



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Darke County Agricultural Society
Darke County
800 Sweitzer Street
Greenville, Ohio 45331

We have performed the procedures enumerated below on the Darke County Agricultural Society's (the Society) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended November 30, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Society.

The Board of Trustees and the management of the Society have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the November 30, 2020 and November 30, 2019 bank reconciliations. We found no exceptions.
2. We agreed the December 1, 2018 beginning fund balances for each fund recorded to the November 30, 2018 balances in the documentation in the prior year Agreed-Upon Procedures working papers. The total fund balance at November 30, 2018, was \$261,420.81. The total fund balance at December 1, 2018, was \$300. This is a \$261,120.81 variance. We also agreed the December 1, 2019 beginning fund balances for each fund recorded to the November 30, 2019 balances. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the November 30, 2020 and 2019 fund cash balance reported in the General Ledger Reports and the financial statements filed by the Society in the Hinkle System. The amounts did not agree as follows:

Efficient • Effective • Transparent

- a. The reconciled bank balance at November 30, 2019, was \$554,865.99. The fund cash balance per the General Ledger Report was \$554,603.89, a difference of \$262.10.
 - b. The reconciled bank balance at November 30, 2020, was \$226,277.99. The fund cash balance per the General Ledger Report was \$226,311.52, a difference of \$(33.53).
 - c. The Cash Balance, End of Year reported on the 2019 Annual Financial Report in Hinkle was \$(558,280). The reconciled book balance was \$554,865.99.
 - d. The Cash Balance, End of Year reported on the 2020 Annual Financial Report in Hinkle was \$1,020,951. The reconciled book balance was \$226,277.99.
4. We confirmed the November 30, 2020 bank account balances with the Society's financial institution. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the November 30, 2020 bank reconciliation without exception.
 5. We selected five reconciling debits (such as outstanding checks) from the November 30, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent December bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register and determined the debits were dated prior to November 30. There were no exceptions.
 6. We selected five reconciling credits (such as deposits in transit) from the November 30, 2020 bank reconciliation:
 - a. We were unable to trace each credit to the subsequent bank statements.
 - b. We agreed the credit amounts to the General Ledger and determined they were dated prior to November 30. We found no exceptions.
 7. We inspected investments held at November 30, 2020 and November 30, 2019 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. There were no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the Distribution Transaction Detail Report (State DTL) and the County Vendor Audit Trail Report from 2020 and a total of five from 2019.
 - a. We compared the amount from the above named reports to the amount recorded in the General Ledger. The amounts agreed.
 - b. We inspected the General Ledger to determine these receipts were allocated to the proper account codes. We found no exceptions.
 - c. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Admission/Grandstand Receipts

We selected two days of admission/grandstand cash receipts from the year ended November 30, 2019 recorded in the General Ledger and agreed the receipt amount to the supporting documentation (ticket recapitulation sheets/cash register tapes, etc.). The amounts did not agree.

For August 17, 2019, the amount recorded in the General ledger for August 17, 2019 was \$122,039.

- a. The ticket sales recapitulation reported 4,512 tickets sold and 4,424 vouchers sold on that date.
- b. The admission price per ticket was \$7 and admission price per voucher was \$20.

- c. Therefore the recapitulation sheet multiplied by the admission price supports admission receipts of \$120,064 for August 17, 2019, which is less than the amount recorded by \$1,975.

For August 22, 2019, the amount recorded in the General ledger for August 22, 2019 was \$19,974.

- d. The ticket sales recapitulation reported 602 tickets sold and 12 vouchers sold on that date.
- e. The admission price per ticket was \$7 and admission price per voucher was \$20.
- f. Therefore the recapitulation sheet multiplied by the admission price supports admission receipts of \$4,454 for August 22, 2019, which is less than the amount recorded by \$15,520.

Privilege Fee Receipts

We selected 10 privilege fee cash receipts from the year ended November 30, 2019 recorded in the duplicate cash receipts book and:

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

Rental Receipts

We selected 10 rental cash receipts from the year ended November 30, 2020 and 10 rental cash receipts from the year ended November 30, 2019 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the General Ledger. The amounts agreed.
- b. Agreed the rate charged with rates in force during the period. The Society was not able to provide documentation to verify that the proper rates were charged for two receipts tested, one during fiscal year 2019 and one during fiscal year 2020. Therefore, for those two receipts we were not able to determine the receipt amount agreed to the approved contract/rate sheet.
- c. Inspected the General Ledger to determine whether the receipt was recorded in the proper year. We found no exceptions.

