



Mary Taylor, CPA
Auditor of State

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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Mary Taylor, CPA Auditor of State

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

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 statement 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.

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Mary Taylor, CPA
Auditor of State

August 18, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007. 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 paragraph six, 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 the 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 statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require 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 third 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

We were unable to determine the completeness of admissions and privilege fee receipts for the years ended November 30, 2008 and 2007. It was not practical to perform alternative procedures.

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Also, in our opinion, except for such adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure completeness of the recorded admissions and privilege fee receipts for the years ended November 30, 2008 and 2007, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Agricultural Society, Monroe County, as of November 30, 2008 and 2007, 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 August 18, 2009, 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.

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Mary Taylor, CPA
Auditor of State

August 18, 2009

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Admissions	\$76,184	\$77,271
Privilege Fees	19,270	19,733
Rentals	16,954	16,117
Sustaining and Entry Fees	32,350	31,819
Other Operating Receipts	11,101	9,342
Total Operating Receipts	155,859	154,282
Operating Disbursements:		
Wages and Benefits	1,448	7,308
Utilities	20,946	14,840
Professional Services	40,698	39,845
Equipment and Grounds Maintenance	26,162	30,066
Racing Expenses	39,877	46,198
Senior Fair	4,318	4,791
Junior Fair	9,936	12,988
Contests	16,111	16,497
Insurance	11,296	13,141
Supplies and Materials	4,904	7,914
Advertising	6,853	5,539
Capital Outlay	55,464	326
Other Operating Disbursements	9,013	1,736
Total Operating Disbursements	247,026	201,189
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(91,167)	(46,907)
Non-Operating Receipts/(Disbursements):		
State Support	26,148	29,044
County Support	9,250	9,250
Investment Income	615	705
Donations/Contributions	64,941	21,248
Other Financing Sources	5,747	11,829
Debt Service	(26,766)	(500)
Net Non-Operating Receipts/(Disbursements)	79,935	71,576
Excess/(Deficiency) of Receipts Over (Under) Disbursements	(11,232)	24,669
Cash Balance, Beginning of Year	51,149	26,480
Cash Balance, End of Year	\$39,917	\$51,149

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

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**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007**

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, Monroe 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 1850 to operate an annual agricultural fair. The Society sponsors the week-long Monroe County Fair during August. During the fair, harness races are held, culminating in the running of the Speed Racing. Monroe 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 Monroe 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, and 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 Monroe 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. Deposits 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 include these items as assets.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Race Purse

Harness stake races are held during the Monroe County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and The Southern Valley Colt Circuit 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.

2. DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2008 and 2007, was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$25,516	\$41,901
Certificates of deposit	10,079	5,027
Total deposits	<u>35,595</u>	<u>46,928</u>
Money market fund		
Total investments	<u>4,322</u>	<u>4,221</u>
Total deposits and investments	<u><u>\$39,917</u></u>	<u><u>\$51,149</u></u>

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

Investments: Investments in mutual funds are not evidenced that exist in physical or book-entry form.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

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, 2008 and 2007, in the amount of \$26,148 and \$29,044 respectively, as State Support.

4. RISK MANAGEMENT

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

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

The Monroe County Commissioners provide general insurance coverage for all the buildings on the Monroe County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Public Entities Pool of Ohio (PEP) provides general liability with limits of \$2,000,000 per occurrence and no aggregate limit. This policy includes wrongful acts coverage for employee dishonesty with limits of liability of \$2,000,000. Note 5 provides details concerning the Society's membership in this risk pool.

The Society's Treasurer is bonded with \$50,000 coverage.

5. RISK POOL MEMBERSHIP

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

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.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

5. RISK POOL MEMBERSHIP (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 (the latest information available):

	<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 \$13,000. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

5. RISK POOL MEMBERSHIP (Continued)

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.

