

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY**

FINANCIAL STATEMENT

FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

DANIELLE ROARK, TREASURER



Dave Yost • Auditor of State

Board of Directors
Barlow Agricultural & Mechanical Association
PO Box 103
Barlow, OH 45712

We have reviewed the *Independent Auditor's Report* of the Barlow Agricultural & Mechanical Association, Washington County, prepared by Julian & Grube, Inc., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Barlow Agricultural & Mechanical Association is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 30, 2015

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**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Barlow Agricultural & Mechanical Association, Inc.
Washington County
P.O. Box 103
Barlow, OH 45712

To the Board of Directors:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting the financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting the financial statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Privilege fees are reported at \$6,901 and \$7,055 for the years ended November 30, 2014 and 2013, respectively, which are three percent of receipts for the year ended November 30, 2014, and three percent of receipts for the year ended November 30, 2013. Rentals are reported at \$6,912 and \$6,019 for the years ended November 30, 2014 and 2013, respectively, which are three percent of receipts for the year ended November 30, 2014, and three percent of receipts for the year ended November 30, 2013. Sustaining and entry fees are reported at \$8,489 and \$9,567 for the years ended November 30, 2014 and 2013, respectively, which are four percent of receipts for the year ended November 30, 2014, and four percent of receipts for the year ended November 30, 2013. Consignment auction receipts are reported at \$17,093 and \$26,924 for the years ended November 30, 2014 and 2013, respectively, which are eight percent of receipts for the year ended November 30, 2014, and twelve percent of receipts for the year ended November 30, 2013. In addition we were unable to substantiate twenty-six percent and thirty-five percent of disbursements tested for the years ended November 30, 2014 and 2013, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as privilege fee receipts, rental receipts, sustaining and entry fee receipts, consignment auction fee receipts, and certain disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Independent Auditor's Report
Page Two

Also, as described in Note 1 of the financial statement, the Barlow Agricultural & Mechanical Association, Inc. prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material and would have resulted in an additional opinion modification if we had opined on the financial statement.

Disclaimer of Opinion

Because of the significance of the matters described in the *Basis for Disclaimer* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio. Accordingly, we do not express an opinion on the financial statement and related notes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2015, on our consideration of the Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 21, 2015

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Admissions	\$ 35,010	\$ 32,314
Privilege Fees	6,901	7,055
Rentals	6,912	6,019
Sustaining and Entry Fees	8,489	9,567
Feeder Calf Auction	123,336	96,973
Other Operating Receipts	4,326	5,772
 Total Operating Receipts	 184,974	 157,700
Operating Disbursements:		
Wages and Benefits	25	136
Utilities	7,083	10,673
Administrative Services	12,146	14,467
Supplies	5,850	2,252
Professional Services	27,657	23,385
Senior Fair	2,140	3,180
Junior Fair	6,020	5,658
Feeder Calf Auction	119,688	93,044
Capital Outlay	-	28,425
Other Operating Disbursements	11,027	10,033
 Total Operating Disbursements	 191,636	 191,253
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(6,662)	(33,553)
Non-Operating Receipts (Disbursements):		
State Support	6,116	4,867
County Support	3,300	3,300
Consignment Auction Receipts	17,093	26,924
Consignment Auction Disbursements	(15,491)	(24,556)
Debt Service	(3,270)	(3,270)
Investment Income	85	45
Other Non-Operating Receipts	3,685	33,780
 Net Non-Operating Receipts (Disbursements)	 11,518	 41,090
Excess (Deficiency) of Receipts Over (Under) Disbursements	4,856	7,537
Cash Balance, Beginning of Year	26,910	19,373
Cash Balance, End of Year	\$31,766	\$26,910

The notes to the financial statement are an integral part of this statement.

BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 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 Barlow Agricultural & Mechanical Association, Inc., Washington County (the Society), as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1871 to operate an annual agricultural fair. The Society sponsors the four day Barlow Mechanical Association Fair during September. Washington County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Washington County and pay an annual membership fee to the Society.

B. Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental and community events and fundraisers, including an annual equipment consignment sale. The reporting entity does not include any other activities or entities of Washington County, Ohio. The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

C. Accounting Basis

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement do 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.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 2 - DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2014 and 2013 was as follows:

	2014	2013
Demand deposits	\$31,766	\$26,910

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

NOTE 3 - DEBT

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest Rate
Equipment - Tractor & Mower	\$3,270	0.00%

On March 30, 2010, the Society obtained a loan from CNH Capital America LLC for equipment (New Holland Compact Tractor – Model 1520, Woods Mower – Model PRD7200, and New Holland Loader – Model 110TL). The Society financed \$16,350 with an interest rate of 0.00%, and a maturity date of March 30, 2015. The payment schedule requires the Society to make five annual payments beginning March 29, 2011 in the amount of \$3,270. The collateral for this loan is the equipment purchased.

