



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY

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Mary Taylor, CPA

Auditor of State

Lawrence County Agricultural Society
Lawrence County
9515 County Road 2
Willow Wood, Ohio 45696

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 a 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 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.

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Mary Taylor, CPA
Auditor of State

June 5, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lawrence County Agricultural Society
Lawrence County
9515 County Road 2
Willow Wood, Ohio 45696

To the Board of Directors:

We have audited the accompanying financial statement of the Lawrence County Agricultural Society, Lawrence County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005. 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.

Except as described in the following paragraph, 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.

We were unable to obtain the necessary assurances concerning the completeness of the recorded receipts for the years ended November 30, 2006 and 2005. It was not practical to perform alternative procedures.

As described more fully in Note 1, the Society 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2006 and 2005. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does 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 this 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.

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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, except for such adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure the completeness of the recorded admissions receipts for the years ended November 30, 2006 and 2005, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Lawrence County Agricultural Society, Lawrence County, as of November 30, 2006 and 2005, 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, 2006 and 2005. 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 June 5, 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.



Mary Taylor, CPA
Auditor of State

June 5, 2008

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$173,631	\$179,251
Privilege Fees	31,539	37,390
Rentals	21,637	23,791
Other Operating Receipts	6,375	8,561
Total Operating Receipts	233,182	248,993
Operating Disbursements:		
Wages and Benefits	25,798	23,255
Utilities	19,600	19,935
Professional Services	78,554	82,220
Equipment and Grounds Maintenance	47,665	46,674
Senior Fair	15,793	24,100
Junior Fair	12,175	8,746
Other Operating Disbursements	50,571	55,223
Total Operating Disbursements	250,156	260,153
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(16,974)	(11,160)
Non-Operating Receipts (Disbursements):		
State Support	5,515	5,693
County Support		2,400
Donations/Contributions	33,651	19,098
Net Non-Operating Receipts (Disbursements)	39,166	27,191
Excess (Deficiency) of Receipts Over (Under) Disbursements	22,192	16,031
Cash Balance, Beginning of Year	18,835	2,804
Cash Balance, End of Year	\$41,027	\$18,835

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

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**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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, Lawrence 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 1855 to operate an annual agricultural fair. The Society sponsors the week-long Lawrence County Fair during July. Lawrence County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Lawrence 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. Other year round activities at the fairgrounds include facility rental and community events including Trade Days and the Pumpkin Festival. The reporting entity does not include any other activities or entities of Lawrence County, Ohio.

Notes 4 and 5, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present 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. 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.

D. 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.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

2. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$41,027	\$18,835
Total deposits	\$41,027	\$18,835

Deposits: The bank balance was covered by the Federal Deposit Insurance Corporation.

3. RISK MANAGEMENT

The Lawrence County Commissioners provide general insurance coverage for all the buildings on the Lawrence County Fairgrounds pursuant to Ohio Rev. Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of \$1,000,000 aggregate with \$1,000 deductible. The Society's Treasurer and Secretary are bonded with coverage of \$20,000 and \$15,000, respectively.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 2007.

4. JUNIOR FAIR BOARD

The Junior Fair Board is comprised of a group of teen leaders who help out during fair week. The Junior Fair Board does not receive, disburse or hold cash. The Junior Fair Board had not had any fundraisers nor do they have a bank account.

5. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Lawrence County's auction. The Committee charges a hauling fee of \$95 per head and pay the people who haul the animals between \$65 and \$75 per head. The Junior Livestock Committee retains the difference. 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, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 9,257	\$ 11,538
Receipts	235,737	252,629
Disbursements	(239,442)	(254,910)
Ending Cash Balance	\$ 5,552	\$ 9,257



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*

Lawrence County Agricultural Society
Lawrence County
9515 County Road 2
Willow Wood, Ohio 45696

To the Board of Directors:

We have audited the financial statement of the Lawrence County Agricultural Society, Lawrence County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated June 5, 2008, 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 also noted there was a lack of adequate documentation to support the completeness of the recorded receipts for the years ended November 30, 2006 and 2005. Except as discussed in the preceding sentence, 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 statement and not to opine 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 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 management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2006-004 through 2006-009.

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. 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 material weaknesses. We consider reportable conditions 2006-004 and 2006-005 listed above to be material weaknesses. In a separate letter to the Society's management dated June 5, 2008, 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 statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-003. In a separate letter to the Society's management dated June 5, 2008, we reported other matters related to noncompliance we deemed immaterial.

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.