<u>Contributions to PEP</u>	
2006	\$14,181
2007	\$12,841
2008	\$11,121

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give 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 Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Monroe County Fair. The Society disbursed \$9,936 for 2008 and \$12,988 for 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30 follows:

	2008	2007
Beginning Cash Balance	\$538	\$103
Receipts	1,473	2,544
Disbursements	<u>(1,882)</u>	<u>(2,109)</u>
Ending Cash Balance	<u>\$129</u>	<u>\$538</u>

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

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 Monroe County Fair auction. A commission of 4% 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 years ended November 30 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$20,691	\$9,727
Receipts	261,847	235,812
Disbursements	<u>(267,092)</u>	<u>(224,848)</u>
Ending Cash Balance	<u>\$15,446</u>	<u>\$20,691</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
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated August 18, 2009, wherein we noted the Society prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that sufficient competent evidential matter was not available to obtain the necessary assurances over the completeness of the Society's recorded admissions and privilege fees for the years ended November 30, 2008 and 2007. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statement, 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 findings 2008-001 through 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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. Of the significant deficiencies described above, we believe findings 2008-001 through 2008-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated August 18, 2009.

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 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 August 18, 2009.

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



Mary Taylor, CPA
Auditor of State

August 18, 2009

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

The Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for fair admissions, rentals, and other cash receipts.

All tickets for admittance 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 distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash 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. A copy of the receipt shall be given to the person or organization making the payment, along with the ticket accountability report. The Society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively.

During the period, the Society utilized both an independent company and various local organizations to assist in the collection of gate collections which represents a portion of total admission revenues. During our testing the following conditions were noted:

- The Society maintained ticket accountability reports and utilized sequentially pre-numbered tickets for gate admissions; however, the ticket accountability reports were not always adequately completed and/or were not mathematically correct. Ticket accountability reports were not provided for two days during the 2007 fair. Additionally, there was no consistent indication of any review of the reports by someone other than the ticket taker.
- The monies collected according to the ticket accountability reports were not reconciled to the monies actually collected from each site. In addition, there was no documentation of overage/shortages for gate collections.
- No detailed documentation was retained to support and reconcile admission revenues being deposited in the Society's depository and recorded in the Society's general ledger.

The lack of supporting documentation maintained by the Society for this type of revenue did not allow us to gain adequate assurances over the admission revenues line item. As a result, and combined with issues noted in regards to season ticket collections and for grandstand admissions (see Finding No. 2008-002) we were unable to satisfy ourselves as to admission receipts by other auditing procedures. Those financial activities represent 29% and 34% of operating and nonoperating receipts for 2008 and 2007, respectively.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-001
(Continued)**

Material Weakness (Continued)

We recommend the Society's Treasurer, Board Members and employees take the necessary steps to ensure the integrity of the financial records and retain adequate support regarding the collection of admission revenues, including reconciling the daily ticket accountability reports to cash collections and daily deposits in the Society's bank account and general ledger. This reconciliation should be reviewed by someone independent of the ticket taker ensuring mathematical accuracy of the report and that they are completed properly.

To further enhance the Society's gate collection process, we also recommend the Society review the suggested procedures for ticket accountability that are outlined in the Auditor of State's Uniform System of Accounting for Agricultural Societies.

Official's Response

We will try to improve at the 2009 fair.

FINDING NUMBER 2008-002

Material Weakness

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. The system of internal control should include procedures for maintaining adequate supporting documentation to support the sale of season tickets and the sale of grandstand tickets.

Season tickets were sold by various individuals and businesses on behalf-of the Society that serve as week long passes to the Monroe County Fair. Also, each year at the fair, the Society had grandstand events for which separate admission was charged.

During our testing the following conditions were noted:

- For 2008, grandstand ticket sales reports did not always include beginning or ending ticket numbers and did not reconcile to the amounts recorded in the general ledger. In addition, season ticket logs maintained by the businesses selling the tickets were not completed, totaled, or reconciled to deposits or amounts posted to the general ledger.
- For 2007, no supporting documentation was presented to support the grandstand ticket sales and no logs were maintained to support season ticket sales from each vendor.

