



Mary Taylor, CPA  
Auditor of State



**AGRICULTURAL SOCIETY  
PERRY COUNTY**

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Mary Taylor, CPA  
Auditor of State

Agricultural Society  
Perry County  
5445 State Route 37 East  
P.O. Box 189  
New Lexington, Ohio 43764

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 28, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society  
Perry County  
5445 State Route 37 East  
P.O. Box 189  
New Lexington, Ohio 43701

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Perry County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006. 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended November 30, 2007 and 2006 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, 2007 and 2006, 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 cash balance of the Agricultural Society, Perry County, Ohio, as of November 30, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 July 28, 2008, 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.

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

**Mary Taylor, CPA**  
Auditor of State

July 28, 2008



**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Operating Receipts:</b>		
Admissions	\$209,866	\$183,095
Privilege Fees	32,692	33,528
Rentals	36,641	39,007
Sustaining and Entry Fees	34,455	44,014
Other Operating Receipts	3,082	2,679
Total Operating Receipts	316,736	302,323
<b>Operating Disbursements:</b>		
Wages and Benefits	48,440	47,325
Utilities	29,470	29,995
Professional Services	110,767	114,442
Equipment and Grounds Maintenance	107,254	88,977
Senior Fair	42,102	44,481
Junior Fair	28,747	32,064
Capital Outlay		1,500
Other Operating Disbursements	2,259	3,880
Total Operating Disbursements	369,039	362,664
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(52,303)	(60,341)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	7,865	6,451
County Support	9,752	9,751
Donations/Contributions	118,020	126,850
Investment Income	832	696
Other Non-Operating Receipts	8,305	1,002
Other Non-Operating Disbursements	(6,715)	(1,169)
Debt Service	(58,146)	(80,957)
Net Non-Operating Receipts (Disbursements)	79,913	62,624
Excess (Deficiency) of Receipts Over (Under) Disbursements	27,610	2,283
Cash Balance, Beginning of Year	122,091	119,808
<b>Cash Balance, End of Year</b>	<b>\$149,701</b>	<b>\$122,091</b>

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

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**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006**

**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, Perry 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 1954 to operate an annual agricultural fair. The Society sponsors the week-long Perry County Fair during July. Perry County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Perry 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 other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including tug pulls, horse riding, bull riding, concerts, and truck and tractor pulls. The reporting entity does not include private activities occurring at the fairgrounds, such as the "Gun Bash", nor any other activities or entities of Perry County, Ohio.

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

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

**B. 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 prescribes or permits.

**C. Cash and Investments**

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. 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 statement does not include these items as assets.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

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

**D. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**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.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**2. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2007 and 2006 follows:

	2007	2006
Demand deposits	\$149,701	\$122,091
Total deposits	\$149,701	\$122,091

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation (up to \$100,000 of the Society's bank balance). The remainder is collateralized.

**3. DEBT**

Debt outstanding at November 30, 2007, was as follows:

	Principal	Interest Rate
Consolidation Loan	\$ 236,317	5.25%
Total	\$ 236,317	

The Society borrowed \$451,300, at an interest rate of 5.25%, from People's National Bank on December 27, 2003, in order to consolidate loan accounts and obtain funding for additional improvements. This loan repaid the outstanding principal balance of \$241,391, plus accrued interest, on the 2002 construction loan and repaid the outstanding balance on the Society's line of credit. The consolidation loan is scheduled to be paid over ten years beginning on September 25, 2004, with annual payments, including interest, of \$58,419. Historically, the Society has made additional principal payments.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**3. DEBT (Continued)**

Amortization of the above debt, including both principal and interest, is scheduled as follows:

Year ending November 30:	Consolidation Loan
2008	\$58,419
2009	58,419
2010	58,419
2011	58,419
2012	37,261
Total	<u>\$270,937</u>

**4. SOCIAL SECURITY**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2007 and 2006, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2007.

**5. RISK MANAGEMENT**

The Society provides health coverage for its full-time employee through Starkey Insurance Company.

