



**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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Mary Taylor, CPA
Auditor of State

Richwood Independent Agricultural Society
Union County
1 Gill Street, P.O. Box 71
Richwood, Ohio 43344

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 statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Society 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 statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richwood Independent Agricultural Society
Union County
1 Gill Street, P.O. Box 71
Richwood, OH 43344

To the Board of Directors:

We have audited the accompanying financial statement of Richwood Independent Agricultural Society, Union 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 requires 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 societies to reformat their statement. 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 present fairly, in all material respects, the cash balance of Richwood Independent Agricultural Society, Union County, 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.

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 30, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 30, 2008

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

	2,007	2,006
Operating Receipts:		
Admissions	\$ 79,988	\$ 74,441
Privilege Fees	15,979	16,863
Rentals	18,989	15,668
Sustaining and Entry Fees	62,842	59,170
Parimutuel Wagering Commission	1,724	1,366
Other Operating Receipts	11,084	10,809
 Total Operating Receipts	 190,606	 178,317
Operating Disbursements:		
Wages and Benefits	-	-
Utilities	6,964	12,511
Professional Services	84,562	67,144
Equipment and Grounds Maintenance	22,170	26,784
Race Purse	94,532	92,520
Senior Fair	7,542	7,979
Junior Fair	16,826	20,913
Other Operating Disbursements	55,209	43,137
 Total Operating Disbursements	 287,805	 270,988
 Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	 (97,199)	 (92,671)
Non-Operating Receipts (Disbursements):		
State Support	29,044	29,098
County Support	20,000	20,791
Restricted Donations and Contributions	16,992	28,593
Unrestricted Donations and Contributions	18,027	19,962
Proceeds of Loan	17,000	
Investment Income	435	491
Debt Service	(8,673)	(7,294)
 Net Non-Operating Receipts (Disbursements)	 92,825	 91,641
 Excess(Deficiency) of Receipts (Under) Disbursements	 (4,374)	 (1,030)
 Cash Balance, Beginning of Year	 12,165	 13,195
 Cash Balance, End of Year	 \$ 7,791	 \$ 12,165

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

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**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION 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 Richwood Independent Agricultural Society, Union County, (the Society) as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded over 120 years ago to operate an annual agricultural fair. The Society sponsors the week-long Richwood Independent Fair during September. During the fair, harness races are held. Union 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 Union County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Union 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. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes 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 as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

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

Super stake races are held during the Richwood Independent 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 (Name and Title of Horseman's Association) Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement 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 3 for additional information.

H. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as 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 3 for additional information.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

2. CASH

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

	2007	2006
Demand deposits	\$7,791	\$12,165
Total deposits	7,791	12,165

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2007 and November 30, 2006 was \$25,233 and \$25,309, as State Support.

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.

	2007	2006
Total Amount Bet (Handle)	\$ 23,078	\$ 21,123
Less: Payoff to Bettors	(18,354)	(16,761)
Parimutuel Wagering Commission	4,724	4,362
Tote Service Set Up Fee	(300)	(300)
Tote Service Commission	(2,250)	(2,049)
State Tax	(450)	(647)
Society Portion	\$ 1,724	\$ 1,366

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

4. DEBT

Debt outstanding at November 30, 2007 was as follows:

	Principal	Interest Rate
Promissory Note	\$17,000	8.25%
Total	\$17,000	

The Society has been approved for a \$25,000 Promissory Note line of credit. The note bears an interest rate of 8.25 percent and is due to the Richwood Banking Company. The note was entered into on September 14, 2007 and matures September 14, 2008. As of November 30, 2007, the Society has drawn down \$ 17,000 on the line of credit. Proceeds of the note were used to pay monthly expenses (business operation) and are collateralized by the farm land owned by the Society.

5. RISK MANAGEMENT

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

For an occurrence prior to January 1, 2006 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.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage 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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

5. RISK MANAGEMENT (Continued)

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, 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 values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

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

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$14,596. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

5. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
2005	\$13,010
2006	\$13,081
2007	\$12,692

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they 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 contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. JUNIOR FAIR BOARD

The financial activity of the Junior Fair Board is included in the Society's books. Note 7 summarizes the Junior Livestock Sale Committee's financial activity.

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 Richwood Independent Agricultural Society auction. A commission of 2 1/2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2007 and November 30, 2006 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 1,761	\$ 1,903
Receipts	134,322	150,358
Disbursements	<u>(133,455)</u>	<u>(150,501)</u>
Ending Cash Balance	<u>\$ 2,628</u>	<u>\$ 1,761</u>

8. MANAGEMENT PLAN

At November 30, 2007, the Society had a cash balance of \$ 7,791. The Society also had an outstanding line of credit balance of \$ 17,000.. Management plans to use a combination of interest earnings and the income it collects during the annual fair in August 2008 to pay off the Line of Credit due in September 2008. Management believes if they are not able to pay off the line of credit when it comes due, that the Richwood Banking Company will work with them to find the best possible solution for their financial needs. As of July 31, 2008, the Society has a cash balance of \$ 6,733 and owes over \$ 10,000 on the line of credit.



