



**Auditor of State  
Betty Montgomery**



LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report .....	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2002 .....	3
Notes to the Financial Statement .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11
Corrective Action Plan .....	13

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**INDEPENDENT ACCOUNTANTS' REPORT**

Lawrence County Agricultural Society  
Lawrence County  
1043 Co. Rd. 120  
South Point, Ohio 45680

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 year ended November 30, 2002. 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 discussed 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

We were unable to obtain supporting documentation for \$12,687 in rental receipts and \$18,364 in donations/contributions. The above amounts represent 14% of the total revenue disclosed in the financial statement.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain supporting documentation for rental receipts and donations/contributions, 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, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

February 25, 2003

**LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$124,143
Privilege Fees	27,995
Rentals	26,087
Other Operating Receipts	9,236
Total Operating Receipts	187,461
<b>Operating Disbursements:</b>	
Wages and Benefits	22,365
Utilities	14,498
Professional Services	90,022
Equipment and Grounds Maintenance	41,889
Senior Fair	11,498
Junior Fair	7,873
Capital Outlay	8,910
Other Operating Disbursements	35,584
Total Operating Disbursements	232,639
Deficiency of Operating Receipts Under Operating Disbursements	(45,178)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	7,058
County Support	2,400
Donations/Contributions	25,296
Investment Income	1,247
Net Non-Operating Receipts (Disbursements)	36,001
Deficiency of Receipts Under Disbursements	(9,177)
Cash Balance, Beginning of Year	64,411
<b>Cash Balance, End of Year</b>	<b>\$55,234</b>

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**LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Lawrence County Agricultural Society, Lawrence County (the Society), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1855 to direct the operation of 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 15 directors serving staggered three-year terms, elected from the membership of the Society. 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, stall rental, and community events including trade shows. The reporting entity does not include any other activities or entities of Lawrence County, Ohio.

The financial activity of the Junior Fair Board and the 4-H Livestock Sale Committee is summarized in Note 4 and Note 5, respectively.

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

**B. Basis of Accounting**

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**D. Income Tax Status**

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware 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, 2002  
(Continued)**

**2. CASH**

The carrying amount of cash at November 30, 2002 follows:

	<u>2002</u>
Demand deposits	\$18,044
Certificates of deposit	<u>37,190</u>
Total deposits	<u>\$55,234</u>

**Deposits:** The bank balance was covered by Federal Deposit Insurance Corporation (FDIC).

**3. RISK MANAGEMENT**

The Lawrence County Commissioners provide general insurance coverage for all the buildings on the Lawrence County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by the Ohio Fair Participating Plan (the "Fair Plan"), an associated plan of the Ohio Government Risk Management Plan (the "Plan"), with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

The Ohio Government Risk Management Plan (the "Plan"), is an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Rev. Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2002.

**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 has not had any fundraisers nor do they have a bank account.

**5. 4-H LIVESTOCK SALE COMMITTEE**

The 4-H Livestock Sale 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 accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2003 follows:

LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)

5. JUNIOR 4-H LIVESTOCK SALE COMMITTEE (Continued)

Beginning Cash Balance	\$ 4,208
Receipts	179,438
Disbursements	<u>179,439</u>
Ending Cash Balance	<u>\$ 4,207</u>

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Lawrence Agricultural Society  
Lawrence County  
1043 Co. Rd. 120  
South Point, Ohio 45680

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 year ended November 30, 2002, and have issued our report thereon dated February 25, 2003, wherein we noted there was insufficient evidence to support \$12,687 in rental receipts and \$18,364 in donations/contributions. Except as described 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated February 25, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance 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 to be 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 the assertions of management in the financial statement. The reportable conditions are described in the accompanying Schedule of Findings as items 2002-60744-001 through 2002-60744-004.

A material weakness is a 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 in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of 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 to be material weaknesses. However, we consider items 2002-60744-001 through 2002-60744-003 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated February 25, 2003.

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

February 25, 2003

**LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-60744-001**

**Material Weakness**

The Society received receipts from renting the use of the grounds, stalls, 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. There was a general lack of documentation supporting the amount of the recorded receipts. For instance, in the case of receipts from the stall rentals, there were no written contracts or agreements that documented the time period or cost of rental. The same lack of documentation existed for the rental of grounds/buildings of the Society.

