

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

TOM CARTER, TREASURER



Dave Yost • Auditor of State

Board of Directors
Harrison County Agricultural Society
PO Box 274
Cadiz, Ohio 43907

We have reviewed the *Independent Auditor's Report* of the Harrison County Agricultural Society, Harrison County, prepared by Julian & Grube, Inc., for the audit period December 1, 2014 through November 30, 2016. 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 Harrison County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 16, 2017

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**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON 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

Harrison County Agricultural Society
Harrison County
P.O. Box 274
Cadiz, Ohio 43907

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Harrison County Agricultural Society, Harrison County, Ohio, as of and for the years ended November 30, 2016 and 2015.

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 opine on the financial statement based on our audit. We audited 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.

An audit requires obtaining evidence about financial statements amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Harrison County Agricultural Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Harrison County Agricultural Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the Harrison County Agricultural Society prepared the 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, 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.

Though the Harrison County Agricultural Society does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Harrison County Agricultural Society as of November 30, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Harrison County Agricultural Society, Harrison County, Ohio, as of November 30, 2016 and 2015, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2017, on our consideration of the Harrison County Agricultural Society'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 Harrison County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 22, 2017

Harrison County Agricultural Society
Harrison County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2016 and 2015

	2016	2015
Operating Receipts		
Admissions	\$62,288	\$48,371
Privilege Fees	10,870	9,355
Sales	821	870
Rentals	4,250	3,100
Other Fees	245	370
<i>Total Operating Receipts</i>	<u>78,474</u>	<u>62,066</u>
Operating Disbursements		
Wages and Benefits	245	103
Utilities	18,736	10,590
Professional Services	27,862	26,704
Equipment and Grounds Maintenance	9,218	10,690
Advertising	4,081	2,496
Administrative	836	1,276
Supplies	9,982	5,223
Repairs	5,697	5,303
Insurance	5,980	5,365
Rent	5,324	4,574
Senior Fair	31,799	29,482
Junior Fair	3,791	3,320
Capital Outlay	16,420	264,041
Other Operating Disbursements	2,125	2,350
<i>Total Operating Disbursements</i>	<u>142,096</u>	<u>371,517</u>
<i>Excess (Deficiency) of Operating Receipts</i>	<u>(63,622)</u>	<u>(309,451)</u>
Non-Operating Receipts (Disbursements)		
State Support	6,643	5,948
County Support	2,400	2,400
Donations/Contributions	47,927	297,586
Investment Income	12	13
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>56,982</u>	<u>305,947</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(6,640)</u>	<u>(3,504)</u>
Cash Balance, Beginning of Year	<u>35,946</u>	<u>39,450</u>
<i>Cash Balance, End of Year</i>	<u><u>\$29,306</u></u>	<u><u>\$35,946</u></u>

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

HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

NOTE 1 – REPORTING ENTITY

Description of the Entity

The Agricultural Society of Harrison (the Society), Harrison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent 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 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 fifteen 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.

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.

The Junior Fair Board financial activity is reported in the Society's financial statements. Note 7 summarizes the Junior Livestock Committee's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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.

HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits

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

Property, Plant, and Equipment

The Fairgrounds are the property of the Harrison County Commissioners. These financial statements do not report any items as assets.

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.

NOTE 3 – DEPOSITS

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2016 and 2015 were as follows:

	2016	2015
Demand deposits	\$16,721	\$16,473
Certificates of deposit	6,439	6,429
Other time deposits (savings and NOW accounts)	6,146	13,044
Total deposits	<u>29,306</u>	<u>35,946</u>

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

NOTE 4 – RISK MANAGEMENT

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2016.

The Harrison County Commissioners provide general insurance coverage for all the buildings on the Harrison County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000. The Society’s Treasurer is bonded with coverage of \$10,000. The Society pays commercial liability insurance for the fairgrounds.

HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

NOTE 5 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Harrison County Agricultural Society has entered into a contract with Baker Construction in the amount of \$59,856. The scope of the project will be to finish the interior of the commercial building on the fairgrounds.