These conditions weaken the internal control system and accountability of ticket sales, which is part of the admission revenues on the accompanying financial statement. For 2008 and 2007, season ticket sales represent 10% and 14% of total admission revenues, respectively. For 2008 and 2007, grandstand ticket sales represent 18% of total admission revenue each year.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-002
(Continued)**

Material Weakness (Continued)

In regards to season ticket sales, we recommend the Society maintain a log of season tickets, which states the individual or business the tickets were issued to, the date issued, the date returned, and the amount of money collected. Any returned tickets should be scanned to ensure all tickets are present, and the money collected should be reconciled with the number of tickets sold and receipts posted to the general ledger. All season tickets should be accounted for before the opening of the fair. Any tickets given away for promotional purposes should be properly documented.

In regards to grandstand ticket sales, we recommend the Society utilize sequentially pre-numbered tickets for grandstand admissions. Ticket accountability reports, including beginning and ending ticket numbers, should be completed by the ticket taker and reviewed by the Society Secretary. This report should be reconciled to cash collections to ensure all monies are properly deposited in the Society's bank account and reconciled to the amounts posted to the general ledger. The report should indicate the date and amount that was deposited in the Society's bank account.

Official's Response

We recognize we need improvements to our procedures and will try to implement for the 2009 fair.

FINDING NUMBER 2008-003

Material Weakness

The Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for fair admissions, privilege fees, rentals, and other cash receipts.

Deposits and intermediate and final payments for privilege fees which include concession receipts from food and beverage vendors shall be receipted and deposited separately as cash receipts. Contracts associated with the vendors renting space shall indicate the receipt number assigned to account for the deposit and interim and final payments.

A multi-part pre-numbered receipt should be completed for each cash receipt. A copy of the receipt shall be given to the person or organization making the payment. The Society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., concession contracts).

Each year, the Society rented space to various vendors during the week of the fair. Spaces were rented based on feet of frontage. Electrical service was also provided to some vendors at an additional charge as well as camp sites. Concession contracts included space to document frontage feet, electricity requirement, campsites, and fair passes.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2008-003
(Continued)**

Material Weakness (Continued)

The following conditions were noted regarding the concession contracts:

- Contracts were not always properly completed. Contracts did not always document the frontage feet or whether electricity, camp sites, or fair passes were needed.
- The Society maintained a log of contracts and a grid of vendor spaces; however, these documents were not complete. Some vendors were included on the log or grid with no contract on file and other vendors had a contract on file but were not included on the log or grid.

The lack of supporting documentation maintained by the Society for this type of revenue did not allow us to gain adequate assurances over the privilege fees receipts line item. As a result we were unable to satisfy ourselves as to privilege fee receipts by other auditing procedures. Those financial activities represent 7% and 9% of operating and nonoperating receipts for 2008 and 2007, respectively.

We recommend the Society implement procedures to ensure concession contracts are completely and accurately filled out to ensure the proper fee is being charged to the vendor. In addition, contracts should be sequentially numbered in order to ensure all contracts are accounted for. As the concession contracts are completed, they should be recorded on a separate log indicating the contract number, vendor, frontage feet, total fee charged for the space, including any additional charges, such as electricity, campsite and/or fair pass charges. This log should also be used to document any deposits paid and to keep a running balance of the amount due by the vendor. Pre-numbered duplicate receipts should be issued to the vendor for each payment made. The duplicate receipt number and date paid should be documented on the log. There should also be a reconciliation of monies collected to amounts deposited in the Society's bank account and recorded in the Society's general ledger.

Official's Response

We have communicated with the concession manager with these concerns. We will monitor to be sure contracts are signed and better documentation of space, tickets and camping is maintained.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Material weakness in regards to no supporting documentation over admission receipts.	No	Not Corrected; this was reissued as Finding No. 2008-001.
2006-002	Material Weakness in regards to lack of supporting documentation over grandstand ticket and season ticket sales.	No	Not Corrected; this was reissued as Finding No. 2008-002.
2006-003	Material Weakness in regards to lack of supporting documentation over privilege fees.	No	Not Corrected; this was reissued as Finding No. 2008-003.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2009**