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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Henry County Agricultural Society
P.O. Box 387
Napoleon, Ohio 43545-0387

We have performed the procedures enumerated below, with which the Board of Directors and the management of Henry 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, 2011 and 2010, 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

1. We tested the mathematical accuracy of the November 30, 2011 and November 30, 2010 bank reconciliations. We found no exceptions.
2. We agreed the December 1, 2009 beginning fund balance recorded to the November 30, 2009 balances in the prior year Agreed-Upon Procedures working papers. We found no exception.
3. We agreed the totals per the bank reconciliations to the total of the November 30, 2011 and 2010 fund cash balance reported in the General Ledger. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the November 30, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the November 30, 2011 bank reconciliation:
 - a. We traced one debit to the subsequent December bank statement. We found no exceptions. Two of the debits have not cleared the bank and are still outstanding as of February 15, 2012. The other two debits were voided and added back to the cash fund balance in January 2012.
 - b. We traced the amounts and dates written to the check register, to determine the debits were dated prior to November 30. We noted no exceptions.

6. We selected the only reconciling credit (such as deposits in transit) from the November 30, 2011 bank reconciliation:
 - a. We traced the credit to the subsequent December bank statement. We found no exception.
 - b. We agreed the credit amount to the Receipt Ledger. The credit was recorded as a November receipt for the same amount recorded in the reconciliation.

Admissions

We haphazardly selected one day of admission cash receipts from the year ended November 30, 2011 and one day of admission cash receipts from the year ended November 30, 2010 recorded in the receipts ledger and determined whether the receipt amount agreed to the supporting documentation (ticket recapitulation sheets/cash register tapes, etc). The amounts agreed.

Privilege Fee Receipts

We haphazardly selected 10 privilege fee cash receipts from the year ended November 30, 2011 and 10 privilege fee cash receipts from the year ended November 30, 2010 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Ledger. 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.

Rental Receipts

We haphazardly selected 10 rental cash receipts from the year ended November 30, 2011 and 10 rental cash receipts from the year ended November 30, 2010 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Ledger. 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 other confirmable cash receipts from the year ended November 30, 2011 and 10 other confirmable cash receipts from the year ended November 30, 2010 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the receipt ledger. 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 report, we noted the following loans outstanding as of November 30, 2009. These amounts agreed to the Society's December 1, 2009 balances on the summary we used in step 3.

Issue	Principal outstanding as of November 30, 2009:
2005 Skid Loader Loan	\$11,415.59
Small Animal Building Loan	71,276.15
Saddle Horse Barn Loan	18,299.85
Rental House and Lot Loan	17,162.36

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 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt service payments owed during 2011 and 2010 and agreed these payments from the expenditure ledger 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 Receipt Ledger. The amounts agreed.
5. For new debt issued during 2010, we inspected the debt legislation, noting the Society must use the proceeds for the construction of new restrooms at the fairgrounds. We scanned the expenditure ledger and noted the Society constructed restrooms at the fairgrounds in 2010.
6. We inquired of management, scanned the receipt ledger, and scanned the prior agreed upon procedures report and determined that the Society had loan or credit agreements outstanding from a prior year as permitted by Ohio Rev. Code Section 1711.13(B). We examined the Society's computation comparing the total net indebtedness from loans and credit to the limit of twenty-five percent of its annual revenues. We determined the Society's total net indebtedness exceeded twenty-five percent of its annual revenues by \$135,474 in 2011 and \$104,598 in 2010 contrary to the requirements of Ohio Revised Code § 1711.13. We recommend the Society limit its debt to twenty-five percent of annual revenues.

Non-Payroll Cash Disbursements

1. From the General Ledger, we refooted checks recorded as disbursements for capital outlay for 2011. We found no exceptions.
2. We haphazardly selected ten disbursements from the General Ledger for the year ended November 30, 2011 and ten from the year ended November 30, 2010 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 General 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.

Officials' Response:

We did not receive a response from Officials to the exception reported 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, 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.

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

Dave Yost
Auditor of State

February 15, 2012



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HENRY COUNTY AGRICULTURAL SOCIETY

HENRY 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 8, 2012