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*

Richwood Independent Agricultural Society
Union County
1 Gill Street, P.O. Box 71
Richwood, Ohio 43344

To the Board of Directors:

We have audited the financial statement of the Richwood Independent Agricultural Society, Union County, Ohio (the Society) as of and for the year ended November 30, 2007 and 2006, and have issued our report thereon dated June 30, 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 a significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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, we believe findings number 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated June 30, 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*.

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 the executive committee, management, and Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 30, 2008

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

The following audit adjustments and reclassifications were made to the November 30, 2007 financial statement and posted to the Society's accounting ledgers:

1. \$8,500 to record Professional Service expenses that were recorded as Wages and Benefits.
2. \$25,500 to increase the fund balance and reduce expenditures due to the Society showing the purchase of a certificate of deposit as an expenditure.
3. \$17,000 to record proceed of loan receipts that were recorded as unrestricted contributions and donations.

The following reclassification was made to the November 30, 2006 financial statements and posted to the Society's accounting ledgers:

1. \$12,955 to record Professional Service expenses that were recorded as Wages and Benefits.

The following audit adjustment was inconsequential to the overall financial statements of the Society and was not posted to the November 30, 2007 financial statement.

1. The Society posted Parimutual Wagering receipts at net instead of gross requiring an adjustment to receipts and expenses in the amount of \$3,000.

The following audit adjustment was inconsequential to the overall financial statement of the Society and was not posted to the November 30, 2006 financial statement.

1. The Society posted Parimutual Wagering receipts at net instead of gross requiring an adjustment to receipts and expenses in the amount of \$2,996.

The adjustments and reclassifications identified above should be reviewed by the fiscal officer to ensure that similar errors are not reported on the financial statement in subsequent years. In addition, the Society should adopt policies and procedures, including a final review of the financial statement and note disclosures by the fiscal officer and governing board, to identify and correct errors and omissions.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-001 (Continued)

Officials' Response:

I agree with the adjustments. Wages and benefits were recorded under the wrong account code. We have always coded the Secretary and Treasurers wages to the wages and benefit account instead of professional services. This has been coded this way for years. It was explained that since we get 1099's that it needs to be coded to professional services. This was true for both years audited and will be corrected in 2008.

The money for a CD that we purchased was receipted when the monies were originally given to the board and deposited into the checking account. From the checking account a check was written to purchase the CD. When the CD was matured and cashed in, the CD was credited back into the checking account. It was a cash transfer and was not receipted again. We will make sure if we get another CD that it is receipted as cash back into the account.

Pari-mutuel wagering receipts I understand we used the net amount on our records instead of the gross. This was told to the individual who handles the horse racing paperwork. This to will be corrected in 2008.

FINDING NUMBER 2007-002

Significant Deficiency/Material Weakness

The Society collects admission receipts through season passes, daily gate entries, and grandstand entertainment. Sound internal controls should include the use of ticket accountability forms to track the beginning and ending ticket numbers sold to reconcile the monies collected.. Furthermore, the Society should maintain documentation of all tickets given away and retain all unsold tickets and passes.

We noted that the Society sold tickets for grandstand entertainment that were not numbered and the unsold tickets were not retained. In addition, the Society sold season passes with the grandstand entertainment tickets. However, the Society did not distinguish the number of season passes sold with the grandstand entertainment tickets. This resulted in a variance of \$1,026 when the season passes were recalculated.

Furthermore, the Society failed to record the ending ticket number and number of tickets given away for each gate. When the ticket sales were recalculated using the beginning ticket numbers on the daily ticket accountability forms we noted a variance of \$1,896.

We recommend the Society establish a policy to retain all unsold tickets relating to grandstand entertainment and use pre-numbered tickets to ensure completeness of grandstand entertainment receipts. In addition, we recommend the Society document the ending ticket number as well as any tickets given away by the Society. We also recommend the Society track the number of season passes sold separately. Furthermore, we recommend the Board approve all ticket giveaways and/or establish a policy over ticket giveaways. The Board should review these ticket sale reconciliations to determine if the amount collected is reasonable based on the number in attendance.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

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

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

FINDING NUMBER 2007-002 (Continued)

Officials' Response:

We sold entertainment tickets in advance for our shows. We had never done so before, nor had we ever had a big name entertainment before. We did not know what to expect. When the tickets were ordered, they did not think it was necessary to number them but they color coded them. One color for grandstand and one for the track seats. Now, we know that this is important to do.

Some season tickets were sold with entertainment tickets via credit card and was recorded as one lump sum under entertainment. They were giving discount ticket sales if an individual bought an entertainment ticket and an season ticket. There was some confusion and not every season ticket was coded properly. We will not be doing this in the future. We have decided not to have advanced ticket sales for entertainment and we are not going to sell them as a packet in the future. This two tickets (if we ever do this again) will be kept separate. This year we are going back to free grandstand entertainment. I do not foresee this ever happening again.



Mary Taylor, CPA
Auditor of State

RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY

UNION 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 26, 2008**