NOTE 6 – SUBSEQUENT EVENTS

The Society was awarded a \$50,000 grant for the construction project of the interior of the commercial building through the Ohio Department of Agriculture. All additional costs will be picked up by the Harrison County commissioners.

NOTE 7 – JUNIOR LIVESTOCK COMMITTEE SALE

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 three percent on auction sales 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, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Beginning Cash Balance	\$ 11,850	\$ 20,164
Receipts	359,598	394,930
Disbursements	<u>(358,162)</u>	<u>(403,244)</u>
Ending Cash Balance	<u>\$ 13,286</u>	<u>\$ 11,850</u>

NOTE 8 – COMPLIANCE

The Society had noncompliance with Ohio Revised Code Section 117.38 for filing an incomplete financial statement on the Hinkle System for fiscal year November 30, 2016.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Harrison County Agricultural Society
Harrison County
P.O. Box 274
Cadiz, Ohio 43907

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Harrison County Agricultural Society, Harrison County, Ohio, as of and for the years ended November 30, 2016 and 2015 and the related notes to the financial statement and have issued our report thereon dated May 22, 2017, wherein we noted the Harrison County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Harrison County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Harrison County Agricultural Society's internal control. Accordingly, we have not opined on it.

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 Harrison County Agricultural Society'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Board of Directors
Harrison County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Harrison County Agricultural Society's financial statements are 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 audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as finding 2016-001.

Harrison County Agricultural Society's Response to Finding

The Harrison County Agricultural Society's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Harrison County Agricultural Society's response and, accordingly, we express no opinion on it.

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



Julian & Grube, Inc.
May 22, 2017

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number:	2016-001

Material Weakness/Noncompliance – Incomplete Hinkle System Submission

Ohio Revised Code Section 117.38 states each public office, other than a state agency, shall file a financial report for each fiscal year. In addition, Ohio Auditor of State Bulletin 2015-007 states that complete annual financial reports need to be filed via the Hinkle System website. A complete submission for Regulatory Cash-Basis Entities includes the Statement(s) of Receipts, Disbursements, and Changes in Fund Balances and notes to the financial statements.

The Society filed annual financial reports for both 2015 and 2016 with the Hinkle System successfully; however, the Society did not upload a complete set of notes to the financial statement as required for fiscal year 2016. Certain note disclosures were added to the Society’s report.

We recommend the Harrison County Agricultural Society Treasurer and Board of Directors take the necessary steps to ensure their annual financial report includes the above requirements including all required note disclosures to the financial statements.

Client Response: The Society will work to file all required elements of the annual report in the future.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2016 AND 2015**

<u>Finding Number</u>	<u>Year Initially Occurred</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>
2014-001	2014	<u>Material Weakness</u> -As a result of audit procedures performed, errors were noted in the Society's financial statements that required audit adjustments and reclassifications due to the accounting system and records not being able to properly identify, record and report transactions.	Yes	N/A
2014-002	2012	<u>Material Weakness</u> - The Society's system of internal control was not adequate to provide reasonable assurance regarding the objectives for its public offices. The internal controls were not sufficient to assure that recorded transactions occurred and were not fictitious.	Yes	N/A
2014-003	2014	<u>Significant Deficiency</u> – Gate receipts were deposited up to 5 business days after the receipt of cash. Additionally, the Society maintained copies of some checks received from various sources, of which, were significantly deposited after the date of the check.	Yes	N/A
2014-004	2012	The Society was not preparing an annual budget per the "Uniform System of Accounting for Agricultural Societies" which requires each agricultural society to prepare an annual budget at the level of the chart of accounts used.	Partially Corrected	Repeated as a Management Letter comment
2014-005	2014	<u>Significant Deficiency</u> - The Society utilized QuickBooks where it was noted that the actual check did not agree to what was recorded in the system in several instances in both years. As a result, there was an increased risk of misappropriation, theft in office, inaccurate and incomplete financial statements, disbursements being reported in the wrong period, inaccurate bank to book reconciliations, and inadequate reports being utilized by management.	Yes	N/A



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
JUNE 29, 2017**