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

June 5, 2008

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Finding for Recovery – Repaid Under Audit

The Society paid Lou Anne Capper, Society Secretary, \$400 each year for her duties performed during fair week. The Secretary was paid an additional \$100 in 2005 and an additional \$100 in 2006 which was described as additional salary for fair week. There was no approval by the Society Board in the minutes of the increase in her fair week pay. On April 6, 2006, the Society Board approved a motion to keep the salaries of Society Directors for fair week the same as the previous year.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 9.24 (H)(3) and 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Lou Anne Capper, Society Secretary, in the amount of two hundred dollars (\$200.00) and in favor of the Lawrence County Agricultural Society.

The Society Board passed a resolution on May 1, 2007 approving the extra \$100 in pay to the Society Secretary, retroactive to 2005.

FINDING NUMBER 2006-002

Finding for Recovery – Repaid Under Audit

The Society provided a check to Doug Clark, Society Board President, in the amount of \$1,000 for the 2006 Fair Manager's Convention expenses related to travel for Board members to the convention. The monies remaining, \$641.55, along with receipts for convention expenditures, was returned to the Society's Secretary on January 10, 2006 (receipt #2270 in the amount of \$356.08 and receipt #2271 in the amount of \$285.47). Benjamin Coleman, Society Treasurer, confirmed through an Affidavit that Lou Anne Capper, Society Secretary, turned the \$641.55 over to Mr. Coleman. The receipts could not be traced to determine whether the monies were deposited with the bank nor were the monies posted to the Society's general ledger.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for money collected but unaccounted for is hereby issued against Benjamin Coleman, Society Treasurer, and RLI Insurance Company, the Treasurer's bonding company, jointly and severally, in the amount of six hundred forty-one dollars and fifty-five cents (\$641.55) and in favor of the Lawrence County Agricultural Society.

The Society Board passed a resolution on December 4, 2007 approving to donate their travel reimbursement checks to the Agricultural Society to repay the finding for recovery.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-003

Material Noncompliance

Ohio Rev. Code Section 9.38 requires, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (such as counties, municipalities, townships, and school districts) only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

The Society's receipts were either collected by the Treasurer or certain members of the Society's Board. The receipts collected by the Board members were not always paid to the Treasurer nor deposited in the designated depository on the next business day following the date of receipt. Instead, moneys were periodically paid to the Treasurer, who in turn deposited the receipts in the designated depository. Additionally, we noted only a few receipts each year for rental of grounds and buildings which were sometimes in excess of \$1,000 which indicated that receipts were held for a period of time. Generally, the receipts were deposited with the Treasurer at the monthly meetings. This is a potential indication that the Society has cash on hand for extended periods of time. Maintaining significant amounts of cash on hand for extended periods of time reduces the physical security of assets. This resulted in receipts being held for a period of up to one month before the next regular Board meeting. This also resulted in cumbersome reconciliations since receipts were written for monies when they were received. Late depositing also does not provide adequate safeguarding of this cash and increases the risk of loss or theft.

We recommend the Society deposit all receipts with the Treasurer or the designated depository by the next business day following the day of receipt. If the Board feels it is appropriate, they may adopt a policy allowing amounts less than \$1,000 to be held, if properly safeguarded in a fireproof safe, lockbox, etc. for a period not to exceed 3 business days as described above.

FINDING NUMBER 2006-004

Material Weakness – Rental Receipts

The November, 2002 Revision of the Uniform Accounting for Agricultural Societies states that deposits and intermediate and final payments for fairground or building rentals shall be receipted and deposited separate as cash receipts. Contracts associated with the rental shall indicate the receipt number assigned to account for the deposit and interim and final payments. In addition, the Society should utilize written contracts/agreements to clearly document the terms of the rental including, but not limited to, the rental rates, duration of the rental, total amount due, when payments are due, and the rental termination policies and procedures. These contracts can serve as documentation to support the recorded receipts.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-004 (Continued)

Material Weakness – Rental Receipts (Continued)

The Society received receipts from renting the use of the grounds and various buildings located at the County Fairgrounds throughout the year. However, there were no agreements/contracts for the rental of the items listed above, with the exception of the lease agreement on the 4-H Building. There was a general lack of documentation supporting the amount of recorded receipts. For instance, in the case of receipts from the rental of grounds/buildings of the Society and vendor spaces for Trade Days and the Pumpkin Festival, there were no written agreements or contracts outlining the amounts and terms of the rental. Grounds rental receipts without written rental agreements or contracts amounted to \$3,879 in 2005 and \$6,812 for 2006. Additionally, the Secretary prepared duplicate receipts for ground and building rental receipts after the Treasurer deposited the monies rather than the Society member collecting the fees at the time of receipt. Individual duplicate receipts were not always written for all monies collected from renters. The lack of documentation to substantiate the amount of receipts and the process of collection described above could result in questions regarding the completeness of the receipts paid into the Treasurer and recorded in the ledgers of the Society.