The Perry County Commissioners provide general insurance coverage for all the buildings on the Perry County Fairgrounds pursuant to Ohio Revised Code § 1711.24. Ace American Insurance Company provides general liability insurance, with limits of \$5,000,000 aggregate. Crime coverage for employee dishonesty, with limits of liability of \$60,000, is provided by the Chubb Group of Insurance Companies.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H organization representatives, is responsible for the Junior Fair Division activities of the Perry County Fair. The Society disbursed \$28,747 for 2007 and \$32,294 for 2006 directly to vendors to support Junior Fair Activities. These expenses are reflected in the accompanying financial statement as Junior Fair Disbursements. Perry County paid the Society \$4,876 during 2007 and \$7,251 during 2006 to support Junior Club work. The Society was reimbursed \$7,865 and \$6,451 by the State of Ohio for its support of Junior Fair activity for fiscal years 2007 and 2006, respectively. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Board's financial activity for the years ended November 30, 2007 and 2006, follows:

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**6. JUNIOR FAIR BOARD (Continued)**

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$429	\$1,174
Receipts	800	200
Disbursements	<u>(886)</u>	<u>(945)</u>
Ending Cash Balance	<u><u>\$343</u></u>	<u><u>\$429</u></u>

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the auction. A commission of 6 percent on auction sales of the grand champion and reserve grand champion livestock, and a 4.5 percent commission for all other livestock 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 years ended November 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$10,426	\$7,702
Receipts	14,121	15,220
Disbursements	<u>(12,131)</u>	<u>(12,496)</u>
Ending Cash Balance	<u><u>\$12,416</u></u>	<u><u>\$10,426</u></u>



# Mary Taylor, CPA

Auditor of State

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

Agricultural Society  
Perry County  
5445 State Route 37 East  
P.O. Box 189  
New Lexington, Ohio 43764

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Perry County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006, and have issued our report thereon dated July 28, 2008, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-003, and 2007-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated July 28, 2008.

### **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*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated July 28, 2008.

The Society's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 28, 2008



**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Weakness – Non-Payroll Disbursements**

A well-designed system of internal control relating to non-payroll related expenditures will assure that transactions are properly authorized. In accordance with the Uniform System of Accounting for Agricultural Societies, revised November 2002, at the end of each month, fair management should present the Board of Directors with a list of all unpaid bills for goods or services already received and another list of all items ordered and not yet received. This provides the Board with the opportunity to review the bills and authorize them for payment.

The Board of Directors policy only required bills in excess of \$2,000 to be approved prior to payment, except that any bill in excess of \$2,000 could be paid without prior approval only if it was authorized by a contract or was a routine monthly bill. Otherwise, the Board received a listing of paid bills at its meeting and reviewed it at that time. Only one signature was required on the Society's checks.

The Board's current procedures increase the likelihood that checks could be issued for improper purposes without being detected by the Board in a timely manner.

We recommend that once checks are prepared for the payment of bills, the Society prepare a voucher for each check. The voucher number should correspond to the check number and would include the date, payee, amount and appropriate account coding where the expenditure will be charged. Supporting documentation, such as invoices, should be attached to vouchers. Checks and vouchers should then be presented to the Board (or its designated committee, such as a finance committee) whereby the Board members should review the vouchers, invoices, and checks. Once the Board performed its review, then it should formally authorize the payment of bills. Checks should then be signed and sent to the various payees. Approvals by the Board or its designated committee should be evidenced by the signatures and dates of those individuals approving payments. The voucher and supporting documentation should then be filed in numerical sequence by check number.

**Officials' Response:**

The Board believes its current requirements provide adequate control over expenditures.

**FINDING NUMBER 2006-002**

**Significant Deficiency – Payroll**

A well-designed system of internal control relating to payroll will assure that the hiring of each employee and the terms of their employment are properly authorized and documented, and that they are compensated in accordance with their terms of employment. In accordance with the Uniform System of Accounting for Agricultural Societies, the hiring of employees and setting their compensation shall be authorized by the Society's Board of Directors. Since the Board speaks only through its minutes, all actions taken by the Board, including the hiring of employees, must be included in the Board's minutes.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-002 (Continued)**

**Significant Deficiency – Payroll (Continued)**

The Board's minutes were silent concerning the terms of employment, including the rate of pay, for the Society's accounting clerk who was hired in October 2005. This individual was paid \$450 monthly except for July and August 2006, when she was paid \$900 each month, and except for July, August and September 2007, when she was paid \$650, \$525 and \$625, respectively. Although a Board member indicated that he verbally authorized the higher amounts, the minutes did not include a Board action that permitted this Board member to act alone to authorize such payments. We noted that this employee was not required to, and did not maintain a record of time worked to be submitted as a basis for her pay.

