



Dave Yost • Auditor of State



**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Accountant's Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Fund Cash Balance For the Years Ended November 30, 2012 and 2011 .....	3
Notes to the Financial Statement.....	5
Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	9
Schedule of Findings .....	11
Schedule of Prior Findings .....	17

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# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT

Harrison County Agricultural Society  
Harrison County  
550 Grant Street  
Cadiz, Ohio 43907

To the Board of Directors:

We have selectively tested certain accounts, financial records, files, and reports of the Harrison County Agricultural Society, Harrison County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011 following Ohio Administrative Code Section 117-4-02.

The accompanying financial statement presents receipts and disbursements by fund totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statement, and we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and are not intended to be and should not be used by anyone other than these specified parties.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

November 14, 2013

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HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
FUND CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

<u>December 1, 2011</u> <u>Fund Balance</u>	<u>Total Cash</u> <u>Receipts</u>	<u>Total Cash</u> <u>Disbursements</u>	<u>November 30, 2012</u> <u>Fund Balance</u>
\$ 24,352	\$ 92,849	\$ 102,066	\$ 15,135

  

<u>December 1, 2010</u> <u>Fund Balance</u>	<u>Total Cash</u> <u>Receipts</u>	<u>Total Cash</u> <u>Disbursements</u>	<u>November 30, 2011</u> <u>Fund Balance</u>
\$ 37,846	\$ 62,074	\$ 75,568	\$ 24,352

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**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2012 AND 2011**

**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 Harrison County Agricultural Society, Harrison County, Ohio (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 1846 to operate an annual agricultural fair. The Society sponsors the week-long Harrison County Fair during July. Harrison County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Harrison 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 annual steer and heifer show. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Harrison County, Ohio.

Notes 5 and 6, 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

The Society did not classify its receipts or disbursements in the accompanying financial statement. This is a material departure from the requirements of Ohio Administrative Code 117-02-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

All deposits are maintained in certificate of deposits, a money market savings account and a non-interest bearing checking account.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Property, Plant, and Equipment**

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

**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). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**2. DEPOSITS AND INVESTMENTS**

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2012 was as follows:

	2012
Demand deposits	\$2,564
Certificates of deposit	6,394
Other time deposits (savings and NOW accounts)	6,177
Total deposits	\$15,135

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. DEBT**

Debt outstanding at November 30, 2012 was as follows:

	Principal
Note Payable	\$5,000

A \$10,000 note originally bore an interest rate of 5 percent and was due to the Harrison County Community Improvement Corporation. The note was entered into on November 22, 2000 and was set to mature on November 22, 2005. Proceeds of the note were used to secure funding for the construction, preparation and furnishing of facilities for the Harrison County Fairgrounds.

The Society did not make principal payments until 2012 after being contacted by the Harrison County Community Improvement Corporation. The Harrison County Community Improvement Corporation forgave the interest due contingent that the Society pay the loan off in three years. Amortization of the above debt was changed in 2012.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**3. DEBT (CONTINUED)**

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Note Payable
2013	\$2,500
2014	2,500
Total	<u>\$5,000</u>

**4. RISK MANAGEMENT**

The Harrison County Commissioners provide general insurance coverage for all the buildings on the Harrison County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability with limits of \$1,000,000. The Board of Directors and Officer obtain additional insurance with a limit of liability of This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

**5. 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 Harrison County Fair. The Society disbursed \$30,580 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2012 and November 30, 2011 are as follows:

	2012	2011
Beginning Cash Balance	\$ 3,465	\$ 228
Receipts	1,988	8,605
Disbursements	<u>(4,848)</u>	<u>(5,368)</u>
Ending Cash Balance	<u>\$ 605</u>	<u>\$ 3,465</u>

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**6. 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 Harrison County's auction. A commission of 3% percent on auction sales of \$500 and more and a flat fee of \$3 on auction sales of \$499 and less 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, 2012 and November 30, 2011 follows:

	2012	2011
Beginning Cash Balance	\$ 6,354	\$ 3,508
Receipts	238,614	208,375
Disbursements	<u>(233,977)</u>	<u>(205,529)</u>
Ending Cash Balance	<u>\$ 10,991</u>	<u>\$ 6,354</u>



# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Harrison County Agricultural Society  
Harrison County  
550 Grant Street  
Cadiz, Ohio 43907

To the Board of Directors:

We have selectively tested certain accounts, financial records, files, and reports of the Harrison County Agricultural Society, Harrison County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011, following Ohio Admin. Code Section 117-4-02. We noted the Society did not classify receipts and disbursements in its financial statement. Our engagement was not designed to result in expressing an opinion on the accompanying financial statement, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Society's ability to record, process, and summarize financial data consistent with management's assertions in the financial statement. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2012-004 and 2012-006 through 2012-010.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Society. Noncompliance with these requirements could impact the Society's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2012-001 through 2012-005.

We intend this report solely for the information and use of the management and the Board of Directors. 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 Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

November 14, 2013

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

**Finding Number 2012-001**

**Noncompliance**

Ohio Revised Code Section 135.22 requires the Fiscal Officer to complete annual continuing education provided by the Treasurer of State, unless the Fiscal Officer annually provides a notice of exemption to the Auditor of State stating that the Society's investments were limited to interim deposits.

During 2012 and 2011, the Society appeared to have only invested in interim deposits; however, the Fiscal Officer did not provide a notice of exemption to the Auditor of State. The Board should monitor the Fiscal Officer to help ensure the Fiscal Officer completes a notice of exemption as required by Ohio Revised Code Section 135.14. Additionally, the Society should review Ohio Revised Code Section 135.22 for additional compliance requirements should they choose to invest in other than interim deposits.

**Finding Number 2012-002**

**Noncompliance**

Ohio Revised Code Section 149.43(E) requires all public offices to adopt a public records policy in compliance with this section for responding to public records requests. This policy shall be distributed to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. Additionally, the public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site. Also, pursuant to Ohio Revised Code Section 149.43(B)(2), the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

The Society has not established a public records policy pursuant to Ohio Revised Code Section 149.43(E) or established a records retention schedule. The Society should review the model public records policy developed and provided by the Attorney General under Ohio Revised Code Section 109.43 and develop a similar policy. The model public records policy is available on the Attorney General's website. Additionally, while the Society does not have any elected officials that are required to attend public records training, the Society should consider having its records custodian or records manager attend public records training. Also, the Society should create a records retention schedule. The Society should consider consulting with the Ohio Historical Society regarding how long records are to be kept, developing a schedule and policy for disposing of records.

**Finding Number 2012-003**

**Noncompliance**

Ohio Revised Code Section 2921.42(A)(1) states that no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest. Ohio Revised Code Section 2921.42(A)(4) states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected. Ohio Revised Code Section 102.03(D) states that no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**Finding Number 2012-003 (Continued)**

**Noncompliance – Ohio Rev. Code Section 2921.42(A)(1) (Continued)**

Current Board Member Devanie Gladman is an owner of L and D Sales and Services. During 2012 and 2011, the Society engaged in periodic business with L and D Sales and Services and paid the store \$4,481 for various services. Although check payments to L and D Sales and Services were not signed by Ms. Gladman, supporting documentation in the minutes did not disclose anyone abstaining from the approval of the payments. As a result, there is an increased risk that transactions occurred between the Society and L and D Sales and Services directly benefited Ms. Gladman and were of a manner that could be considered "less than an arm's length" transactions.

Board Member Devanie Gladman should abstain from approving any transactions with L and D Sales and Services as evidenced in the minutes. This will help reduce the risk of transactions that occur between L and D Sales and Services and the District are made in a manner that could be viewed as transactions that were not at "less than an arm's length" in fact and appearance.

This matter will be referred to the Ohio Ethics Commission for whatever action deemed necessary.

**Finding Number 2012-004**

**Noncompliance/Material Weakness**

Ohio Administrative Code Section 117-2-01 requires the Society to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, Ohio Administrative Code Sections 117-2-02 and 117-10-01 requires the Society to maintain an accounting system and accounting records sufficient to assure accountability of entity assets. It also states that the Society must have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious. The Society did not maintain an accounting system or accounting records, which were sufficient to assure the accountability of entity assets. Also, the Society did not have internal controls sufficient to assure that recorded transactions had occurred and were not fictitious. Additionally, Ohio Revised Code Section 149.351 states that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42, Ohio Revised Code.

Weaknesses in the Society's accounting system are enumerated below:

- The Society presented financial reports; however, accounting ledgers such as a cash journal, receipt ledger or disbursements ledger were not maintained for either year of the engagement period. As a result, the activity reported could not be verified nor agreed to supporting documentation;
- The presented annual financial reports total receipts and total disbursements did not foot in total on the annual reports, respectively;
- Bank to book cash reconciliations presented in the annual financial report did not agree to the financial statements in the annual financial report for either year. Reconciliations could not be determined to be complete and accurate. There was no oversight by the Board of Directors;
- Disbursements were not always supported by sufficient documentation. Certain invoices and other support for payment were missing in both years. Additionally, support for prize payments (such as a judge's results and/or finishing results) were not maintained;
- Sufficient documentation was not maintained for revenues. Pre-numbered duplicate receipts were not issued for all monies collected. Complete and accurate subsidiary ledgers for donations, privilege fees from vendors, etc were not maintained;



**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**Finding Number 2012-004 (Continued)**

**Noncompliance/Material Weakness – Ohio Admin. Code Section 117-2-01 (Continued)**

- Prize monies set for fair and other contests were not always properly approved in the minutes by the Board;
- Certain fair workers and payments for this work were not formally approved in the minutes (i.e, one fair worker was identified as being a friend of an individual already approved to work the fair);

Additionally, we could not determine if the Society fully complied with certain applicable requirements of the Ohio Revised Code including the following compliance requirement:

- Ohio Revised Code Section 9.38 requires monies collected to be deposited the next day following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public money received does not exceed one thousand dollars, the person shall deposit the money on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. We could not determine if deposits were made timely.

The Society should establish an effective accounting system that includes the following procedures:

- Complete and accurate cash journal, receipt ledger, and disbursement ledgers should be maintained and include all detailed information for each transaction, such as the receipt or check number, payee, amount, date, and purpose;
- Accurate financial reports that identify receipts and disbursements by the prescribed line items should be submitted for audit annually;
- Complete and accurate monthly reconciliations should be prepared. Reconciliations should include all bank accounts, including the detail of all reconciling items and the balance should agree to the fund balance maintained in the cashbook. The Society's finance committee or the Board of Directors should review the reconciliation for accuracy and note their approval in the minutes;
- Disbursements should be supported by a voucher packet that includes a copy of the check and detailed invoice and / or other supporting documentation;
- Complete and accurate subsidiary ledgers should be maintained for each source of revenue. In addition, supporting documentation for the ledgers, such as, pre-numbered duplicate receipts, deposits slips, forms, and contracts should be maintained. A pre-numbered duplicate receipt should be issued for all monies received by the Society;
- All prize monies and purses should be properly approved by the Board prior to events. Approval should indicate amounts to be awarded in total for an event as well as indicate the amount to be paid, if applicable, by finishing position;
- All fair workers and contracted amounts should be formally approved in the minutes. Support for days worked by these independent contractors should be maintained and approved by a supervising member of the Board of Directors.

Implementing these procedures will help improve internal control over the Society's transactions and should provide information for an accurate presentation of their financial activity as well as provide evidence of compliance with applicable sections of the Ohio Revised Code and Ohio Administrative Code.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**Finding Number 2012-005**

**Noncompliance**

26. C.F.R. Section 1.6041-1 requires governments to report on Form 1099, "salaries, wages, commissions, fees, and other forms of compensation for services rendered aggregating \$600 or more."

The Society did not prepare a Form 1099-MISC for one contractor whose compensation exceeded the \$600 threshold for horse judging and a contractor for rides and entertainment totaling \$11,000 in 2012. The Society should review all disbursements at year end and determine if they paid any independent contractors more than \$600 and prepare Form 1099-MISCs as applicable.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary.

**Finding Number 2012-006**

**Material Weakness**

The Society Board minutes documented the initial and second motion to approve actions. However, the minutes did not document the roll call on the vote or how each director voted. As a result, the Society did not clearly indicate how the majority of Board members voted. This could potentially lead to the results of motions being disputed and potentially, legal disputes and contingencies.

The Society should document the roll call and how each Board member votes for each action. This will allow the Society to clearly document the approval or disapproval of any motion or resolution and proper documentation should any voting result be disputed in the future.

**Finding Number 2012-007**

**Material Weakness**

The Society presented a financial statement at year end reporting their checking account balance as the Society's fund balance. However, the Society's fund balance should be comprised of the checking account balance plus all other depository balances and account for reconciling items such as deposits-in-transit and outstanding checks. The Society did present a reconciliation including these accounts and reconciling items; however, the reconciliation did not agree with to the reported fund balance on the Society's annual report. Additionally, the Society made a practice of writing checks payable to "Cash" for withdrawing funds to use for change, the outstanding check listing was inaccurate, and monthly reconciliations were not presented and approved by the Board of Directors. Also, the withdrawal and re-deposit of change funds should not be reported as either a disbursement or revenue but should be included as a reconciling item. Due to the Society not maintaining a cash journal, we could not determine whether amounts withdrawn and re-deposited for change were properly excluded from receipt and disbursement reporting. Also, we confirmed the Society's signatories on their bank accounts with their financial institution. Their financial institution had a different listing of allowed signors then what the Society presented to us.

As a result, reported fund balances were inaccurately presented, there was an increased risk that revenue and disbursement totals were inaccurately reported, and there was an increased risk of theft as checks made payable to "Cash" could possibly be redeemed by anyone and that reconciliations were improperly performed. Sound financial reporting is the responsibility of the Fiscal Officer and Board of Directors and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**Finding Number 2012-007 (Continued)**

**Material Weakness (Continued)**

The Society should implement procedures to mitigate the risk of theft and inaccurate financial reporting including, but not limited to, the following:

- Checks written to withdraw monies for change funds should be made payable to the Harrison County Agricultural Society and not to Cash;
- The Society should maintain a cash journal, receipts ledger and disbursements ledger that includes the receipt and disbursement activities of all funds. The monthly ending fund balance should be reconciled to the total bank balance of all accounts, with the addition of monies maintained in cash, deposits in transit and unrecorded interest less outstanding checks at month end;
- The outstanding check listing should include all checks that have not been redeemed. Stale dated checks should only be removed when they can no longer be redeemed and then reported in an unclaimed monies fund on the Society's financial records. If after five years, as determined by Ohio Revised Code Section 126.301, the money has not been claimed, the money should then revert back to the Society;
- The Board should be presented with, and approve, bank to book reconciliations monthly;
- The Society should track all cash used for change funds and ensure the withdraw of cash for change funds are not reported as a disbursement, the re-deposit of cash used in change funds are not reported as revenue and that any cash change funds un-deposited at month end are included as a reconciling item in the bank to book reconciliation;
- Review authorized users with access to bank accounts to ensure only allowable individuals have access

This will help mitigate the risk of checks being cashed by an unintended individual, and that activity and fund balances are properly prepared and reported.

**Finding Number 2012-008**

**Material Weakness**

The "Uniform System of Accounting for Agricultural Societies" requires each agricultural society to prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1 through November 30. The budget shall be considered and approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level from the chart of accounts which are used by the Society. The Board formally approved a budget for 2012; however, they did not use the chart of accounts prescribed under this manual and did not post any budgetary amounts to a financial accounting system.

The Board should review the budgetary requirements under the "Uniform System of Accounting for Agricultural Societies" and formally approve an annual budget at the same level as the chart of accounts, which is at the object level. The Society should use a Receipts Ledger and Disbursement Ledger to track activity. Upon use of these ledgers, budgetary amounts should be integrated into those ledgers and monthly budget versus actual reports should be reviewed and approved by the Board. This will help ensure the Board is aware of all the Society's financial activity, as well as provide useful information to make informed decisions.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**Finding Number 2012-009**

**Material Weakness**

The Society contracted with Gary Smith to provide rides and entertainment services at the annual Harrison County Fair. During 2012, the Society contracted with him for \$11,000. Of that amount, \$5,500 was paid to Gary Smith in cash. During 2011, the Society contracted with him for \$10,000 and paid the entire amount to him in cash. Additionally, during 2011, the Society purchased items from another local vendor and paid them \$368 in cash. Payments made to vendors in cash increase the likelihood of cash being mishandled and fraudulent activity going undetected, whether on the side of the vendor or the Society as the transaction has the appearance of an "under the table" transaction.

The Society should revise their contract with Gary Smith and require the vendor to accept payments made by check or electronic funds transfer. Additionally, the Society should review the method of payments made to all vendors to help ensure payments are made by check or electronic funds transaction. This will help provide the Society and their vendors the appropriate audit trail as well as eliminate the appearance of the Society performing business through "under the table" transactions. This will also increase management's oversight of expenditures made as well as decrease the likelihood of a fraudulent transaction occurring.

**Finding Number 2012-010**

**Material Weakness**

The Society has not adopted a formal policy regarding the use of credit cards, vehicles or equipment. Additionally, the Society had not adopted policies regarding the storage, use and distribution of personnel records. The lack of these policies could result in the Society paying for unallowable expenditures and unauthorized use of Society owned vehicles and equipment as well as not properly securing personnel information and using it in an improper manner.

The Board should adopt a formal policy regarding the usage of credit cards, vehicles and equipment owned by the Society. The Society should require detailed receipts be submitted to support the expenditure for credit card purchases. The policy should address who is to be allowed to use the credit cards and how they are to be safeguarded. Also, the Board should require detailed receipts be submitted to support the expenditure. The vehicle and equipment policy should address personal usage. The policy regarding the storage, use, and distribution of personnel information should conform to a public records policy. Additionally, the policy should document how this information will be secured, individuals with user access, punishments for unallowable access, and require sign-in sheets for access outside of normal business operations. Adopting these policies will help ensure the Society's expenditures are properly supported, Society property is utilized only for allowable activities and records are properly safeguarded.

**Officials' Response:** The client has elected not to respond to the aforementioned findings.

**HARRISON COUNTY AGRICULTURAL SOCIETY  
HARRISON COUNTY**

**SCHEDULE OF PRIOR FINDINGS  
NOVEMBER 30, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2010-001	Ohio Administrative Code Sections 117-2-01, 117-2-02 and 117-10-01: Maintenance of an adequate accounting system.	No	Not Corrected; Reissued as Finding Number 2012-001
2010-002	Ohio Revised Code Section 149.43(E): Establishment of a public records policy and records retention schedule	No	Not Corrected; Reissued as Finding Number 2012-005
2010-003	Ohio Revised Code 117.38: The Society did not file annual reports with the Auditor of State	Yes	
2010-004	Ohio Revised Code Section 135.22: The Fiscal Officer has not attended investment training or obtained the required exemptions.	No	Not Corrected; Reissued as Finding Number 2012-003
2010-005	Debt Repayment: The Society has not made any payments on debt scheduled to be completely paid in 2005.	Yes	
2010-006	Policies: The Society has not established any policies.	No	Not Corrected; Reissued as Finding Number 2012-010
2010-007	Annual Budget: The Society has not adopted an annual budget as required.	No	Partially Corrected; Reissued as Finding Number 2012-008

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# Dave Yost • Auditor of State

**HARRISON COUNTY AGRICULTURAL SOCIETY**

**HARRISON 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 3, 2013**