



**Auditor of State
Betty Montgomery**

HENRY COUNTY AGRICULTURAL SOCIETY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2002	4
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Henry County Agricultural Society
P.O. Box 387
Napoleon, Ohio 43545-0387

To the Board of Directors:

We have audited the accompanying financial statement of Henry County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash balances of the Society as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 4, 2004

HENRY COUNTY AGRICULTURAL SOCIETY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN CASH BALANCE FOR THE YEAR ENDED NOVEMBER 30, 2003

	<u>2003</u>
Operating Receipts:	
Admissions	\$ 145,190
Privilege Fees	50,003
Rentals	46,498
Sustaining and Entry Fees	20,545
Pari-mutuel Wagering Commission	4,525
Other Operating Receipts	<u>23,433</u>
Total Operating Receipts	<u>290,194</u>
Operating Disbursements:	
Wages and Benefits	17,367
Utilities	25,952
Professional Services	56,865
Equipment and Grounds Maintenance	50,634
Race Purse	52,424
Senior Fair	50,419
Junior Fair	13,986
Capital Outlay	30,042
Other Operating Disbursements	<u>35,005</u>
Total Operating Disbursements	<u>332,694</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(42,500)</u>
Non-Operating Receipts (Disbursements):	
State Support	36,925
County Support	23,391
Donations/Contributions	18,582
Investment Income	373
Debt Service	<u>(27,671)</u>
Net Non-Operating Receipts (Disbursements)	<u>51,600</u>
Excess of Receipts Over Disbursements	9,100
Cash Balance, Beginning of Year	<u>7,962</u>
Cash Balance, End of Year	<u><u>\$ 17,062</u></u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

HENRY COUNTY AGRICULTURAL SOCIETY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN CASH BALANCE FOR THE YEAR ENDED NOVEMBER 30, 2002

	<u>2002</u>
Operating Receipts:	
Admissions	\$ 141,855
Privilege Fees	51,125
Rentals	38,263
Sustaining and Entry Fees	23,060
Pari-mutuel Wagering Commission	4,457
Other Operating Receipts	<u>22,427</u>
Total Operating Receipts	<u>281,187</u>
Operating Disbursements:	
Wages and Benefits	17,982
Utilities	29,670
Professional Services	56,167
Equipment and Grounds Maintenance	50,054
Race Purse	54,948
Senior Fair	54,676
Junior Fair	13,398
Capital Outlay	118,391
Other Operating Disbursements	<u>33,201</u>
Total Operating Disbursements	<u>428,487</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(147,300)</u>
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	18,391
Debt Proceeds	100,000
Donations/Contributions	24,378
Investment Income	985
Debt Service	<u>(43,234)</u>
Net Non-Operating Receipts (Disbursements)	<u>139,147</u>
Excess of Disbursements Over Receipts	(8,153)
Cash Balance, Beginning of Year	<u>16,115</u>
Cash Balance, End of Year	<u><u>\$ 7,962</u></u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT NOVEMBER 30, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Henry County Agricultural Society (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Henry County Fair during August. During the fair harness races are held. Henry County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of fifteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Henry 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 Henry County, Ohio.

The financial activity of the Junior Fair Board, Junior Livestock Sale Committee and Henry County Fair Foundation is summarized in Note 7, Note 8 and Note 9, respectively.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT NOVEMBER 30, 2003 AND 2002 (Continued)

C. Cash

Certificates of deposit are valued at cost.

D. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

E. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

F. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

G. Race Purse

Stake races are conducted during the Henry 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 Northwest Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2003 AND 2002

(Continued)

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 3 for additional information.

H. 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 determined by the pari-mutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (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 3 for additional information.

2. CASH

The carrying amount of cash at November 30, 2003 and 2002 follows:

	2003	2002
Demand deposits	\$ 14,459	\$ 5,435
Certificates of deposit	2,603	2,527
Total deposits	<u>\$ 17,062</u>	<u>\$ 7,962</u>

The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the years ended November 30, 2003 and 2002 was \$28,384 and \$29,488, respectively and is included within State Support on the accompanying financial statement.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2003 AND 2002

(Continued)

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany 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.