We recommend the Society develop and utilize written rental agreements/contracts for the rental of the grounds, buildings, and vendor spaces for Trade Days and the Pumpkin Festival. The rental agreement should include the agreed upon prices as well as the terms including the rules for use of the assets. The agreement should document the number of days that the grounds, buildings, stalls, etc. are to be rented and the cost per day. Additionally, a duplicate receipt should be prepared by the individual collecting the rent payments for each individual receipt. The receipt should be signed by the individual collecting the rent payments, and a copy should be provided to the individual or organization making the payment. Once the money has been collected, the money should be paid to the Treasurer of the Agricultural Society in accordance with Ohio Rev. Code Section 9.38. A pay-in should be prepared by the Treasurer. The receipt should be recorded in the receipts ledger and cash book and be deposited in the designated depository.

FINDING NUMBER 2006-005

Material Weakness – Ticket Accountability

The November, 2002 Revision of the Uniform Accounting for Agricultural Societies states that all tickets for admission to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distributions locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets sold. The cash returned should equal the expected revenue from the ticket sold. A single pre-numbered receipt shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled with pre-numbered tickets assigned to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-005 (Continued)

Material Weakness – Ticket Accountability (Continued)

The Society maintained ticket accountability forms for the gate admission tickets for 2005 but did not maintain numerical control over all of the season tickets, pit passes sold or for tickets sold for the Trade Days and Memorial Day derbies. The Society did document the total number of season tickets and pit passes sold during the fair week and the amount of cash collected on the ticket accountability forms. For 2006, the Society documented the beginning and ending numbers of the tickets provided to the ticket sellers for both gate admissions and season tickets along with the number of tickets sold. However, there was no documentation of the ending ticket number remaining once tickets were sold. This resulted in an inability to recalculate the number of tickets sold.

Additionally, we noted that the amount collected for both gate admissions and season tickets as documented on the ticket accountability forms did not agree to the number of tickets sold times the price per ticket. There was also no documentation of the season ticket numbers for season tickets sold prior to the fair. The amounts collected for gate admissions and season tickets were less than the calculated amounts. Furthermore, the Society did not maintain documentation to support the admissions receipts to the Trade Days and Memorial Day derbies except the duplicate receipts written by the Secretary. The duplicate receipts did not document whether pre-numbered tickets were utilized for admission into the derbies for which the monies were received. The lack of ticket accountability could result in individuals gaining access to the fairgrounds without paying for tickets. This also does not provide sufficient evidence to assure the completeness of the recorded receipts.

We recommend the Society utilize ticket accountability forms for all tickets issued. The ticket accountability forms should document the first ticket number on the roll of tickets, the first ticket number remaining on the roll after the tickets have been sold, the number of tickets sold, and the amount of money collected. Season tickets not issued at the gates should be accounted for utilizing ticket accountability forms. A form should be used to total all of the tickets available for sale, the total tickets sold, and the amount of money collected. Additionally, the Board of Directors should collect all unsold tickets to ensure that all tickets were either sold or returned to the Board of Directors. Numerical control should be maintained over pit passes sold for the derbies. Furthermore, pre-numbered tickets should be utilized for admission into the Trade Days and Memorial Day derbies. Ticket accountability forms should be utilized to account for the admissions to the derbies. We further recommend the Society reconcile the number of tickets sold to the amount of cash collected. This will help to provide assurance regarding the completeness of the recorded receipts.

FINDING NUMBER 2006-006

Reportable Condition – Timesheets

Sound internal controls policies require the Society to maintain documentation supporting the payroll disbursements of all employees. The Society hired several hourly employees to prepare the fairgrounds for the annual fair as well as perform maintenance and other duties during and immediately following the annual fair. The payroll disbursements for these employees were based on the number of hours worked. No timesheets were provided to document the hours worked during 8 of the 32 hourly payroll disbursements in 2005 and for 12 of the 35 hourly payroll disbursements in 2006. As a result, insufficient supporting documentation was provided for 11 percent of payroll disbursements tested in 2005 and 15 percent of payroll disbursements in 2006.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-006 (Continued)

Reportable Condition – Timesheets (Continued)

We recommend the Society require hourly employees to complete timesheets for each period in which they are paid. The timesheets should clearly document the time period covered, the number of hours worked and should be reviewed and approved by an appropriate supervisory individual prior to the preparation of the payroll checks. The timesheets should be signed by the individual reviewing and approving the payments and should be maintained on file to support the payroll disbursements.

