

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016

STANLEY STRODE, TREASURER



Dave Yost • Auditor of State

Board of Directors
Morgan County Agricultural Society
PO Box 594
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of the Morgan County Agricultural Society, Morgan County, prepared by Julian & Grube, Inc., for the audit period December 1, 2015 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 Morgan County Agricultural Society is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

October 26, 2017

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**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

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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

Morgan County Agricultural Society
Morgan County
P.O. Box 594
McConnelsville, Ohio 43756

To the Board of Directors:

Report on the Financial Statement

We were engaged to audit the accompanying financial statement and related notes of the Morgan County Agricultural Society, Morgan County, Ohio, as of and for the fiscal year ended November 30, 2016.

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*. 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 receipts are reported at \$45,258, racing fees and charges receipts are reported at \$9,094, rental receipts are reported at \$24,501, restricted support receipts are reported at \$12,975 and unrestricted support receipts are reported at \$33,993, for the fiscal year ended November 30, 2016, which represents approximately fourteen percent, three percent, seven percent, four percent and ten percent, respectively, of 2016 receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as privilege fees receipts, racing fees and charges receipts, rental receipts, restricted support receipts and unrestricted support receipts for the fiscal year. 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 Morgan County Agricultural Society 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 Morgan County Agricultural Society, Morgan 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 August 28, 2017, on our consideration of the Morgan County Agricultural 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. 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 Morgan County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 28, 2017

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

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

	2016
Operating Receipts:	
Admissions	\$ 89,880
Privilege Fees	45,258
Sales	33,270
Racing Fees & Charges	9,094
Fees	288
Rentals	24,501
Utilities Reimbursements	919
	<u>203,210</u>
 Operating Disbursements:	
Wages and Benefits	12,901
Administrative	1,874
Race Supplies & Materials	1,959
Supplies & Materials	4,915
Utilities	41,563
Racing	77,065
Professional Services	34,876
Property Services	19,058
Advertising & Communication	2,185
Repairs	9,212
Insurance	9,003
Rent-Lease Expense	4,956
Capital Outlay	17,679
Senior Fair & Open Class	3,500
Contest Expense	17,611
Junior Fair Expense	7,262
Other Fair Expense	1,117
Other Miscellaneous Expenses	43,537
	<u>310,273</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(107,063)</u>
 Non-Operating Receipts (Disbursements):	
State Support	74,738
Restricted Support	12,975
Unrestricted Support	33,993
Debt Proceeds	6,500
Interest	121
Other Non-Operating Receipts	300
Debt Service	(21,964)
	<u>106,663</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(400)
Cash Balance, Beginning of Year	<u>77,228</u>
Cash Balance, End of Year	<u>\$76,828</u>

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

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED NOVEMBER 30, 2016

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 Agricultural Society, Morgan County (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 1851 to operate an annual agricultural fair. The Society sponsors the week-long Morgan County Fair during September. Morgan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Morgan 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 include facility rental, track and stall rental and community events, including horse shows sponsored by the Arabian Horse Association of Ohio and fundraisers sponsored by the Morgan County Chamber of Commerce. The reporting entity does not include any other activities or entities of Morgan County, Ohio.

Notes 4 and 5, 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

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). The 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. 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.

D. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED NOVEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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).

F. Race Purse

Harness stake races are held during the Morgan County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and the Southern Valley Colt Circuit pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 6 for additional information.

G. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the “handle”), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the “Commission”) is the Society’s share of total pari-mutuel wagers after payment of amounts to winning bettors. The Commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 6 for additional information.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

	<u>2016</u>
Demand Deposits	<u>\$ 76,828</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED NOVEMBER 30, 2016

NOTE 3 - RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Morgan County Commissioners provide general insurance coverage for all the buildings on the Morgan County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. The Society's Secretary and Treasurer are bonded with coverage of \$20,000 each.

NOTE 4 - 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 Morgan County Fair. The Society disbursed \$7,262 in 2016 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Expense. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity.

The Junior Fair Board's financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 2,107
Receipts	3,208
Disbursements	(4,203)
Ending Cash Balance	\$ 1,112

NOTE 5 - 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 Morgan County Fair auction. A commission of 3% on auction sales covers auction costs. The Junior Livestock Committee retains this money. 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, 2016 follows:

	2016
Beginning Cash Balance	\$ 27,379
Receipts	346,963
Disbursements	(332,667)
Ending Cash Balance	\$ 41,675

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED NOVEMBER 30, 2016

NOTE 6 - HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs money, received to supplement purse for the year ended November 30, 2016, was \$5,000, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2016
Total Amount Bet (Handle)	\$ 4,617
Less: Payoff to Bettors	(3,694)
Parimutuel Wagering Commission	923
Tote Service Set Up Fee	(1,100)
State Tax	(118)
Society Portion	\$ (295)

NOTE 7 - DEBT

Debt outstanding at November 30, 2016, was as follows:

	Principal	Interest Rate
Note for Barn and General Expenses	\$ 31,043	3.938%
Line of Credit	15,228	7.500%

The note was originally for \$65,090 and bears an interest rate of 3.938 percent and is due to the Citizens National Bank of McConnelsville, Ohio. The note was entered into on October 24, 2011 and matures in November 2019. Proceeds of the note were used for a barn renovation and general expenses.

The line of credit was obtained from the Citizens National Bank of McConnelsville, Ohio on February 23, 2015. The term of line of credit is for 60 months bearing a 7.50 percent interest rate. The Society's credit limit on this line of credit is \$30,000. There is no payment schedule for the line of credit.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED NOVEMBER 30, 2016

NOTE 7 - DEBT - (Continued)

Amortization of the above debt is scheduled as follows:

Year Ending November 30,	Barn Loan / <u>General Expenses</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,586	\$ 1,245	\$ 10,831
2018	9,970	860	10,830
2019	<u>11,487</u>	<u>461</u>	<u>11,948</u>
Total	<u>\$ 31,043</u>	<u>\$ 2,566</u>	<u>\$ 33,609</u>

NOTE 8 - ACCOUNTABILTY AND COMPLIANCE

1. The Society was in noncompliance with Ohio Revised Code Section 117.38.



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***

Morgan County Agricultural Society
Morgan County
P.O. Box 594
McConnelsville, Ohio 43756

To the Board of Directors:

We were engaged to audit the financial statement of the Morgan County Agricultural Society, Morgan County, Ohio, as of and for the fiscal year ended November 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 28, 2017, wherein we noted the Morgan County Agricultural Society 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 could not be substantiated.

Internal Control Over Financial Reporting

As part of our financial statement engagement, we considered the Morgan County Agricultural Society'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 Morgan County Agricultural Society'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 Morgan County Agricultural Society'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 through 2016-004 to be material weaknesses.

Board of Directors
Morgan County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Morgan County Agricultural Society'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as finding 2016-003.

Morgan County Agricultural Society's Responses to Findings

The Morgan County Agricultural Society's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Morgan County Agricultural Society's responses 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 Morgan County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Morgan County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
August 28, 2017

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY, OHIO**

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

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

Material Weakness - Accounting Records

All local public offices should 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. 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 procedures:

Privilege fees receipts in the amount of \$45,258 for the year ended November 30, 2016, could not be substantiated due to lack of supporting documentation.

Racing fees and charges receipts in the amount of \$9,094 for the year ended November 30, 2016, could not be substantiated due to lack of supporting documentation.

Rental receipts in the amount of \$24,501 for the year ended November 30, 2016 could not be substantiated due to lack of supporting documentation.

Restricted support receipts in the amount of \$12,975 for the year ended November 30, 2016 could not be substantiated due to lack of supporting documentation.

Unrestricted support receipts in the amount of \$33,993 for the year ended November 30, 2016 could not be substantiated due to lack of supporting documentation.

We recommend the Society take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Morgan County Agricultural Society regarding privilege fee receipts, racing fees and charges receipts, rental receipts, restricted support receipts and unrestricted support receipts.

Client Response: The Society has experienced high turnover in the certain administrative positions. This has led to difficulties retaining and recording financial information accurately and consistently. The Society will work to improve on this in the future.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY, OHIO**

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

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

Material Weakness - Financial Statement Presentation

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

Numerous adjustments were made to the financial statement and notes to the financial statement for the fiscal year ended November 30, 2016, to properly state financial statement amounts.

The audited financial statement and Society records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to facilitate decisions. The present system was unable to detect and correct the errors noted.

We recommend the Society consult with their auditors, work with its outside accountant, or seek additional training courses on financial statement preparation to help ensure accurate financial reporting.

Client Response: The Society will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2016-003
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Material Weakness/Noncompliance – Incomplete Hinkle System 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 2016-007 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 statement.

The Society did not file their complete annual financial report for 2016 with the Hinkle System timely.

We recommend the Society take the necessary steps to ensure their annual financial report includes the above requirements including all required note disclosures to the financial statement.

Client Response: The Society will work to file all required elements of the annual report, accurately, and timely, in the future.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY, OHIO**

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

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

Material Weakness – Cash Reconciliations

Strong monitoring practices of the Society’s financial activities are the responsibility of the Treasurer and Board of Directors and are essential to help ensure proper financial reporting. A bank to book reconciliation should be performed monthly for all monies held by the Society. Reconciliations should include all bank accounts and book balances. Additionally, the Treasurer and Board of Directors should review the bank to book reconciliations timely and regular financial reports of the Society’s financial activity.

The Society’s business savings account, and its related activity, was not included in the Society’s accounting system or on their annual financial report for the fiscal year ended November 30, 2016. The Society’s business savings account contained receipts (deposits) and disbursements (withdrawals) in the amounts of \$45,528, and \$34,404, respectively. As of November 30, 2016, Society’s business savings account balance was \$65,329.

As a result, inaccurate financial reports are being provided to the Board of Directors to aid in management decisions, which could lead to errors or irregularities occurring that could go undetected by management.

We recommend the Society reconcile all bank accounts to the Quick Books accounting system completely and on a timely basis. In this process, all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected in the Society’s ledgers following the completion, of the reconciliations. As an additional monitoring control, we recommend the monthly bank reconciliations be reviewed and approved by the Board of Directors and evidence of all reviews and approvals be thoroughly documented in the Board meeting minutes or in the form of a review log.

Client Response: The Society has experienced high turnover in certain administrative positions. This has led to difficulties retaining and recording financial information accurately and consistently. The Society will work to correct this omission this in the future.

**MORGAN COUNTY AGRICULTURAL SOCIETY
MORGAN COUNTY, OHIO**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2015-001	<u>Material Weakness/Noncompliance - Accounting Records</u> - The Society did not maintain proper records for cash receipts throughout fiscal year 2015.	No	Repeated as finding 2016-001
2015-002	<u>Material Weakness/Financial Statement Presentation</u> - The presentation of materially correct financial statements and the related footnotes is the responsibility of management and is an important part of the Society's overall purpose. Financial reporting requires internal controls to help ensure the accuracy of the activity reported. Several adjustments were posted to the audited financial statements to make them materially correct.	No	Repeated as finding 2016-002
2015-003	<u>Material Weakness/Noncompliance</u> - The Society did not comply with Ohio Revised Code Section 117.38, which outlines the requirements for public offices to file complete and accurate financial statements and related notes, timely.	No	Repeated as finding 2016-003
2015-004	<u>Material Weakness - Cash Reconciliation</u> - Bank-to-Book reconciliations should include all accounts held by the Society. All activity should be reported in the Society's accounting system. The Society did perform bank-to-book reconciliations throughout 2015; however, the Society's business savings account, and its related activity was not included within the accounting system.	No	Repeated as finding 2016-004



Dave Yost • Auditor of State

MORGAN COUNTY AGRICULTURAL SOCIETY

MORGAN 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
NOVEMBER 9, 2017**