



**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter.....	1
Independent Accountants' Report .....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Years Ended November 30, 2005 and 2004.....	5
Notes to the Financial Statement .....	6
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Prior Audit Findings .....	17

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

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 statement due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statement pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an 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 statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 22, 2006

**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 the Henry County Agricultural Society, Henry County, (the Society) as of and for the years ended November 30, 2005 and 2004. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described more fully in Note 1, the Society has prepared this financial statement 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statement. Since the Society does not use GAAP to measure financial statement amounts, 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.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended November 30, 2005 and 2004, does 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of Henry County Agricultural Society, Henry County, as of November 30, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the years ended November 30, 2005 and 2004. 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006, 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.



**Betty Montgomery**  
Auditor of State

September 22, 2006



**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Operating Receipts:</b>		
Admissions	\$160,934	\$177,371
Privilege Fees	58,109	54,024
Rentals	53,584	46,432
Sustaining and Entry Fees	24,670	22,540
Parimutuel Wagering Commission	4,171	4,191
Other Operating Receipts	<u>21,463</u>	<u>17,646</u>
 Total Operating Receipts	 <u>322,931</u>	 <u>322,204</u>
<b>Operating Disbursements:</b>		
Wages and Benefits	19,887	19,132
Utilities	30,027	25,209
Professional Services	50,818	69,530
Equipment and Grounds Maintenance	66,103	42,769
Race Purse	52,719	52,176
Senior Fair	28,133	27,008
Junior Fair	16,726	17,591
Capital Outlay	28,381	29,600
Other Operating Disbursements	<u>51,343</u>	<u>59,590</u>
 Total Operating Disbursements	 <u>344,137</u>	 <u>342,605</u>
 Excess of Operating Disbursements Over Operating Receipts	 <u>(21,206)</u>	 <u>(20,401)</u>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	32,044	33,982
County Support	18,391	23,311
Sale of Capital Assets	1,690	1,461
Donations/Contributions	40,447	21,636
Investment Income	377	295
Debt Service	<u>(43,783)</u>	<u>(50,966)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>49,166</u>	 <u>29,719</u>
 Excess of Receipts Over Disbursements	 27,960	 9,318
 Cash Balance, Beginning of Year	 <u>26,380</u>	 <u>17,062</u>
 <b>Cash Balance, End of Year</b>	 <b><u><u>\$54,340</u></u></b>	 <b><u><u>\$26,380</u></u></b>

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

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004**

**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 Henry County Agricultural Society, Henry 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 1852 to operate 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 Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. 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, 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.

Notes 8, 9 and 10, respectively, summarize the Junior Fair Board's, Junior Livestock Sale Committee's and Henry County Fair Foundation's financial activity.

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

**B. Basis of Accounting**

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

**C. Cash**

Certificates of deposit are valued at cost.

**D. Budgetary Process**

The Board of Directors prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form in November for each fiscal year. The Board reviews the budget throughout the year and compares it with actual results. The Board of Directors initially adopted a budget starting in 2005.

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Property, Plant, and Equipment**

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**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.

**G. Race Purse**

Harness races are held 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 Harness races. They must make payment before a horse can participate in a Harness race. The accompanying financial statement report 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 4 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 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 4 for additional information.

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2005, the Society had budgeted receipts of \$402,900, actual receipts of \$415,880, resulting in a variance of \$12,980. Additionally, the Society had budgeted disbursements of \$373,041, actual disbursements of \$387,920, resulting in a variance of \$14,879.

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**3. CASH**

The carrying amount of cash at November 30, 2005 and 2004 follows:

	2005	2004
Demand deposits	\$51,590	\$23,698
Certificates of deposit	2,750	2,682
Total deposits	\$54,340	\$26,380

The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

**4. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2005 and 2004, was \$28,192 and 29,904, respectively and is included within State Support on the accompanying financial statements.

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.

	2005	2004
Total Amount Bet (Handle)	\$20,633	\$20,702
Less: Payoff to Bettors	(16,462)	(16,511)
Parimutuel Wagering Commission	4,171	4,191
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(2,265)	(2,256)
Charged Admissions	(50)	(36)
State Tax	(536)	(568)
Society Portion	\$920	\$931

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**5. DEBT**

Debt outstanding at November 30, 2005, was as follows:

	Principal	Interest Rate
House and Duplex	\$41,042	5.50%
Restroom	8,918	5.45%
Horse Barn	50,967	4.77%
Total	\$100,927	

The House and Duplex loan bears an interest rate of 5.50 percent and is due to the 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 are collateralized by the house and duplex.

The Restroom loan bears an interest rate of 5.45 percent and is due to the 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.

The Horse Barn loan bears an interest rate of 4.77 percent and is due to the 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
2006	\$5,485	\$8,918	\$10,385	\$6,749	\$31,537
2007	5,795		10,881	5,482	22,158
2008	6,122		11,400	4,148	21,670
2009	6,467		11,944	3,318	21,729
2010	6,833		6,357	2,445	15,635
2011 - 2012	10,340			2,153	12,493
Total	\$41,042	\$8,918	\$50,967	\$24,295	\$125,222

**6. 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, 2005

**7. 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.

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value.

If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 Society.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Society's share of these unpaid claims is approximately \$31,164.

**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**8. 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, 2005 and 2004, the Society disbursed \$16,726 and \$17,591, 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 fiscal year by Henry County for its support of Junior Club work. The Junior Fair Board accounts for its activities separately in a separate account by the Junior Fair Board. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2005 and 2004 follows:

	2005	2004
Beginning Cash Balance	\$ 691	\$ 1,356
Receipts	7,371	6,456
Disbursements	(6,942)	(7,121)
Ending Cash Balance	\$ 1,120	\$ 691

**9. 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. 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 years ended November 2005 and 2004 follows:

	2005	2004
	\$ 14,414	\$ 11,612
	125,724	139,274
	(131,519)	(136,472)
	\$ 8,619	\$ 14,414



**HENRY COUNTY AGRICULTURAL SOCIETY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2005 AND 2004  
(Continued)**

**10. 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 years ended November 2005 and 2004 follows:

	<u>2005</u>	<u>2004</u>
Beginning Cash Balance	\$ 6,635	\$ 1,744
Receipts	30,845	10,490
Disbursements	<u>(16,787)</u>	<u>(5,599)</u>
Ending Cash Balance	<u>\$ 20,693</u>	<u>\$ 6,635</u>

**This page intentionally left blank.**



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 statement of the Henry County Agricultural Society (the Society) as of and for the years ended November 30, 2005 and 2004, and have issued our report thereon dated September 22, 2006, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated September 22, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated September 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Henry County Agricultural Society  
Henry County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for 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

September 22, 2006

**HENRY COUNTY AGRICULTURE SOCIETY  
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2003-001	Finding for recovery for \$10,165.50 against former secretary Robin Beiswenger	Yes	N/A
2003-002	Monitoring controls over financial activity	No	Partially corrected. Reconciliations between subsidiary records to financial statements accounts in the areas of gate admissions, season tickets, house/duplex rental, camp site, building and storage and merchant and concessionaire were not performed. Issued a management letter recommendation.





**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

**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  
OCTOBER 12, 2006**