



Dave Yost • Auditor of State

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

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Dave Yost • Auditor of State

Highland County Agricultural Society
Highland County
P.O. Box 564
Hillsboro, Ohio 45133

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

January 28, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Highland County Agricultural Society
Highland County
P.O. Box 564
Hillsboro, Ohio 45133

To the Board of Directors:

We have audited the accompanying financial statements of the Highland County Agricultural Society, Highland County, Ohio (the Society), as of and for the years ended November 30, 2009 and 2008. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The accompanying financial statements for the year ended November 30, 2009 present unclassified receipts and disbursements. Ohio Administrative Code, Section 117-2-02(A), requires governments to classify receipt and disbursement transactions.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, except for the omission of certain receipt and disbursement classifications for the year ended November 30, 2009, the financial statements referred to above present fairly, in all material respects, the cash balances of Highland County Agricultural Society, Highland County, Ohio, as of November 30, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011, on our consideration of the 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Dave Yost
Auditor of State

January 28, 2011

HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2009

	<u>2009</u>
Cash Receipts:	
Unclassified	<u>\$553,174</u>
Total Cash Receipts	<u>553,174</u>
Cash Disbursements:	
Unclassified	<u>500,136</u>
Total Cash Disbursements	<u>500,136</u>
Total Receipts Over/ (Under) Disbursements	<u>53,038</u>
Fund Cash Balances, Beginning of Year	<u>36,071</u>
Fund Cash Balances, End of Year	<u><u>\$89,109</u></u>

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

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2008**

	2008
Operating Receipts:	
Admissions	\$312,326
Privilege Fees	78,965
Rentals	55,203
Sustaining and Entry Fees	14,608
Sales by Fair Board	6,160
Other Operating Receipts	142
Total Operating Receipts	467,404
Operating Disbursements:	
Wages and Benefits	55,491
Utilities	47,052
Professional Services	178,305
Equipment and Grounds Maintenance	53,478
Senior Fair	41,815
Junior Fair	39,859
Capital Outlay	202,033
Other Operating Disbursements	18,654
Total Operating Disbursements	636,687
Excess of Operating Receipts Over Operating Disbursements	(169,283)
Non-Operating Receipts (Disbursements):	
State Support	2,159
County Support	5,141
Donations/Contributions	46,653
Investment Income	2,962
Debt Service	(18,854)
Net Non-Operating Receipts (Disbursements)	38,061
Excess of Receipts Over Disbursements	(131,222)
Cash Balance, Beginning of Year	167,293
Cash Balance, End of Year	\$36,071

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

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County Agricultural Society, Highland County, Ohio (the Society), as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1948 to operate an annual agricultural fair. The Society sponsors the week-long Highland County Fair during September. Highland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 19 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Highland County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. 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 Highland County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The Society maintained all funds in interest bearing checking. Interest earned is recognized and recorded when received.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses. This is included in the Donations/Contributions line item in the accompanying financial statement.

F. 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.

2. CASH AND INVESTMENTS

The carrying amount of deposits at November 30, 2009 and 2008 was as follows:

	2009	2008
Demand deposits	\$89,109	\$36,071

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. DEBT

Debt outstanding at November 30, 2009 was as follows:

	Principal	Interest Rate
Note Payable for County Loan	62,000	4.21%
Total	\$62,000	

Highland County loaned the Society \$150,000 on April 28, 2005 for the purchase of real estate. The Society must repay the loan to the County ten days prior to the due date of the County's payment over the term of the County's repayment schedule for the funds borrowed on behalf of the Society.

Amortization of the above debt is scheduled as follows:

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

3. DEBT (Continued)

Year ending November 30:	GO Bonds	Interest	Total
2010	6,000	5,510	\$11,510
2011	6,000	5,258	11,258
2012	6,000	5,005	11,005
2013	7,000	4,753	11,753
2014	7,000	4,458	11,458
2015-2016	30,000	8,033	38,033
Total	<u>\$62,000</u>	<u>\$33,017</u>	<u>\$95,017</u>

The Society obtained a line of credit from Merchant's National Bank in June 2008 for \$70,000. The line of credit was to finance the construction of the rabbit and poultry barn and general operating expenses of the fair. The Society did not utilize this line of credit during fiscal year 2009 or 2008.

4. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides the retirement benefits, including survivor and disability benefits to participate. For 2009 and 2008, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2009.

