



Dave Yost • Auditor of State

MUSKINGUM COUNTY AGRICULTURAL SOCIETY
MUSKINGUM COUNTY
NOVEMBER 30, 2017 AND 2016

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Muskingum County Agricultural Society
Muskingum County
P.O. Box 2176
Zanesville, Ohio 43701

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Muskingum County Agricultural Society, Muskingum County, Ohio (the Society), on the receipts, disbursements and balances recorded in the Society's cash basis accounting records for the years ended November 30, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Society. The Society is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended November 30, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Society. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the November 30, 2017 and November 30, 2016 bank reconciliations. We found no exceptions.
2. We agreed the December 1, 2015 beginning fund balances recorded to the November 30, 2015 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the December 1, 2016 beginning fund balances recorded to the November 30, 2016 balances. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the November 30, 2017 and 2016 fund cash balances reported in the QuickBooks Balance Sheet. The amounts agreed.
4. We confirmed the November 30, 2017 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the November 30, 2017 bank reconciliation:
 - a. We traced two outstanding checks to the subsequent December bank statements. The remaining three outstanding checks were still outstanding as of January 31, 2018.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to November 30. There were no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

We selected all the receipts from the Distribution Transaction Detail Report (State DTL) for 2017 and 2016. We also selected all the receipts from the County Auditor's Vendor Expense Report from 2017 and from 2016.

- a. We compared the amount from the above reports to the amount recorded in the Deposits/Income Transactions Report. The amounts agreed.
- b. We inspected the Deposits/Income Transactions Report to determine whether these receipts were allocated to the proper account codes. We found no exceptions.
- c. We inspected the Deposits/Income Transactions Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Admission/Grandstand Receipts

We haphazardly selected one day of admission/grandstand cash receipts from the year ended November 30 2017 and one day of admission/grandstand cash receipts from the year ended November 30, 2016 recorded in the Deposits/Income Transactions Report and agreed the receipt amount to the supporting documentation (ticket recapitulation sheets/cash register tapes, etc.). The amounts agreed.

Privilege Fee Receipts

We haphazardly selected 10 privilege fee cash receipts from the year ended November 30, 2017 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Deposits/Income Transactions Report. The amounts agreed.
- b. Compared the rates charged with rates in force during the period. We found no exceptions.
- c. Confirmed the receipt was recorded in the proper year. We found no exceptions.

Rental Receipts

We haphazardly selected 10 rental cash receipts from the year ended November 30, 2017 and 10 rental cash receipts from the year ended November 30, 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Deposits/Income Transactions Report. The amounts agreed.
- b. Agreed the rate charged with rates in force during the period. We found no exceptions.
- c. Inspected the Deposits/Income Transactions Report to determine whether the receipt was recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended November 30, 2017 and 10 over-the-counter cash receipts from the year ended 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Deposits/Income Transactions Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period where applicable. We found no exceptions.
- c. Inspected the Deposits/Income Transactions Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds and notes outstanding as of November 30, 2015. These amounts agreed to the Societies December 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of November 30, 2015:
Veteran's Building Note	\$539,616
New Holland Tractor	6,210
County Bond	200,000

2. We inquired of management, and inspected the receipt and expenditure records for evidence of loan or credit agreements, and bonded, note, County, or mortgage debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of debt service payments including loan/credit agreements permitted by Ohio Rev. Code § 1711.13 owed during 2017 and 2016 and compared these payments from the Checks/Expense Transactions Report to the related debt amortization schedules. We also compared the date the debt service payments were due to the date the Society made the payments. We noted the following exceptions:
 - a. Payments for the County Bond were incorrectly posted entirely to principal in 2017 and 2016 which was not consistent with the approved schedule.
 - b. No principal payments were made on the Veteran's Building note in 2017 or 2016, which was not consistent with the approved schedule, as the Society was working with the bank to renegotiate terms. Also, in 2017, a late fee was incurred and posted to interest while interest payments were not paid timely.
 - c. For the New Holland Tractor, the 2016 payment was posted entirely to principal which was not consistent with the approved schedule.
4. We compared the amount of debt proceeds from the debt documents to amounts recorded in the Deposits/Income Transactions Report. The amount of debt proceeds from the debt documents were not recorded in the Deposits/Income Transactions Report.
5. For new debt issued during 2017, we inspected the debt legislation, noting the Society must use the proceeds to purchase a tractor and loader. We inspected the Checks/Expenditure Transactions Report and observed the Society purchased a tractor and loader in February 2017.
6. We inquired of management, inspected the Deposits/Income Transactions Report, and the prior agreed-upon procedures report to determine whether the Society had a loan or credit agreement outstanding from a prior year or obtained a loan or credit line in 2017 or 2016 as permitted by Ohio Rev. Code § 1711.13(B). We recalculated the Society's computation supporting that the total net indebtedness from loans and credit did not exceed twenty-five percent of its annual revenues. Total indebtedness exceeded twenty-five percent of revenues in 2017 and 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Payroll Ledger and:
 - a. We compared the hours and pay rate recorded in the Payroll Ledger to supporting documentation (timecard and legislatively approved rate). We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended November 30, 2017 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2017. We observed the following:

Withholding employer share, where applicable)	(plus Date Due	Date Paid	Amount Due	Amount Paid
Federal Income Taxes and Medicare	01/31/18	01/12/18	\$961	\$961
State Income Taxes	01/31/18	01/16/18	\$222	\$222
Local Income Tax	02/28/18	01/12/18	\$72	\$72

Non-Payroll Cash Disbursements

- We haphazardly selected ten disbursements from the Checks/Expense Transactions Report for the year ended November 30, 2017 and ten from the year ended 2016 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 Checks/Expense Transactions Report 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.

Other Compliance

1. Ohio Rev. Code § 117.38 requires societies to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Society's deadline where the initial filing was filed on time but incomplete. We confirmed the Society filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy. However, financial information was filed on May 3, 2018 for 2017 and 2016, which was not within the allotted timeframe.

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*. We were not engaged to, and did not conduct an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Society's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Society's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended November 30, 2017 and 2016, and certain compliance requirements related to these transactions and balances and 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

November 29, 2018

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MUSKINGUM COUNTY AGRICULTURAL SOCIETY

MUSKINGUM 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 18, 2018**