

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

**FINANCIAL STATEMENT**

**FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

**DANIELLE ROARK, TREASURER**





# Dave Yost • Auditor of State

Board of Directors  
Barlow Agricultural and Mechanical Association  
PO Box 103  
Barlow, Ohio 45712

We have reviewed the *Independent Auditor's Report* of the Barlow Agricultural and Mechanical Association, Washington County, prepared by Julian & Grube, Inc., for the audit period December 1, 2014 through November 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Barlow Agricultural and Mechanical Association is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 8, 2017

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

TABLE OF CONTENTS

Independent Auditor's Report .....	1 - 2
Financial Statement:	
Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis) - For the Years Ended November 30, 2016 and 2015 .....	3
Notes to the Financial Statement .....	4 - 5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	6 - 7
Schedule of Findings and Responses.....	8 - 10
Status of Prior Audit Findings .....	11



# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

Barlow Agricultural & Mechanical Association, Inc.  
Washington County  
P.O. Box 103  
Barlow, OH 45712

To the Board of Directors:

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

We were engaged to audit the accompanying financial statement and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of and for the fiscal years ended November 30, 2016 and 2015.

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

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

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

Our responsibility is to opine on the financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

Privilege fees are reported at \$8,414 and \$7,354 for the fiscal years ended November 30, 2016 and 2015, respectively, which is approximately four percent of receipts for each of the fiscal years. Rental receipts are reported at \$5,586 and other operating receipts are reported at \$4,894, which represents approximately three percent and three percent, respectively, of 2015 receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as privilege fee receipts, rental receipts, and other operating receipts for the respective years. In addition, we were unable to substantiate nine percent of disbursements tested for the fiscal year ended November 30, 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Also, as described in Note 1 of the financial statement, the Barlow Agricultural & Mechanical Association, Inc. prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material and would have resulted in an additional opinion modification if we had opined on the financial statement.

***Disclaimer of Opinion***

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement and related notes of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio. Accordingly, we do not express an opinion on the financial statement and related notes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of the Barlow Agricultural & Mechanical Association, Inc.'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 Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.  
March 20, 2017

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Operating Receipts:</b>		
Admissions	\$ 42,688	\$ 32,022
Privilege Fees	8,414	7,354
Rentals	8,448	5,586
Sustaining and Entry Fees	0	5,100
Feeder Calf Auction	72,590	87,516
Other Operating Receipts	5,671	4,894
Total Operating Receipts	137,811	142,472
<b>Operating Disbursements:</b>		
Wages and Benefits	120	113
Utilities	10,259	7,792
Administrative Services	23,727	19,803
Supplies	11,910	6,546
Professional Services	23,813	25,812
Rent	625	617
Senior Fair	4,999	5,754
Junior Fair	6,491	6,464
Feeder Calf Auction	69,814	83,427
Capital Outlay	47,259	0
Other Operating Disbursements	6,376	5,804
Total Operating Disbursements	205,393	162,132
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(67,582)	(19,660)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	6,343	5,310
County Support	3,300	3,300
Consignment Auction Receipts	10,192	12,966
Consignment Auction Disbursements	(8,997)	(11,204)
Debt Service:		
Principal	(250)	(3,270)
Interest	(20)	0
Note Proceeds	45,250	0
Investment Income	81	76
Other Non-Operating Receipts	22,630	8,639
Net Non-Operating Receipts (Disbursements)	78,529	15,817
Excess (Deficiency) of Receipts Over (Under) Disbursements	10,947	(3,843)
Cash Balance, Beginning of Year	27,923	31,766
<b>Cash Balance, End of Year</b>	<b>\$38,870</b>	<b>\$27,923</b>

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

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

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

**NOTE 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 Barlow Agricultural & Mechanical Association, Inc., Washington County (the Society), as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1871 to operate an annual agricultural fair. The Society sponsors the four day Barlow Mechanical Association Fair during September. Washington County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Washington County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental and community events and fundraisers, including an annual equipment consignment sale. The reporting entity does not include any other activities or entities of Washington County, Ohio. The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Basis of Presentation**

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

**C. Basis of Accounting**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**D. Property, Plant, and Equipment**

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

**E. 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.

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

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

**NOTE 2 - DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2015 and 2016 was as follows:

	2016	2015
Demand deposits	\$38,870	\$27,923

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

**NOTE 3 - DEBT**

Debt outstanding at November 30, 2016 was as follows:

	Principal	Interest Rate
Barn Construction Loan	\$45,000	2.99%

On July 18, 2016, the Society obtained a promissory note from the Citizens Bank Company for the construction of a new barn. The note was for a maximum amount of \$100,000 with an interest rate of 2.99%. The Society financed only \$45,250 of the allowable \$100,000 in 2016. The debt outstanding at November 30, 2016 of \$45,000 is due for repayment by July 18, 2017.

**NOTE 4 - RISK MANAGEMENT**

The Society provides general insurance coverage for all the buildings on the Society'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 - ACCOUNTABILTY AND COMPLIANCE**

1. The Society was in noncompliance with Ohio Administrative Codes Section 117-2-02(D) and Section 117-2-02(3).
2. The Society was in noncompliance with Ohio Revised Code Section 149.43.
3. The Society was in noncompliance with Ohio Revised Code Section 117.38.

**NOTE 6 - SUBSEQUENT EVENTS**

In September 2016, the Society was awarded a matching grant for the construction of a new barn through the Ohio Department of Agriculture. The Society received the first draw down of the grant in December 2016 in the amount of \$16,825.95

On December 6, 2016, the Society made a principal payment on the barn loan in the amount of \$21,906.95.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Barlow Agricultural & Mechanical Association, Inc.  
Washington County  
P.O. Box 103  
Barlow, OH 45713

To the Board of Directors:

We were engaged to audit the financial statement of the Barlow Agricultural & Mechanical Association, Inc., Washington County, Ohio, as of and for the fiscal years ended November 30, 2016 and 2015, and the related notes to the financial statement, and have issued our report thereon dated March 20, 2017, wherein we noted the Barlow Agricultural & Mechanical Association, Inc. followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We did not opine on the financial statement and related notes because material amounts of receipts and disbursements could not be substantiated.

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

As part of our financial statement engagement, we considered the Barlow Agricultural & Mechanical Association, Inc.'s internal control over financial reporting (internal control) to determine procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Barlow Agricultural & Mechanical Association, Inc.'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 Barlow Agricultural & Mechanical Association, Inc.'s financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider material weaknesses. We consider findings 2016-001, 2016-002, and 2016-004 to be material weaknesses.

Board of Directors  
Barlow Agricultural & Mechanical Association, Inc.

***Compliance and Other Matters***

As part of reasonably assuring whether the Barlow Agricultural & Mechanical Association, Inc.'s financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our engagement 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 and responses as items 2016-001 through 2016-003.

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



Julian & Grube, Inc.  
March 20, 2017

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

**Material Weakness/Noncompliance - Accounting Records**

Ohio Administrative Code (OAC) § 117-2-02(D) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include a cash receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger. The local office should also maintain adequate documentation to support the amounts recorded on this ledger. In addition, OAC § 117-2-02(3) states that check vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices and timely record the transaction into its manual or computerized account records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the Society's receipts and disbursements are safeguarded and recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of receipt and disbursement records.

The following internal control weaknesses were noted related to the Society's receipt and disbursement procedures:

Privilege fee receipts in the amounts of \$8,414 and \$7,354 for the years ended November 30, 2016 and 2015, respectively, could not be substantiated due to lack of supporting documentation.

Rental receipts in the amount of \$5,586 for the year ended November 30, 2015 could not be substantiated due to lack of supporting documentation.

Other operating receipts in the amount of \$4,894 for the year ended November 30, 2015 could not be substantiated due to lack of supporting documentation.

Approximately nine percent of cash disbursements affecting multiple line items for the year ended November 30, 2016 could not be substantiated due to lack of supporting documentation in the form of vendor invoices.

We recommend the Barlow Agricultural & Mechanical Association, Inc. Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Barlow Agricultural & Mechanical Association, Inc. regarding privilege fee receipts, rental receipts, other operating receipts, and cash disbursements.

Client Response: We did not receive a response from officials to this finding.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-002

**Material Weakness/Noncompliance - Incomplete Hinkle Submission**

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

The Society filed annual financial reports for both 2015 and 2016 with the Hinkle System successfully; however, the Society did not upload a Statement(s) of Receipts, Disbursements, and Changes in Fund Balances as required and instead uploaded a Comparative Statement of Cash Receipts and Disbursements required to be filed with the Ohio Department of Agriculture. In addition, the submission did not include notes to the financial statement.

We recommend the Barlow Agricultural & Mechanical Association, Inc. Treasurer and Board of Directors take the necessary steps to ensure their annual financial report includes the above requirements including the Statement(s) of Receipts, Disbursements, and Changes in Fund Balances and notes to the financial statement.

*Client Response:* We did not receive a response from officials to this finding.

Finding Number	2016-003
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**Noncompliance**

Ohio Revised Code Section 149.43 states all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

Due to the Society not adopting a public records policy, the result could be the Society not fulfilling public records requests timely.

We recommend the Society adopt a public records policy, which states what records are available, times when records may be reviewed and costs for copies to be made.

*Client Response:* We did not receive a response from officials to this finding.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-004

**Material Weakness - Financial Statement Presentation**

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

The following audit adjustments were made to correct misstatements identified in the audit of the Barlow Agricultural & Mechanical Association, Inc.'s financial statements:

- i.* \$45,250 was reclassified from Other Operating Receipts to Note Proceeds on the Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) for the fiscal year ended November 30, 2016.
- ii.* \$3,270 was reclassified from Capital Outlay to Debt Service - Principal on the Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) for the fiscal year ended November 30, 2015.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Society consult with their auditors, Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response: We did not receive a response from officials to this finding.

**BARLOW AGRICULTURAL & MECHANICAL ASSOCIATION, INC.  
WASHINGTON, OHIO**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2014-001	<u>Material Weakness/Noncompliance - Accounting Records</u> - The Society did not comply with Ohio Administrative Codes § 117-2-02(D) and 117-2-02(3), which outlines the procedures for public offices to maintain proper records for check vouchers and cash receipts.	No	Repeated as finding 2016-001
2014-002	<u>Material Weakness - Admission Receipts</u> - The Society did not comply with the Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, which outlines the procedures an agricultural society should take when accounting for fair admissions, sustaining and entry fees and other cash receipts.	Yes	N/A
2014-003	<u>Noncompliance</u> - The Society did not comply with Ohio Revised Code Section 149.43, which outlines the procedures for public offices to make timely public records requests.	No	Repeated as finding 2016-003



# Dave Yost • Auditor of State

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

**WASHINGTON 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  
MAY 18, 2017**