5. RISK MANAGEMENT

The Highland County Commissioners provide general insurance coverage for all the buildings on the Highland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 30, 2009.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Highland County Fair. The Society disbursed \$27,897 and \$29,010 in 2009 and 2008, directly to the Junior Fair Board, and \$1,238 in 2009 and \$10,849 in 2008 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement (included in Unclassified Cash Disbursements). The Society was reimbursed \$3,000 each year by Highland County for its support of Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2008 and 2009 follows:

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

6. JUNIOR FAIR BOARD (Continued)

	2009	2008
Beginning Cash Balance	\$10,268	\$16,085
Receipts	65,383	82,042
Disbursements	(52,390)	(87,859)
Ending Cash Balance	\$ 23,261	\$ 10,268

7. JUNIOR LIVESTOCK SALE COMMITTEE

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 Highland County's auction. Monies to cover the cost of the auction are generated through a per head, per group of animals (pen) commission, and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$ 4,574	\$ 11,454
Receipts	440,567	427,870
Disbursements	(436,710)	(434,750)
Ending Cash Balance	\$ 8,431	\$ 4,574

8. NONCOMPLIANCE

The Society lacked management oversight for the reconciliation process, and related financial reporting .

The Society did not maintain all supporting documentation for their records.



Dave Yost • Auditor of State

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

Highland County Agricultural Society
Highland County
P.O. Box 564
Hillsboro, Ohio 45133

To the Board of Directors:

We have audited the financial statements of the Highland County Agricultural Society, Highland County, Ohio (the Society), as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated January 28, 2011, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We qualified our report because the Society did not classify certain receipts and disbursements for the year ended November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 through 2009-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the 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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated January 28, 2011.

We intend this report solely for the information and use of the audit committee, management and Board of Directors. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

January 28, 2011

**HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2009 and 2008**

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

Accounting System

FINDING NUMBER 2009-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Admin. Code, § 117-2-02(A), requires that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Society lacks management oversight over accounting and reconciliation processes, and the related financial reporting. This lack of oversight is illustrated by the following:

- As noted below, 2009 transaction amount totals from the Society's accounting system could not be traced to the original financial statements presented for audit. As a result, the Society presented unclassified cash-basis financial information for the year ended November 30, 2009.
- There were discrepancies in the fund balances as follows:

Beginning Fund Balance – December 1, 2007	
November 30, 2007 Per 2007 audited financial statements	\$167,293
December 1, 2007 Per Society's 2008 Annual Financial Report	\$166,790
Beginning Fund Balance – December 1, 2008	
November 30, 2008 Per Society's accounting system	\$36,071
December 1, 2008 Per Society's Annual Financial Report	\$34,936
Ending Fund Balance – November 30, 2009	
November 30, 2009 Per Society's 2009 Annual Financial Report	\$84,452
November 30, 2009 Per bank reconciliation	\$89,106

**FINDING NUMBER 2009-001
 (Continued)**

- The Society posted undocumented adjustments to its accounting system throughout 2009, as follows:

Taxes Adjustments Prior Years	\$9,119	No supportive documentation
Prior Year Loan Balance Adjustment	\$22,000	No supportive documentation
Petty Cash Stolen	\$316	Society explained (and provided a related newspaper article) that their board office was broken into in January 2009, and that money was taken and property destroyed. No supportive documentation was provided to determine the exact amount stolen.

- The Society included an expenditure line item, titled "Other Liabilities Reduction" on their financial statements totaling \$8,772. The Society does not book liabilities. They book revenue when cash is received, and book expenditures when cash is disbursed. The detailed support in the expenditure ledger shows that the liability is for payroll. The Society tracked their withholdings and payments for withholdings in the "Other Liabilities Reduction" line item.
- The Society misposted \$5,000 in principal payments as interest account in the 2008 expenditure ledger.
- Total receipts on the 2009 annual financial report did not match the total receipts per the accounting system:

Receipts per the annual financial report	\$547,192
Receipts per the accounting system	\$547,412

- Total disbursements on the 2009 annual financial report did not match the total disbursements per the cash journal:

Disbursements per the annual financial report	\$497,675
Disbursements per the cash journal	\$503,466

- The Society did not issue duplicate receipts for each receipt collected, and not all duplicate receipts were documented in the revenue ledger for 2008 and 2009.
- In 2008 and 2009, the Society posted certain disbursements in revenue accounts.
- The Society posted returns of rental deposits as a reduction of revenue instead of a disbursement.
- The cashbook and expenditure ledger had numerous checks listed that did not have a payee listed making it difficult to determine if the expenditures were properly posted.

Failure to maintain accurate accounting records, financial statements and related documentation increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

The Society posted the necessary adjustments to the financial statements and accounting records.

**FINDING NUMBER 2009-001
(Continued)**

Due care should be taken in posting activity to their accounting system. Total receipts and expenditures per the accounting system should reconcile to the activity posted on the bank statements. Completing a monthly reconciliation of activity posted would aid in detecting posting errors.

We recommend that the Society record receipts and disbursements at the gross amount. Failure to accurately post entries as receipts and disbursements will result understatement of these items on the financial statements.

Due care should also be taken in completing the annual financial reports. The receipts and disbursements as reported on the annual financial reports should match the activity posted to accounting system. The Society should adopt policies/procedures for the review of activity posted to the accounting system and reported on the annual financial reports.

Official's Response:

We did not receive a response from the officials for the finding above.

Destruction of Records

FINDING NUMBER 2009-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Revised Code, § 149.351, establishes guidelines against the destruction or damage of records. This section states that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Revised Code, Sections 149.38 to 149.42.

The Society did not present the following documents for audit:

- Four invoices totaling \$36,100 in 2008. Through additional audit procedures we were able to determine that these expenditures were for a proper public purpose and posted to the proper line items;
- Supporting documentation was not maintained for the 2008 and 2009 building rental contracts. 12/57 = 21% of the 2008 contacts were not maintained, and 34/68 = 50% in 2009;
- 2009 payroll check stubs;

Failure to maintain accounting records adversely affect management's ability to make informed decisions and increases the risk that errors, theft and fraud may occur and not be detected in a timely manner.

We recommend the Society maintain accounting records to support financial transactions recorded in their accounting system and financial statements.

Official's Response:

We did not receive a response from the officials for the finding above.

Cash Reconciliation

FINDING NUMBER 2009-003

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Admin. Code, §117-2-01-(D), states in part that when designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The small size of the Society does not allow for adequate segregation of duties. The fiscal officer processes all the financial recordkeeping including receipting, posting, and reconciling to the depository. Bookkeeping errors occurred without the detection of management. It is therefore, important that the Board Members monitor financial activity. As noted in Finding 2009-001, the Society failed to maintain an accurate account of the Society's funds for 2009.

The fiscal officer is responsible for all the bookkeeping functions, which makes it difficult to provide an adequate segregation of duties. Because of this, it is essential that someone other than the fiscal officer review the bank statements and reconciliation for accuracy. Having another person review these items could help detect reconciling issues earlier rather than later. We recommend that a qualified designated person be responsible for reviewing these items.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions as well as ensure that all recorded transactions have been deposited with the financial institution. The Society did not perform accurate reconciliations during the audit period. Several reconciling items were incorrect and the outstanding checklist was inaccurate. The Fiscal officer would void checks from the accounting records, however these checks would clear the bank. We recommend that the Fiscal officer accurately post all receipts and expenditures to the books and that the reconciliation be performed with due care.

We identified the following conditions related to the 2009 bank reconciliations and Society's accounting system.

- No supporting documentation showing the performance and approval of 2009 reconciliations.
- The Society's cashbook 2009 beginning balance did not agree to the ending 2008 balance (see Finding 2009-001).

**FINDING NUMBER 2009-003
(Continued)**

- A list of voided checks was not maintained to aid in the reconciliation process and determination of proper posting to the system due to the method the Society's accounting system posts voided checks. In addition, the Society marked three voided checks as cleared in the accounting system, which resulted in overstated expenditures. In order to remove the expenditure, a receipt entry was recorded to offset the expenditure. Completing these entries can lead to the over-statement of receipts and expenditures.
- As noted in Finding 2009-001, the balance per the November 30 2009 Society's accounting system was \$4,654 less than the November 30, 2009 reconciled bank balance.
- We found instances of blank pre-signed checks in 2008.
- In 2009, \$300 worth of checks were duplicated in the system. The accounting system allows the Society to write a check more than once. This caused variances between the outstanding checklist and the outstanding checks on the bank to book reconciliation.
- Two instances were noted in which the society wrote checks one day prior to the invoice date.
- Check #16078 was posted twice to the same individual in the cashbook for \$100 each. In addition, check #'s 16081 and 16085 were both written to the same individual, on the same day, for \$100 each. Furthermore, Check #106643 was issued twice to two different people for \$100 each. In each instance, the checks were marked as clearing the bank. We performed a detailed test of the bank statements to the cash journal, and were able to determine that the second check in each instance did not clear the bank, but was also not listed on the outstanding checklist.
- A deposit in the amount of \$199.96 was recorded in the cash book, however, we were not able to trace this amount to a deposit in the bank statements.

The records maintained by the fiscal officer were not an accurate reflection of all monies received and expended by the Society. Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability of Society funds, 2) reduces the Board's ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that errors, theft and fraud could occur and not be detected, and 4) increases the likelihood that the financial statements will be misstated.

As noted in Finding 2009-001, due care should be taken in posting activity to their accounting system. Completing accurate monthly reconciliation of activity posted would aid in detecting posting errors.

The Society should adopt procedures for the review of the bank reconciliations as well as the transactions posted to the accounting records and annual financial reports to ensure accurate recording and reporting of the Societies financial activity.

Official's Response:

We did not receive a response from the officials for the finding above.

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HIGHLAND COUNTY AGRICULTURAL SOCIETY
HIGHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
NOVEMBER 30, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery Repaid Under Audit	Yes	Finding no longer valid, because it was repaid.



Dave Yost • Auditor of State

HIGHLAND COUNTY AGRICULTURAL SOCIETY

HIGHLAND 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
FEBRUARY 10, 2011