Other Receipts

We selected 10 other receipts from the year ended November 30, 2020 and 10 other receipts from the year ended November 30, 2019 and:

- a. Agreed the receipt amount recorded in the General Ledger to supporting documentation. The amounts agreed. For two of the receipts tested during fiscal year 2020, the Society was not able to provide supporting documentation for the receipt to verify the appropriate amount was recorded in the General Ledger.
- b. Inspected the General Ledger to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of November 30, 2018.
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 2020 or 2019 or debt payment activity during 2020 or 2019. Debt activity did not agree to summary we used in procedure 3. We noted the following exceptions:

- During 2019, the Society received \$300,000 from a line of credit, and did not make any line of credit payments. However, per review of the General Ledger, the Society overstated line of credit payments in the General Ledger by \$221,879.96 and understated line of credit receipts in the General Ledger by \$80,147.
 - During 2020, the Society received \$175,000 from a line of credit and made payments totaling \$481,385.91, which included principal, interest and annual fees. However, per review of the General Ledger, the Society understated line of credit payments in the General Ledger by \$100,225 and overstated line of credit receipts in the General Ledger by \$300,258.90.
 - All draws from the lines of credit were repaid during the audit period. There was no outstanding debt for the lines of credit as of November 30, 2020.
 - During 2020, the Society received \$28,462 in loan proceeds which agreed to the General Ledger. This loan was forgiven by the bank; thus, no repayment was due.
3. We obtained a summary of debt service payments including mortgage debt and loan/credit agreements permitted by Ohio Rev. Code § 1711.13 owed during 2020 and 2019 and agreed these payments from the General Ledger 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 found no exceptions, except as noted in step #2 above.
 4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Ledger. The amounts agreed, except as noted in step #2 above.
 5. We inquired of management, inspected the general ledger, and the prior agreed-upon procedures report to determine whether the Society had a loan or credit agreement outstanding from a prior year and obtained a loan or credit line in 2019 or 2020 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. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the General Ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the Paycheck to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

For three of the employees tested during fiscal year 2019 and four employees tested during fiscal year 2020, the Society was unable to provide the Retirement system, Federal, State & Local income tax withholding authorization, and we therefore were not able to agree these items to the information used to compute gross and net pay related to these checks. For four of the employees tested during fiscal year 2019 and all of the employees tested during fiscal year 2020, the Society was unable to provide the approved pay scale/contract for the employee during the pay dates selected.
2. We inspected the last remittance of tax and retirement withholdings for the year ended November 30, 2020 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 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	December 31, 2021	December 8, 2020	\$2,796.02	\$2,796.02
State income taxes	December 15, 2021	December 7, 2020	\$218.39	\$218.39

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the General Ledger for the year ended November 30, 2020 and 10 from the year ended November 30, 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions, except as noted below for which the Society does not have a proper public purpose policy:
 - An expenditure for flowers purchased for a funeral in the amount of \$42.90 in July 2019.
 - An expenditure for a fair breakfast in the amount of \$488.31 in August 2019.
 Additionally, we noted the following expenditures that are not deemed proper public purpose expenditures:
 - An expenditure for a credit card payment included \$39 of fees and \$201.88 of interest charged in September 2019.
 - 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 General Ledger and to the names and amounts on the supporting invoices. We found no exceptions, except as noted below.
 - An expenditure for a credit card payment in the amount of \$6,178.12 in September 2019 included only the credit card statement and one original receipt in the amount of \$209.74. The remaining original receipts were not provided.
 - An expenditure for a refund to a vendor in the amount for \$176 in January 2019 did not agree to the invoice of \$188.76. The \$12.76 variance was due to the Society not reimbursing the vendor for sales tax.
 - An expenditure for \$25,000 in August 2019 to load the ATM machine at the fairgrounds was not supported by an original receipt.
 - An expenditure for a mixer for an appreciation banquet in the amount of \$170 in October 2019 was not supported by an original receipt.
 - c. Based on the nature of the expenditure, the account coding is reasonable. We found no exceptions.

Sunshine Law Compliance

1. We obtained and inspected the Society's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Society management and determined that the Society did not have any completed public records requests during the engagement period. The Society did not have any denied public records requests during the engagement period. The Society did not have any public records requests with redactions during the engagement period.

3. We inquired with Society management and determined that the Society did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inquired with Society management and determined that the Society did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Society's poster describing their Public Records Policy was displayed conspicuously in office of the Society as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Society management and determined that the Society did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with Society management and attempted to determine whether each elected official, in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee), successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found that none of the Society's elected officials completed the Public Records Training for their term.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Society notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We noted 18 executive sessions where no purpose for going into the executive session was documented in the minutes. We noted three executive sessions where the purpose for going into an executive session did not correlate with one of the matters listed in Ohio Rev. Code Section 121.22(G).

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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Society filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended November 30, 2020 and 2019 in the Hinkle system. There were no exceptions.

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
- a. We inspected the established policy obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.We found no exceptions.
- b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions, except as noted below:
 - The Society was unable to provide original invoices for a credit card transaction to Lowe's in the amount of \$642.84 in January 2019. The Society only provided the credit card statement.
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.We found no exceptions, except as noted below:
 - The Society had a total of \$64 in fees and \$52.28 in interest on the Lowe's credit card statement mentioned above.
 - The Society had an unpaid balance of \$1,389.41 on a Capital One credit card statement that was carried forward from the prior credit card statement in July 2019.

Related Party Transactions

1. We inquired with management and identified the following Related Party Transaction:
 - a. Board Member Doug Martin's wife, Beth Martin, was contracted as the Jr. Fair Coordinator during the audit period.We found no exceptions.
2. We obtained supporting evidence for the Related Party Transaction noted in procedure 1. We found no exceptions

We were engaged by the Society to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination, or review engagement, 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.

We are required to be independent of the Society and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2021

OHIO AUDITOR OF STATE KEITH FABER



DARKE COUNTY AGRICULTURAL SOCIETY

DARKE 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 11/30/2021

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