



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

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# OHIO AUDITOR OF STATE KEITH FABER



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SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Barlow Agricultural and Mechanical Association, Inc.  
Washington County  
18081 State Route 555  
Cutler, Ohio 45724

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended November 30, 2020 and 2019, and related notes of the Barlow Agricultural and Mechanical Association, Inc., Washington County, Ohio (the Association).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements 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 statements are free from material misstatement.

An audit requires obtaining evidence about financial statement 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 Association's preparation and fair presentation of the financial statements 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 Association's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the Association prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Association does not intend these statements 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 § 117.38 and Ohio Administrative Code §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 statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association, as of November 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Admissions are reported at \$48,071 for the year ended November 30, 2019, which is 20 percent of receipts for the year ended November 30, 2019. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as admissions. Consequently, we were unable to determine whether any adjustments to this amount was necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended November 30, 2020 and 2019 and related notes of the Barlow Agricultural and Mechanical Association, Inc., Washington County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 8 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Association. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, on our consideration of the Association'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 Association's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 6, 2021

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**Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Statement of Receipts, Disbursements and  
Change in Fund Balance (Regulatory Cash Basis)  
For the Year Ended November 30, 2020*

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<b>Operating Receipts</b>	
Admissions	\$1,060
Privilege Fees	1,271
Rentals	11,185
Other Operating Receipts	119
	<hr/>
<i>Total Operating Receipts</i>	<i>13,635</i>
	<hr/>
<b>Operating Disbursements</b>	
Utilities	8,930
Professional Services	9,178
Equipment and Grounds Maintenance	14,000
Property and Rent Services	1,792
Senior Fair	2,948
Junior Fair	7,984
Capital Outlay	44,197
Other Operating Disbursements	116,664
	<hr/>
<i>Total Operating Disbursements</i>	<i>205,693</i>
	<hr/>
<i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	<i>(192,058)</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	55,044
Local Support	3,300
Debt Proceeds	50,350
Donations/Contributions	120,589
Investment Income	128
Debt Service	(6,438)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>222,973</i>
	<hr/>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>30,915</i>
	<hr/>
Cash Balance, Beginning of Year	39,574
	<hr/>
<i>Cash Balance, End of Year</i>	<i>\$70,489</i>
	<hr/>

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

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**Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended November 30, 2020*

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**Note 1 – Reporting Entity**

The Barlow Agricultural and Mechanical Association, Inc. (the Association), Washington 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 Association is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Association was founded in 1872 to operate an annual agricultural fair. The Association sponsors the four day – long Barlow Fair during September. Washington County is not financially accountable for the Association. The Board of Directors manages the Association. The Board is made up of twelve directors serving staggered three-year terms. Association members elect Board members from its membership. Members of the Association must be residents of Washington County and pay an annual membership fee to the Association.

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, track and stall rental, and community events including consignment auction, flea market, tractor pull, and Christmas in the Village vendor event. The reporting entity does not include any other activities or entities of Washington County, Ohio.

The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Association's financial statement.

The Association's management believes this financial statement presents all activities for which the Association is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Deposits***

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Barlow Agricultural and Mechanical Association**  
*Washington County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*  
(Continued)

***Capital Assets***

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

***Income Tax Status***

The Association is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Association is not a private foundation within the meaning of Section 509 (a). Contributions to the Association are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Association's tax status.

**Note 3 – Deposits**

The Association maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2020
Demand deposits	\$65,284
Other time deposits (savings accounts)	5,205
Total deposits	70,489

At November 30, 2020, the Association held \$0 in equity securities. Equity securities are not eligible investments for the Association under Ohio law.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Risk Management**

The Association provide general insurance coverage for all the buildings on the Association'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 – Debt**

Debt outstanding at November 30, 2020, was as follows:

	Principal	Interest Rate
Note Payable for Barn Construction	\$44,170	3.50%
Note Payable for Capital Improvement	50,240	3.75%
Total	\$94,410	

On March 23, 2018, the Association obtained a promissory note from the Citizens Bank Company for the construction of a new barn. The note was for a maximum amount of \$55,300 with an interest rate of 3.50%.