	2003	2002
Total Amount Bet (Handle)	\$ 22,449	\$ 22,172
Less: Payoff to Bettors	(17,924)	(17,715)
Parimutuel Wagering Commission	4,525	4,457
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(2,507)	(2,503)
State Tax	(601)	(532)
Society Portion	\$ 1,017	\$ 1,022

4. DEBT

Debt outstanding at November 30, 2003 was as follows:

	Principal	Interest Rate
House and Duplex	\$ 51,153	5.50%
Restroom	36,975	5.45%
Horse Barn	87,903	4.77%
Total	\$ 176,031	

The House and Duplex loan bears an interest rate of 5.50 percent and is due to Henry County Bank. The loan was entered into April 8, 1997 and matures on April 8, 2012. Proceeds of the loan were used to purchase a house and duplex and collateralized by the house and duplex.

The Restroom loan bears an interest rate of 5.45 percent and is due to Henry County Bank. The loan was entered into November 21, 2000 and matures on November 21, 2007. Proceeds of the loan were used to construct a restroom on the fairgrounds.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2003 AND 2002

(Continued)

The Horse Barn loan bears an interest rate of 4.77 percent and is due to Henry County Bank. The loan was entered into March 29, 2002 and matures on March 29, 2012. Proceeds of the loan were used to construct a horse barn.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	House and Duplex	Restroom	Horse Barn	Interest	Total
2004	\$ 4,918	\$ 8,526	\$ 8,424	\$ 9,098	\$ 30,966
2005	5,195	8,991	8,826	7,954	30,966
2006	5,488	9,481	9,247	6,749	30,965
2007	5,798	9,977	9,689	5,482	30,946
2008	6,125		10,151	4,148	20,424
2009 - 2012	23,629		41,566	7,916	73,111
Total	<u>\$ 51,153</u>	<u>\$ 36,975</u>	<u>\$ 87,903</u>	<u>\$ 41,347</u>	<u>\$ 217,378</u>

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2003.

6. RISK MANAGEMENT

The Henry County Commissioners provide general insurance coverage for all the buildings on the Henry County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society's Secretary and Treasurer are bonded through Auto-Owners (Mutual) Insurance Company with coverage of \$36,000 and \$10,000 respectively.

Risk Pool Membership

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT NOVEMBER 30, 2003 AND 2002 (Continued)

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 25,288,098	\$ 20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained Earnings	<u>\$ 12,415,113</u>	<u>\$ 11,624,228</u>

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2003 AND 2002

(Continued)

Property Coverage	2003	2002
Assets	\$ 3,158,813	\$ 2,565,408
Liabilities	(792,061)	(655,318)
Retained Earnings	\$ 2,366,752	\$ 1,910,090

The Society did not provide workers compensation coverage on its employees as of November 30, 2003.

7. 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 Henry County Fair. For the years ended November 30, 2003 and 2002 the Society disbursed \$13,986 and \$13,398, respectively directly to the Junior Fair Board and vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 each year by Henry County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the years ended November 30, 2003 and 2002 follows:

	2003	2002
Beginning Cash Balance	\$ 1,150	\$ 608
Receipts	6,299	6,114
Disbursements	(6,093)	(5,572)
Ending Cash Balance	\$ 1,356	\$ 1,150

8. 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 Henry County's auction. Monies to cover the cost of the auction are generated through a \$7.00 per head fee and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2003 and 2002 follows:

HENRY COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2003 AND 2002

(Continued)

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 7,224	\$ 7,323
Receipts	123,157	108,110
Disbursements	<u>(118,769)</u>	<u>(108,209)</u>
Ending Cash Balance	<u>\$ 11,612</u>	<u>\$ 7,224</u>

9. HENRY COUNTY FAIR FOUNDATION

The Henry County Fair Foundation was established in May 2002 and is governed by nine trustees. The purpose of the Henry County Fair Foundation is to operate exclusively for the benefit of the Society. The Henry County Fair Foundation shall have the power to do everything and anything reasonably and lawfully necessary, proper, suitable or convenient for the achievement of the foregoing statement of purpose, including the power to raise, receive, manage and distribute funds and property of every kind and nature exclusively for the benefit of the Society, thereby promoting and supporting the Society. The accompanying financial statement does not include the activities of the Henry County Fair Foundation. The Henry County Fair Foundation's financial activity for the year ended November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 2,259	\$ -
Receipts	13,453	20,441
Disbursements	<u>(13,968)</u>	<u>(18,182)</u>
Ending Cash Balance	<u>\$ 1,744</u>	<u>\$ 2,259</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Henry County Agricultural Society
P.O. Box 387
Napoleon, Ohio 43545-0387

To the Board of Directors:

We have audited the financial statements of Henry County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated August 4, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2003-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated August 4, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its

operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated August 4, 2004.