FINDING NUMBER 2006-007

Reportable Conditions – Employee Approvals

According to the November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies, salaries and wages of Society employees shall be authorized by the board of directors. The net amount of payroll expense shall be recorded in the appropriate payroll account. Payroll net amount equals gross payroll less withholdings and deductions.

Testing of the Society's 2005 and 2006 payroll disbursements revealed that the Society employed several hourly employees for a period of time to prepare the fairgrounds for the annual fair and to clean-up and perform maintenance after the fair. During 2005, the Society did not document the Board's authorization to hire 4 hourly employees within the minutes. Additionally, in 2006, the Board approved hiring up to 5 people as needed for fair preparation. However, the Society did not document evidence of which employees the Board authorized to hire nor were the approved pay rates documented in the minutes.

We recommend the Board of Directors formally authorize the employment of each individual as well as the rate of pay. This authorization should be documented in the minutes. Additionally, since the employees are only temporary employees, we further recommend that this authorization be documented in the minutes each year.

FINDING NUMBER 2006-008

Reportable Conditions – Donations/Contributions Receipts

Sound internal control policies require management and the Board to monitor the financial activity of the Society. The Society received money for sponsorship of entertainment and other donations/contributions on the accompanying financial statement. However, there were no agreements/contracts for the sponsorships or the donations/contributions. There was a general lack of documentation supporting the amount of the recorded receipts. The Society did not maintain written contracts or agreements documenting the date and amount of sponsorship. Also, the Board's approval of the sponsorships was not noted in the minutes neither was approval of receipts from donations/contributions. Generally, the only supporting documentation for donations was the duplicate receipts prepared by the Secretary when the receipts were paid in to be recorded in the ledgers and deposited. This could result in questions regarding the completeness of the recorded receipts.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-008 (Continued)

Reportable Conditions – Donations/Contributions Receipts (Continued)

We recommend the Society develop and utilize written agreements/contracts for the sponsorship of the fair, etc. The sponsorship agreement should include the agreed upon sponsorship donation as well as the date of the entertainment to be sponsored. We further recommend the Board of Directors formally accept all donations in open meetings and document the donations in the minutes of those meetings. The documentation should include the person/organization from which the donation was received as well as the amount of the donation. We further recommend the Society maintain a copy of the check, remittance advice or any letter accompanying the donation to help substantiate the amounts recorded in the ledgers.

FINDING NUMBER 2006-009

Reportable Conditions – Annual Budget

The November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies states that each agricultural society shall prepare an annual budget of its revenues and expenses. The budget shall cover the period of December 1 through November 30. The budget shall be considered and approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of accounts from the chart of accounts which are used by the society.

Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended. The distributed monthly budget should be integrated in to the society's accounting system.

Actual revenues and expenses should be compared to the budgeted amounts each month and reported to and reviewed by the board of directors. The board of directors should determine the reasons why actual expenses exceeded or were less than budgeted expenditures by making inquiries to fair management.

The Lawrence County Agricultural Society did not adopt an annual budget for fiscal year 2006 or 2005. An annual budget, if carefully prepared, can be a useful tool for management to monitor the financial activities of the Society.

We recommend the Board of Directors adopt an annual budget that includes both estimated receipts and appropriations. A budget is an effective tool in monitoring expected revenues and disbursements in relation to amounts actually received and expended. We further recommend the Board of Directors periodically review comparisons of budgeted and actual activity and inquire if actual results depart significantly from expectations.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Finding for Recovery against Wanda Carpenter and Leslie Brock in amount of \$1,398.30	Yes	
2004-002	Inadequate supporting documentation for disbursements	Yes	
2004-003	Timesheet not maintained for all hourly employees	No	Not Corrected. Reissued as finding 2006-006
2004-004	Rental agreements not utilized	No	Not Corrected. Reissued as finding 2006-004
2004-005	Season tickets not accounted for on ticket accountability forms	No	Not Corrected. Reissued as finding 2006-005
2004-006	Employee hiring authorization not included in minutes	No	Not Corrected. Reissued as finding 2006-007
2004-007	No written agreements for fair sponsorships or approval of donations in minutes	No	Not Corrected. Reissued as finding 2006-008
2004-008	Monies not deposited timely with designated depository	No	Not Corrected. Reissued as finding 2006-003
2004-009	Annual budget not adopted by the Board	No	Not Corrected. Reissued as finding 2006-009
2004-010	Financial activity not monitored	Yes	



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY AGRICULTURAL SOCIETY

LAWRENCE 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
JULY 3, 2008**