As a result, we could not determine if this employee was paid in accordance with the Board's intent.

We recommend the Board clarify its intent concerning the terms of the accounting clerk's employment, including her rate of pay. If the Board considers this individual to be a salaried worker, then the Board should set her salary and declare the circumstances when she may be paid in excess of her salary. If the Board considers this individual to be an hourly worker, then the Board should determine those records to be kept in order to document her time worked and establish an approval process whereby her time sheets are reviewed and approved.

In addition, according to the Board's minutes, the payment of \$599 to an employee on May 23, 2006 was for compensatory (comp) time hours from 2005. Society personnel indicated they did not have records which would document the balance of comp time hours for which this employee was paid. The employee's contract, dated May 10, 2006, indicated that benefits must be taken in the year they are earned and that none can be cashed in or carried over to the following year. The Board's minutes did not include actions taken to indicate that this contract had changed.

As a result, we could not determine if the payment was made for an actual comp time balance and whether it was made in accordance with the Board's wishes.

We recommend the Board require specific time records be maintained to account for comp time and to use as a basis for paying comp time balances. We also recommend the Board review its existing policy concerning comp time and make any modifications it deems appropriate. The Board should amend the employee's contract if its intent was to allow him to carry over comp time and subsequently be paid for it.

**Officials' Response:**

The Board has since designated the accounting clerk as an hourly employee and the clerk's time sheets are reviewed and approved by the Secretary. The Board will also assure that any future comp time payments are specifically authorized by a policy and documented on a comp time record.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-003**

**Material Weakness – Bank Reconciliations**

Proper controls are imperative in determining budget, reconciliations, and general oversight over the Society's various transactions. Proper controls must exist to ensure all funds are collected for services performed by the Society. Furthermore, a well-designed system of internal control relating to bank reconciliations will assure not only the timely completion of bank reconciliations but also the accuracy of the reconciliations.

Bank reconciliations were prepared by the accounting clerk and presented to the Treasurer. Although the January, February, and November, 2006, and November, 2007 monthly reconciliations were signed by the Treasurer to evidence her acceptance of the reconciliations, an independent review of the reconciling items included on the reconciliations was not performed by an individual other than the accounting clerk. As a result, the Society's book balance was out of balance with the bank balance, and Board management was unaware of this out-of-balance condition. Our review of bank reconciliations indicated that improper and/or invalid reconciling items were included on the 2006 and 2007 year-end reconciliations. More specifically, not all of the outstanding checks listed on the outstanding check listing represented valid obligations of the Society since certain checks had cleared the bank prior to year-end and since certain transactions which were voided prior to year-end were included on the outstanding check list. In addition, there was a transaction on the outstanding check list where the payee, check number, and amount did not agree to the canceled check. For this check, we identified the correct payee and amount and noted that the check cleared prior to year-end, and therefore, should not be included on the outstanding check list.

Failure to adequately review bank reconciliations by an individual independent of the reconciliation process increases the likelihood that further errors and irregularities could occur and remain undetected by the Board. An out-of-balance condition could result in the Society being declared unauditible.

We recommend the Board adopt a policy requiring bank reconciliations to be reviewed by an individual independent of the person preparing the reconciliation and that reviewed reconciliations be presented to the Board monthly. This procedure would allow the Board to monitor the Society's cash activity and assure that effective reviews of bank reconciliations have been performed. The individual(s) performing the review should sign and date the reconciliations, to attest to its accuracy.

**Officials' Response:**

The Treasurer will review each bank reconciliation to determine that all reconciling items are valid. Once the bank reconciliation is found to be acceptable, it will be presented to the Board.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-004**

**Material Weakness – Cash Collections**

A well-designed system of internal control relating to cash collections will assure that proper amounts are collected, that all cash collections have been deposited to the credit of the organization and that cash collections are accurately recorded in the accounting system. The Uniform System of Accounting for Agricultural Societies recommends issuing multi-part, pre-numbered receipts for all collections, except ticket sales. For ticket sales, recommended procedures include comparing tickets sold to cash collected, and accounting for the unsold tickets. This comparison is facilitated by using pre-numbered tickets. Controls should be in place to document the number sequence of receipt books and the various tickets utilized by the Society, and assuring that all receipt and ticket numbers have been accounted for.

