We found no exceptions.
2. We attempted to agree the December 1, 2018 beginning fund balances recorded to the November 30, 2018 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. The November 30, 2018 balance in the prior year agreed upon procedure working papers was \$418,553.97 and the December 1, 2018 beginning balance reported on the 2019 Hinkle System Statements was \$438,556 for a difference of \$20,002.03. A similar difference of \$21,293 was reported in the prior year Agreed-Upon Procedures Report when comparing the December 1, 2016 balance to the November 30, 2016 balance.

We agreed the December 1, 2019 beginning fund balance recorded to the November 30, 2019 balance with no exceptions.

3. We attempted to agree the totals per the cash reconciliation summaries (the manually prepared cash reconciliation filed with the financial statements on the Hinkle System) to the total of the November 30, 2020 and 2019 fund cash balance reported in the QuickBooks Reconciliation Summary Reports (accounting system reconciliation reports for the Society's bank accounts) and the financial statements filed by the Society in the Hinkle System. The amounts agreed, except for the following:

Cash and Investments (Continued)

- At November 30, 2020, Checking Account #1 (general) Liberty had a carrying balance of \$285,971.03 on the cash reconciliation summary and a carrying balance of \$287,232.73 per the QuickBooks Reconciliation Summary report, for a difference of \$1,261.70. The difference is due to the bank balance for Liberty Bank Checking Account #1 being reported as \$287,333 on the cash reconciliation summary when the actual bank balance was \$288,594.70. The cash reconciliation summary was incorrect since the bank balance was reported net of outstanding checks and then was reduced by total outstanding checks, resulting in the outstanding checks being deducted twice. This error impacted the reported fund balance on the annual financial statement but did not impact the QuickBooks Reconciliation Summary report.
 - At November 30, 2020, we agreed the totals per the cash reconciliation summaries to the financial statements filed by the Society in the Hinkle System with no exceptions. However, the cash reconciliation summaries and the Hinkle System financial statement balances included the Junior Fair Livestock Sale checking account. This account balance should not be included in the Society's financial statements. Junior Fair account balances should be reported by the Society as footnote disclosures only. Including the Junior Fair Livestock Sale checking account overstated the Society's financial statement balance by \$48,745 at November 30, 2020.
 - At November 30, 2019, Liberty Bank Checking Account #1 (general) had a balance of \$300,372.22 on the cash reconciliation summary and a balance of \$311,475.70 per the QuickBooks Reconciliation Summary, for a difference of \$11,103.48. The difference is due to the bank balance for Liberty Bank Checking Account #1 being reported as \$311,161.92 on the cash reconciliation summary when the actual bank balance was \$322,265.40. The cash reconciliation summary was incorrect since the bank balance was reported net of outstanding checks and then was reduced by total outstanding checks, resulting in the outstanding checks being deducted twice. In addition, the cash reconciliation summary included in the Society's Hinkle System Financial Statements for the year ended November 30, 2019 included outstanding checks of \$16,818, which is not supported by the accounting system. Total outstanding checks as of November 30, 2019 on the QuickBooks Reconciliation Summary Report for Liberty Bank Checking Account #1 are \$10,789.70, or \$6,028.30 less than on the cash reconciliation summary.
 - At November 30, 2019, we agreed the totals per the cash reconciliation summary to the financial statements filed by the Society in the Hinkle System with no exceptions. However, the cash reconciliation summary and the Hinkle System financial statement balances included the Junior Fair Livestock Sale checking account. This account balance should not be included in the Society's financial statements. Junior Fair account balances should be reported by the Society as footnote disclosures only. Including the Junior Fair Livestock Sale checking account overstated the Society's financial statement balance by \$53,232 at November 30, 2020.
4. We confirmed the November 30, 2020 bank account balances with the Society's financial institutions. We found no exceptions. The balances agreed. We also attempted to agree the confirmed balances to the amounts appearing in the November 30, 2020 cash reconciliation summary. We noted the following differences between the confirmed balances and the amounts appearing in the November 30, 2020 cash reconciliation summary:
- Confirmed balances from Quest FCU included a regular shares account in the amount of \$43.75 at November 30, 2020 which is not included on the November 30, 2020 QuickBooks Reconciliation Summary report or the cash reconciliation summary which is rolled in the financial statement ending balance.