Amortization of the above debt is scheduled as follows:

Year Ending	Equipment
November 30:	Loan
2015	\$3,270

NOTE 4 - RISK MANAGEMENT

Society provide general insurance coverage for all the buildings on the Society’s fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

NOTE 5 - ACCOUNTABILTY AND COMPLIANCE

1. The Society was in noncompliance with Ohio Administrative Codes Section 117-2-02(D) and Section 117-2-03(3).
2. The Society was in noncompliance with Ohio Revised Code Section 149.43.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards*

Barlow Agricultural & Mechanical Association, Inc.
Washington County
P.O. Box 103
Barlow, OH 45713

To the Board of Directors:

We were engaged to audit the financial statement of the Barlow Agricultural & Mechanical Association, Inc. as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated August 21, 2015, wherein we noted the Barlow Agricultural & Mechanical Association, Inc. followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We did not opine on the financial statement and related notes because material amounts of receipts and disbursements could not be substantiated.

Internal Control Over Financial Reporting

As part of our financial statement engagement, we considered the Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting (internal control) to determine procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Barlow Agricultural & Mechanical Association, Inc.'s internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Barlow Agricultural & Mechanical Association, Inc.'s financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings and responses to be material weaknesses.

Board of Directors
Barlow Agricultural & Mechanical Association, Inc.

Compliance and Other Matters

As part of reasonably assuring whether the Barlow Agricultural & Mechanical Association, Inc.'s financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our engagement and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2014-001 and 2014-003.

Barlow Agricultural & Mechanical Association, Inc.'s Response to Findings

The Barlow Agricultural & Mechanical Association, Inc.'s responses to the findings identified in our engagement are described in the accompanying schedule of findings and responses. We did not audit the Barlow Agricultural & Mechanical Association, Inc.'s responses and, accordingly, we express no opinion on them.

Purpose of this Report

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 Barlow Agricultural & Mechanical Association, Inc.'s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Barlow Agricultural & Mechanical Association, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
August 21, 2015

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2014 AND 2013**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2014-001
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Material Weakness/Noncompliance - Accounting Records

Ohio Administrative Code (OAC) § 117-2-02(D) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include a cash receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger. The local office should also maintain adequate documentation to support the amounts recorded on this ledger. In addition, OAC § 117-2-02(3) states that check vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices and timely record the transaction into its manual or computerized account records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society's receipts and disbursements are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of receipt and disbursement records.

The following internal control weaknesses were noted related to the Society's receipt and disbursement procedures:

Privilege fee receipts in the amounts of \$6,901 and \$7,055 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.

Rental receipts in the amounts of \$6,912 and \$6,019 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.

Sustaining and entry fee receipts in the amounts of \$8,489 and \$9,567 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.

Consignment auction receipts in the amounts of \$17,093 and \$26,924 for the years ended November 30, 2014 and 2013, respectively, could not be substantiated due to lack of supporting documentation.

Twenty-six and thirty-five percent of cash disbursements affecting multiple line items for the years ended November 30, 2014 and 2013 could not be substantiated due to lack of supporting documentation in the form of vendor invoices.

We recommend the Barlow Agricultural & Mechanical Association, Inc. Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Barlow Agricultural & Mechanical Association, Inc. regarding privilege fee receipts, rental receipts, sustaining and entry fee receipts, consignment auction receipts, and cash disbursements.

Client Response: The Society did not respond.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-002

Material Weakness – Admission Receipts

All tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

To account for admissions, the Barlow Agricultural & Mechanical Association, Inc. Treasurer completed ticket summary sheets for 2014 and 2013. However, per review of the unsold 2014 and 2013 tickets, we determined that the ticket summary sheets were inaccurate. Therefore, we manually counted all 2014 and 2013 sold ticket stubs for the fair gate receipts. However, we were not able to reconcile the supporting documentation to the amount of ticket receipts deposited into the bank and recorded on the receipts ledger. There was \$7,273 more deposited and recorded and \$2,140 less deposited and recorded in 2014 and 2013, respectively, compared to the supporting documentation. In addition, individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Barlow Agricultural & Mechanical Association, Inc. Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Barlow Agricultural & Mechanical Association, Inc. regarding admission receipts.

Client Response: The Society did not respond.

Finding Number	2014-003
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Noncompliance

Ohio Revised Code Section 149.43 states all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

Due to the Society not adopting a public records policy, the result could be the Society not fulfilling public records requests timely.

We recommend the Society adopt a public records policy, which states what records are available, times when records may be reviewed and costs for copies to be made.

Client Response: The Society did not respond.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.
WASHINGTON, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2014 AND 2013**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2012-001	<u>Material Weakness</u> - The Society did not comply with the Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, which outlines the procedures an agricultural society should take when accounting for fair admissions, sustaining and entry fees and other cash receipts.	No	Repeated as finding 2014-002

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Dave Yost • Auditor of State

BARLOW AGRICULTURAL AND MECHANICAL ASSOCIATION

WASHINGTON 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 8, 2015**