We noted the following weaknesses:

1. Although Society personnel indicated a receipt book log was maintained, they could not locate the log and no such log was presented to us for audit purposes. As a result, there was no formal documentation maintained that indicated the ticket number sequences that could be issued during our audit period.
2. Variances existed between the projected sales per the Secretary's season ticket accountability report and season ticket sales posted to the season tickets receipt code on the accounting system, and such variances were not detected and investigated by Society management. Amounts posted to the accounting system were \$3,560 and \$2,340 less than total projected receipts for 2007 and 2006, respectively. Board personnel could not provide explanations as to why the variances occurred. The results of our comparisons indicate that procedures were not in place to assure that all cash collections were deposited intact and recorded properly in the accounting system.
3. As a result of the variances noted above, we obtained receipt books, selected various sequences of receipts issued, and compared receipt numbers and amounts to amounts deposited and to receipt numbers and amounts recorded in the accounting system. Our comparisons indicated that receipt numbers and amounts were consistently posted and deposited with the exception that one receipt in the amount of \$40 could not be readily traced to either a deposit ticket or to posting to the accounting system. During our comparisons, we also noted that \$250 had been deposited and posted to the accounting system but could not be readily traced to receipts issued. We also noted where receipts were voided but the original and yellow copies were not kept intact with the remaining pink copy. These results further indicated that controls had not been implemented to assure that receipts were issued for all cash collections and that all receipts were accounted for.

These weaknesses increase the likelihood of further errors and/or irregularities occurring and remaining undetected by Society management. We recommend the following:

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-04 (Continued)**

**Material Weakness – Cash Collections (Continued)**

1. The Society should continue to utilize pre-numbered triplicate receipt books. A log should be prepared at the beginning of each year and presented to the Board to formally document those receipts sequences to be used during the year. No other receipt books should be in use. When receipts are issued, the original should be issued to the payor, the yellow (first copy) should be attached to the deposit slip, and the pink (second copy) should remain intact in the receipt book. When receipts are voided, the original and both copies should remain in the receipt book. In the case during fair season where additional help is required in receipting cash collections, separate receipt books should be assigned to the seasonal helpers and the cash and yellow copy of the receipts from the helper's receipt book should be turned in to the Secretary or Treasurer. The Secretary or Treasurer should then issue a receipt to the seasonal helper, and the yellow copies of the helper's receipts should be attached to the Secretary or Treasurer's pink copy of the receipt. The Treasurer or Secretary should ascertain that all receipt numbers issued by helpers are accounted for numerically before issuing a receipt to any helper. When deposit slips are prepared, receipt amounts should be totaled to assure total receipts equal the total to be deposited. The calculator tape should be attached to the copy of the deposit slip to provide evidence of this control being performed.
  
2. At the time when pre-numbered tickets are obtained, the ticket logs should be prepared and presented to the Board to formally document those tickets to be issued during the year. The ticket logs should be reconciled to amounts posted to the accounting system. If variances exist, such as is the case for the 2006 and 2007 season tickets, then steps should be taken both to investigate the reasons for the variances and to resolve the variances, such as posting reclassification entries. Once the reconciliations have been performed, they should be presented to the Board to provide the Board with assurances that all ticket sales have been properly accounted for.

**Officials' Response:**

The Secretary has begun comparing amounts recorded on receipts to amounts deposited and recorded in the accounting system to assure all collections are properly accounted for on a monthly basis.

**AGRICULTURAL SOCIETY  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Noncompliance citation in regards to ORC Section 135.12(B) requirement of designating a public depository and 135.18(A) requirement of maintaining evidence of eligible securities pledged as collateral.	Yes	N/A.
2005-002	Reportable condition regarding the cash reconciliation process.	No	Not Corrected; This was reissued as Finding No. 2007-003
2005-003	Material weakness in regards to utilizing dual signatures on all checks issued and obtaining approval for all expenditures through use of a voucher signed by the Board of Directors.	No	Not Corrected; This was reissued as Finding No. 2007-001



**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**PERRY 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  
AUGUST 28, 2008**