Cash and Investments (Continued)

- For Liberty National Bank, we confirmed the November 30, 2020 Checking Account balance of \$288,594.70, which exceeded the amount on the Society's cash reconciliation summary of \$287,333 by \$1,261.70 due to the bank balance on the cash reconciliation summary being reported net of outstanding checks, which resulted in outstanding checks being deducted from the bank balance twice.
5. We selected five reconciling debits (such as outstanding checks) from the November 30, 2020 bank reconciliation:
- a. We traced two of the five debits selected to the subsequent December and January bank statements. We found no exceptions. We attempted to trace the other three debits selected to the subsequent December 2020 and January 2021 bank statements and noted check #28614 for \$500.00, #28910 for \$13.00 and #29060 for \$3.50 that had not cleared as of January 31, 2021. We also identified an unusual item on the November 30, 2020 outstanding check list. A \$100.00 deposit dated November 30, 2020 was included on the outstanding check list as a debit.

The Society's November 2020 receipts, deposit slips and bank statement indicate the \$100.00 transaction listed on the November 30, 2020 outstanding check list was a cash receipt which was deposited in the Society's checking account in November of 2020. This transaction should not have been listed as a reconciling debit at November 30, 2020.

- b. We traced the amounts and dates to the check register and determined the debits were dated prior to November 30. There were no exceptions.
6. We inspected investments held at November 30, 2020 and November 30, 2019 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. However we observed that the Society held money in a savings account at a local credit Union.

Ohio Rev. Code § 135.03 states eligible depositories include national banks and banks, along with any federal savings associations or any savings and loan associations or certain savings banks authorized to accept deposits. The term "bank" is defined in ORC Section 1101.01. Ohio Rev. Code Section 1101.01 (B) states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority or another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

At November 30, 2020 and 2019, the Society held \$2,637.79 and \$6,443.68, respectively, in a savings account at a local credit union, which is not an eligible depository according to Ohio Rev. Code Section 135.03.

- b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. There were no exceptions.

Admission Receipts

We selected two days of admission cash receipts from the year ended November 30, 2019 recorded in the Itemized Income Statement and agreed the receipt amount to the supporting documentation (Cashier's shift reports). The amounts agreed.

Privilege Fee Receipts

We selected 10 privilege fee cash receipts from the year ended November 30, 2019 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Itemized Income Statement. The amounts agreed.
- b. Agreed the rate charged with rates in force during the period. We found no exceptions.
- c. Inspected the Itemized Income Statement to determine whether the receipt was recorded in the proper year. We found no exceptions.

Other Receipts (*Donations and Contributions*)

- a. Agreed the receipt amount to the amount recorded in the Itemized Income Statement. The amounts agreed.
- b. Agreed the rate charged with rates in force during the period. We found no exceptions.
- c. Inspected the Itemized Income Statement to determine whether the receipt was recorded in the proper year. We found no exceptions.

We selected 10 other receipts from the year ended November 30, 2020 and 10 other receipts from the year ended November 30, 2019 and:

- a. Agreed the receipt amount recorded in the Itemized Income Statement to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Itemized Income Statement to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of November 30, 2018.
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 2020 or 2019 or debt payment activity during 2020 or 2019. There were no new debt issuances, nor any debt payment activity during 2020 or 2019.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Itemized Income Statement for the year ended November 30, 2020 and 10 from the year ended November 30, 2019 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 Itemized Income Statement 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.

Sunshine Law Compliance

1. We obtained and inspected the Society's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Society management and determined that:
 - a. The Society did not have any public records requests with redactions during the engagement period.
 - b. The Society did not have any denied public records requests during the engagement period.
 - c. The Society did not have any public records requests with redactions during the engagement period.
3. We inquired whether the Society had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inquired with Society management and determined that the Society did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Society's poster describing their Public Records Policy was displayed conspicuously as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Society management and determined that the Society did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual training certificate and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Society notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.

Sunshine Law Compliance (Continued)

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires agricultural 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System.

We confirmed the Society did not file their complete 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, 2020 and 2019 in the Hinkle system. The Society filed financial reports for the fiscal years ended November 30, 2020 and 2019 which included financial statements and footnotes. However, the financial statements did not include ending balances at November 30, 2020 and 2019. Therefore, the Society had to re-file the financial reports for both years. Complete financial information was filed on May 21, 2021 which was not within the allotted timeframe.

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.We found no exceptions.
 - b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
 - c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.We found no exceptions.

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, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 12, 2021

OHIO AUDITOR OF STATE KEITH FABER



HARDIN COUNTY AGRICULTURAL SOCIETY

HARDIN 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 9/28/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov