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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, with which the Board of Directors and the management of Hardin County Agricultural Society, Hardin County (the Society) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the fiscal 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 attempted to agree the December 1, 2010 beginning fund balance recorded to the November 30, 2010 documentation in the prior year *Agreed-Upon Procedures working papers*. The balances did not agree. The November 30, 2010 balance per documentation in the prior year agreed upon procedures was \$147,848 and the December 1, 2010 balance in the Account Register Reports was \$147,952, a difference of \$104. The Society should investigate and resolve any differences in fund balances between periods. We agreed the December 1, 2011 beginning fund balances recorded to the November 30, 2011 balances. We found no exceptions.
3. We attempted to agree 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 bank reconciliation totals did not agree to the fund cash balances. The total per the November 30, 2012 bank reconciliation was \$124,575.32 and the fund cash balance reported in the Account Register reports was \$146,011.46, a difference of \$21,436.14. On the November 30, 2012 bank reconciliation the Secretary-Treasurer overstated the bank balance for the operating checking and the junior fair livestock checking accounts in the amount of \$6,511.80; did not include reconciling credits of \$26,194.58 and overstated outstanding checks by \$1,756.55. When these errors are accounted for the bank reconciliation balance is \$146,014.65, which is a variance of \$3.19 from the Account Register Report.

Cash and Investments (Continued)

The total per the November 30, 2011 bank reconciliation was \$135,478.87 and the fund cash balance reported in the Account Register Reports was \$154,677.03, a difference of \$19,198.16. On the November 30, 2011 bank reconciliation the Secretary-Treasurer understated the bank balance for the junior fair livestock checking, money market account, certificate of deposit, and credit union savings accounts in the amount of \$14,511.41 and did not include reconciling credits of \$1,625.86. When these errors are accounted for the bank reconciliation balance is \$151,616.14, which is a variance of \$3,060.89 from the Account Register Report.

The failure to maintain accurate monthly bank reconciliations increases the risk that errors and/or irregularities will not be detected in a timely manner.

Monthly bank reconciliations should be promptly performed, all documentation supporting reconciling items should be maintained, and should agree to the reported fund cash balances. The Board of Directors should periodically review the monthly bank reconciliations to help assure they are being accurately prepared.

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. The balances agreed with the exception of the following: the confirmed balance for the operating checking account was \$17,252.69 and the balance on the November 30, 2012 reconciliation was \$30,975.30 and the confirmed balance for the junior fair livestock sale checking account was \$11,310.13 and the balance on the November 30, 2012 bank reconciliation was \$4,099.32. The total balances of all confirmed bank accounts was \$135,644.59 and the total balances reported on the November 30, 2012 bank reconciliation was \$142,156.39 for a difference of \$6,511.80.

The failure to include the actual bank account balances on the reconciliations increases the risk that errors and/or irregularities will not be detected in a timely manner.

As part of the Board of Directors review of bank reconciliations, they should agree the reported bank balances to the actual bank statements.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the November 30, 2012 bank reconciliation:
 - a. We traced three of debits to the subsequent December bank statement. We found that two outstanding debits in the amounts of \$1,244.45 and \$120.10 were entered into the Account Register Report twice instead of once. The Society should periodically review the accounting records and/or bank statements to identify duplicate postings of transactions, and the completeness and existence of reconciling credits.
 - b. We traced the amounts and dates to the Account Register Report, to determine the debits were dated prior to November 30. We noted no exceptions.
6. We selected five reconciling credits (such as deposits in transit) haphazardly from the November 30, 2012 bank reconciliation:

Cash and Investments (Continued)

- a. We traced one credit to the subsequent December bank statement. We found the following exceptions: a reconciling credit in the amount of \$112 was entered into the Account Register Report twice instead of once; a reconciling credit in the amount of \$453.27 was to void old outstanding checks from fiscal year end 2009, however the amount of the old outstanding checks was only \$438.27; and two reconciling credits in the amount of \$1,000 each was to transfer money between account codes in the accounting system. The Society should periodically review the accounting records and/or bank statements to identify duplicate postings, to help assure the accuracy of posted transactions and to help assure the completeness and existence of reconciling credits.
 - b. We agreed the credit amounts to the Account Register Report. Each credit was recorded as a receipt prior to November 30, 2012 for the same amount recorded in the reconciliation.
7. 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.
 - a. We compared the amount from the above report to the amount recorded in the Itemized Income Statement. 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 Itemized Income Statement and determined whether the receipt amount agreed to the supporting documentation (ticket recapitulation sheets/cash register tapes, etc). The amounts agreed for the day we tested from 2011. For September 9, 2012, the amount recorded in the Itemized Income Statement was \$18,586 and the ticket sales recapitulation sheet supported admission receipts of \$13,586. The additional \$5,000 receipted was start-up change. Receipt posting errors inhibits the ability of Board Members to monitor financial activity. Periodically the accounting records should be reviewed for recording errors.

The Society's practice regarding start-up change for the fair is to write a check payable to the Hardin County Agricultural Society which is recorded in the Advance Out account code. As the start-up change is returned it is receipted into the Advance In account code. During the 2012 fair a total of \$14,950 was taken out of the bank for start-up change and recorded in the Advance Out account code. A total of \$13,907.10 was receipted into the Society in the following account codes: \$8,161.10 as a negative Advance Out; \$5,050 as Admissions; and \$696 as Other Sales. The amount taken out of the bank for start-up change exceeded the amount of start-up change receipted back into the Society by \$1,042.90. On March 13, 2013, the Secretary-Treasurer discovered \$1,043 of un-deposited start-up change from the 2012 fair in the bottom drawer of a filing cabinet which was then deposited and receipted on March 15, 2013 with receipt number 10245.

Admission Receipts (Continued)

When the Advance Out and Advance In accounts do not balance there is an increased risk of the loss or misuse of Society money. The Society should develop monitoring procedures to help assure that start-up change recorded as an Advance Out is subsequently deposited at the end of the fair and recorded as an Advance In.

Privilege Fee Receipts

We haphazardly selected 10 privilege fee cash receipts from the year ended November 30, 2012 and 10 privilege fee 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 Itemized Income Statement. 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.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of November 30, 2010.
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. We noted no new debt issuances, nor any debt payment activity during 2012 or 2011.

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 Employee Journal by Check and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Journal by Check to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Federal, State & Local income tax withholding authorization and withholding

We found no exceptions related to steps a – c above.

3. 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:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes, social security, & Medicare (and social security, for employees not enrolled in pension system)	October 31, 2012	August 10, 2012; September 24, 2012; October 29, 2012	\$5,887.20	\$5,887.20
State income taxes	October 31, 2012	October 30, 2012	\$ 555.77	\$ 555.77
City of Kenton income tax	October 31, 2012	October 26, 2012	\$ 120.10	\$ 120.10
School District income tax	October 31, 2012	October 30, 2012	\$ 355.97	\$ 355.97

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Register 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 Check Register 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

May 20, 2013

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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
JUNE 11, 2013**