This report is intended solely for the information and use of the management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 4, 2004

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002

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

FINDING NUMBER 2003-001

Finding Partially Repaid Under Audit

Robin Beiswenger, former Secretary of the Henry County Agricultural Society, admitted to representatives of the Ohio Auditor of State’s Office on May 27, 2004 that Henry County Agricultural Society cash receipts were used by her for personal use.

The following procedures were performed to determine the amount of cash receipts used for personal use:

	2002	2003	2004	Amount of Finding
Issued receipts exceeded deposits to bank				
Amount of receipts issued	\$ 340,311.25	\$ 257,685.80	\$ -	
Less: Amount of deposits in bank	(335,203.25)	(248,708.30)	-	
Total receipts issued in excess of deposits by year	5,108.00	8,977.50	-	\$ 14,085.50
Receipts not issued for monies collected	2,938.00	-	1,140.00	4,078.00
Total Finding for Recovery				18,163.50
Repayment made by Robin Beiswenger, on June 12, 2004. Receipt number 10615 was issued and the monies were posted to the Henry County Agricultural Society Fund.				(8,000)
Finding for Recovery				\$ 10,163.50

Ohio Revised Code § 9.39 states that all “public officials are liable for all public money received or collected by them or by their subordinates under color of office.”

Based on the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public money collected but not accounted for and for public money illegally expended is hereby issued against Robin Beiswenger, former Secretary of the Henry County Agricultural Society, Auto-Owners (Mutual) Insurance, her bonding company; jointly and severally in the amount of ten thousand, one hundred sixty three dollars and fifty cents (\$10,163.50), and in favor of the Henry County Agricultural Society fund.

FINDING NUMBER 2003-002

Material Weakness - Monitoring Controls over Financial Activity

The following deficiencies were noted in the monitoring of financial activity by the Board of Directors (the Directors):

- Due to the small size of the Society there is inadequate segregation of duties since the Secretary and Treasurer perform many of the accounting activities. Adequate compensating controls have not been implemented to address this lack of segregation of duties.
- A budget was not adopted a budget for 2002 or 2003
- The Directors approve expenditures in the minutes. Submission or acceptance of the monthly Cash Position, Receipts and Disbursement Reports are not always documented in the minutes.

These weaknesses allowed for the misappropriation of assets, by the former Secretary, to occur and not detected by Society officials. To strengthen controls over the cash assets of the Society, provide the Directors with information to make informed decisions with regard to expenditure of funds and prevent the possible loss or diversion of cash assets from occurring and not being detected, we recommend that:

- Reconciliations be performed between subsidiary records to the financial statement accounts in the areas of gate admissions, season tickets, house/duplex rental, camp site, building and storage, merchant and concessionaire (including games and novelties). The Directors could also implement and perform such procedures over other areas and accounts they believe may be susceptible to fraud. Evidence of such monitoring should be documented (i.e., reports initialed or approval noted in minutes). This procedure would provide compensating controls due to lack of segregation of duties and provide analytical procedures to the Directors to determine reasonableness of financial data being reported.
- The Directors should adopt an annual budget. Budgets will aid in the monitoring of actual receipts and disbursements to budgeted receipts and disbursements. Also, a budget can be used by the various committees as a tool in controlling their individual committee expenses.

FINDING NUMBER 2003-002
(Continued)

- The Directors approve in the minutes acceptance of the monthly reports as an indication of their review. Also, this information can also help generate questions such as the following:
 - Are current receipts sufficient to cover expenditures?
 - Are expenditures in line with prior year costs?
 - If there are unusual fluctuations in receipts and disbursements, are the reasons understood and have they been appropriately budgeted?
 - Are anticipated receipts being received in a timely manner?



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

HENRY COUNTY AGRICULTURAL SOCIETY

HENRY 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
SEPTEMBER 14, 2004**