**Barlow Agricultural and Mechanical Association**  
*Washington County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2020*  
(Continued)

On July 27, 2020, the Association obtained a promissory note from the Citizens Bank Company for capital improvements. The note was for a maximum amount of \$50,350 with an interest rate of 3.75%.

Amortization of the above debt is scheduled as follows:

Fiscal				
Year Ending				
November 30:	Barn note	Capital Improve		Total
2021	\$2,198	\$50,240	✓	\$52,438
2022	2,275		✓	2,275
2023	2,354		✓	2,354
2024	41,546		✓	41,546
	<u>\$48,373</u>	<u>\$50,240</u>		<u>\$98,613</u>

**Note 6 – Construction and Contractual Commitments**

The Association’s barn savings account is ear-marked to be used to complete the electrical needs for the above mentioned show barn as well as any grounds electrical updates that are to be completed.

**Note 7 – Contingent Liabilities**

Amounts grantor agencies pay to the Association are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 8 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Association. In addition, the impact on the Association’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Statement of Receipts, Disbursements and  
Change in Fund Balance (Regulatory Cash Basis)  
For the Year Ended November 30, 2019*

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<b>Operating Receipts</b>	
Admissions	\$48,071
Privilege Fees	9,653
Rentals	10,665
Other Operating Receipts	348
	<hr/>
<i>Total Operating Receipts</i>	<i>68,737</i>
	<hr/>
<b>Operating Disbursements</b>	
Wages and Benefits	121
Utilities	13,009
Professional Services	39,498
Equipment and Grounds Maintenance	15,421
Property and Rent Services	2,364
Senior Fair	10,187
Junior Fair	9,771
Other Operating Disbursements	168,243
	<hr/>
<i>Total Operating Disbursements</i>	<i>258,614</i>
	<hr/>
<i>Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements</i>	<i>(189,877)</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	7,101
Local Support	3,300
Donations/Contributions	158,395
Investment Income	131
Debt Service	(5,704)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>163,223</i>
	<hr/>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>(26,654)</i>
	<hr/>
Cash Balance, Beginning of Year	66,228
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<i>Cash Balance, End of Year</i>	<i>\$39,574</i>
	<hr/> <hr/>

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

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**Barlow Agricultural and Mechanical Association, Inc.**

*Washington County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Barlow Agricultural and Mechanical Association, Inc. (the Association), Washington 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 Association is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Association was founded in 1872 to operate an annual agricultural fair. The Association sponsors the four day – long Barlow Fair during September. Washington County is not financially accountable for the Association. The Board of Directors manages the Association. The Board is made up of twelve directors serving staggered three-year terms. Association members elect Board members from its membership. Members of the Association must be residents of Washington County and pay an annual membership fee to the Association.

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, track and stall rental, and community events including consignment auction, flea market, tractor pull, and Christmas in the Village vendor event. The reporting entity does not include any other activities or entities of Washington County, Ohio.

The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Association's financial statement.

The Association's management believes this financial statement presents all activities for which the Association is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Deposits***

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Barlow Agricultural and Mechanical Association**  
*Washington County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*  
(Continued)

***Capital Assets***

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

***Income Tax Status***

The Association is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Association is not a private foundation within the meaning of Section 509 (a). Contributions to the Association are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Association's tax status.

**Note 3 – Deposits**

The Association maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2019
Demand deposits	\$34,879
Other time deposits (savings accounts)	4,695
Total deposits	39,574

At November 30, 2019, the Association held \$0 in equity securities. Equity securities are not eligible investments for the Association under Ohio law.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Risk Management**

The Association provide general insurance coverage for all the buildings on the Association'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 – Debt**

Debt outstanding at November 30, 2019, was as follows:

	Principal	Interest Rate
Note Payable for Barn Construction	\$47,884	3.50%

On March 23, 2018, the Association obtained a promissory note from the Citizens Bank Company for the construction of a new barn. The note was for a maximum amount of \$55,300 with an interest rate of 3.50%.

**Barlow Agricultural and Mechanical Association**  
*Washington County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*  
(Continued)

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Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Barn Note
2020	\$2,119
2021	2,198
2022	2,275
2023	2,354
2024	41,546
	<u>\$50,492</u>

**Note 6 – Construction and Contractual Commitments**

The Association’s barn savings account is ear-marked to be used to complete the electrical needs for the above mentioned show barn as well as any grounds electrical updates that are to be completed.

**Note 7 – Contingent Liabilities**

Amounts grantor agencies pay to the Association are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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# OHIO AUDITOR OF STATE KEITH FABER



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Athens, Ohio 45701  
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SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Barlow Agricultural and Mechanical Association, Inc.  
Washington County  
18081 State Route 555  
Cutler, Ohio 45724

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 statements of the cash balances, receipts and disbursements as of and for the years ended November 30, 2020 and 2019, and related notes of the Barlow Agricultural and Mechanical Association, Inc., Washington County, Ohio (the Association) and have issued our report thereon dated October 6, 2021, wherein we noted the Association followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion due to lack of sufficient audit evidence supporting the amount recorded as admissions for the year ended November 30, 2019. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Association.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Association's internal control over financial reporting (internal control) as a basis for designing 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 Association'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 Government's financial statements. 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-001 through 2020-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Association'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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Association's Response to Findings***

The Association's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Association's responses to the auditing procedures applied in the audit of the financial statements 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 Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 6, 2021

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

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness**

Strong internal control policies and procedures over admission receipts is an important aspect of the Society's operation. All tickets for admittance to the fair and its events should be consecutively pre-numbered. Separate tickets should be used to account for each type of admission. The numbered sequence of tickets given to distribution locations should be recorded. All unsold tickets and cash for sold tickets should 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 should be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office should be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations should be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt should be assigned to account for the cash associated with all reconciliations.

The Association did not complete a ticket summary sheet or adequately track daily admission receipts. Individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. We could not determine that the proper rates were charged or proper amounts were collected due to the lack of support. Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Association's financial statements which has resulted in a qualified audit opinion regarding the Association's receipts.

The Secretary and Treasurer should monitor receipts and ensure proper support is available and properly organized to allow for proper transparency and verification. The Association should also review Auditor of State Bulletin 2020-006 for cash collection best practices related to Agricultural Societies.

**Officials' Response:** In the coming years we will try to track the admissions tickets and implement tracking methods in the ticket booths for the fair. We have tried in the past and it always failed due to the busy nature of admissions and the volunteer nature of gate workers. This issue will be discussed at the meeting before our annual fair in September 2021.

**FINDING NUMBER 2020-002**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Directors and/or other administrator are responsible for reviewing the reconciliations and related support.

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

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2020 AND 2019**

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

(Continued)

**FINDING NUMBER 2020-002 (Continued)**

**Material Weakness (Continued)**

While bank reconciliations were completed over the Association's general checking account, the Association was unable to provide complete and accurate monthly bank reconciliations to zero unidentified differences over all bank accounts. Additionally, the Association used Quickbooks to classify transactions and the Treasurer agreed her reconciled balance to Quickbooks each month; however, she did not print the report from Quickbooks to verify that they reconciled. The financial statements were prepared from the Quickbooks reports, however, ending balances did not agree to the year-end reconciliation. There was a reconciling difference of \$348 identified in the prior audit; however, it could not be confirmed and it was not made. Additionally, bank reconciliations were not reviewed and approved or presented to the Board.

The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and fund balance. Variances should be investigated, documented and corrected. Further, the Association should maintain documentation that the reconciled balance agrees to Quickbooks, and make all audit adjustments, to ensure all information has been input into the financial statements correctly and information is being adequately reflected. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** I, the Treasurer, will be sure to make audit adjustments and will print the Quickbooks reconciliations for records. We will visit the idea of presenting reconciliations to the Board instead of an updated report for the date ending at the monthly meeting moving forward.

**FINDING NUMBER 2020-003**

**Material Weakness**

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

The Treasurer classified certain transactions incorrectly resulting in material audit adjustments and reclassifications.

For the year ended December 31, 2020:

- COVID receipt was incorrectly posted as donations and contributions instead of state support in the amount of \$50,000.
- Debt proceeds were incorrectly posted as mortgage income in the amount of \$50,000 instead of debt proceeds. Additionally, the amount of the note was \$50,350 but was posted in the amount of \$50,000 which resulted in note proceeds and capital outlay disbursements being understated by \$350.
- The financial statements were incorrectly posted from the Quickbooks system resulting in other operating disbursements being overstated in the amount of \$895.



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

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2020 AND 2019**

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

(Continued)

**FINDING NUMBER 2020-003 (Continued)**

**Material Weakness (Continued)**

For the year ended December 31, 2019:

- The financial statements were incorrectly posted from the Quickbooks system resulting in donations and contributions being overstated in the amount of \$165 and other operating disbursements being overstated in the amount of \$40.
- The financial statements did not reconcile due to errors in the prior audit resulting in other revenues being understated in the amount of \$348.

These misstatements were caused by confusion over proper posting. As a result, adjustments and reclassifications, with which the Association's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Treasurer should take additional care in posting transactions to the Association's ledgers in order to ensure the financial statements reflect the appropriate classifications.

**Officials' Response:** I, the Treasurer, will do my best to ensure that all receipts and disbursements are posted into the correct line/category before submitting the financial reports. The best way to do this will be on a monthly basis instead of just before the annual reports.

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**Barlow Agricultural and Mechanical Association, Inc.**  
**18081 State Route 555**  
**Cutler, Ohio 45724**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**NOVEMBER 30, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	OAC § 117-2-02(D) – lack of adequate supporting documentation	Not Corrected	The Association will try to track the admissions tickets and implement tracking methods in the ticket booths for the fair. The Board will discuss this issue at the meeting before the annual fair in September 2021. Also, the Association plans to organize the office to prevent the loss of paperwork.
2018-002	Ohio Revised Code § 149.43 – public records policy	Not Corrected	The Association plans on adopting a public records policy to be on its website, posted in the Association office and for all the Board members to sign at the annual re-organizational meeting in November.
2018-003	Material Weakness for not posting to proper classifications	Not Corrected	The Treasurer will do her best to ensure that all receipts and disbursements are posted into the correct line/category before submitting the financial reports. She will do this on a monthly basis.
2018-004	Material weakness for not completing ticket accountability sheets and maintaining adequate support.	Not Corrected	The Association will try to track the admissions tickets and implement tracking methods in the ticket booths for the fair. The Board will discuss this issue at the meeting before the annual fair in September 2021.
2018-005	Ohio Revised Code § 9.38 – timely deposit of public monies	Corrected	
2018-006	Material weakness for performing complete and accurate bank reconciliations	Not Corrected	The Treasurer will do her best to make audit adjustments and she will print the Quickbooks reconciliations for her records. The Board will visit the idea of being presented the reconciliations at the monthly meetings.
2018-007	Significant Deficiency for not enacting an annual budget	Partially Corrected	The Board will approve and discuss the budget throughout the year and approve budgetary information at its monthly meetings effective immediately.
2018-008	Material weakness for not monitoring cash withdrawals and disbursements	Not Corrected	The Association will ensure that the amounts are voted before withdrawing of cash and reported after re-deposit.

# OHIO AUDITOR OF STATE KEITH FABER



**BARLOW AGRICULTURAL AND MECHANICAL ASSOCIATION, INC.**

**WASHINGTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/4/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)