Additionally, the grounds, stalls, and building rental receipts are collected by one of the members of the Society who collects the money at her business located on the fairgrounds. She prepares a duplicate receipt for each transaction and then pays the money into the Treasurer. The Treasurer deposits the money, and the Secretary prepares a duplicate receipt for the total monies received. There was \$12,687 in rental receipts for which there were no written rental agreements or contracts. 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, stalls, buildings, etc. The rental agreement should include the agreed upon price as well as the terms including the rules for the use of the assets. The agreement should document the number of days that the grounds, buildings, stalls, etc. were rented and the cost per day.

**FINDING NUMBER 2002-60744-002**

**Material Weakness**

The Society received money for promotional ads in the fair book, sponsorship of entertainment and other support which are classified as donations/contributions on the accompanying financial statement. However, there were no agreements/contracts for the promotions or sponsorships listed above. There was a general lack of documentation supporting the amount of the recorded receipts. For instance, in the case of sponsorship of entertainment, there were no written contracts or agreements that documented the date and amount of sponsorship. Also, Board of Director approval of the sponsorships was not noted in the minutes. The same lack of documentation existed for the promotional ads for the fair book of the Society.

Additionally, the sponsorship and other support receipts are collected by the Secretary who prepares a duplicate receipt and pays the money into the Treasurer. The promotional ad receipts are collected by one of the members of the Society. She pays the money into the Treasurer. The Treasurer deposits the money, and the Secretary prepares a duplicate receipt for the total monies received. There was \$18,364 in donations/contributions for which there were no written contracts or agreements. 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 receipt paid into the Treasurer and recorded in the ledgers of the Society.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002  
(Continued)**

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

**FINDING NUMBER 2002-60744-002 (Continued)**

**Material Weakness (Continued)**

We recommend the Society develop and utilize written agreements/contracts for the sponsorship of the fair, promotional ads sold for the fair book, etc. The sponsorship agreement should include the agreed upon sponsorship donation as well as the date of the entertainment to be sponsored. The promotional ad agreement/contract should include the business name, size and cost of the ad purchased.

**FINDING NUMBER 2002-60744-003**

**Material Weakness**

The Agricultural Society maintained ticket accountability forms for the gate admissions tickets but did not maintain numerical control over all of the season tickets. Season tickets were sold at two separate businesses within the County. The season ticket stubs contained preprinted numbers that would allow for numerical control through the use of ticket accountability forms. However, the season tickets were not issued in sequential order. Also, there were individuals who made payments on the season tickets, and there was no way to determine if payments were made in full. The lack of ticket accountability forms could result in individuals gaining access to the fairgrounds without paying for the passes. The lack of tracking individual payments made on the season tickets could result in the Board of Directors not receiving full payment for the tickets.

We recommend the ticket accountability forms be utilized for all tickets issued. 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 season tickets should be issued in sequential order. We further recommend that if the Board of Directors are going to accept payments for the season tickets, the payments should be tracked to ensure that payment is made in full. Lastly, the Board of Directors should collect all unsold tickets to ensure that all of the season tickets were either sold or returned to the Board.

**FINDING NUMBER 2002-60744-004**

**Reportable Condition**

Monies received by the Treasurer were not always deposited with the designated depository within a reasonable period of time. This resulted in cumbersome reconciliations since receipts were written for monies when they were received but were not deposited with the bank until as long as one month later. Late depositing also does not provide adequate safeguarding for this cash, and increases the risk of loss or theft.

We recommend all monies received totaling less than \$1,000 be deposited with the designated depository by the next business day unless the Board of Directors adopts a policy including an alternate time period, not exceeding three days, and procedures to safeguard the monies. We further recommend that all monies exceeding \$1,000 be deposited by the next business day.



**LAWRENCE COUNTY AGRICULTURAL SOCIETY  
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN  
NOVEMBER 30, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-60744-001	The Society will utilize written agreements/contracts for the rental of fair grounds, buildings, etc.	November 30, 2003	Leslie Brock, Treasurer
2002-60744-002	The Society will utilize written agreements/contracts for the fair sponsorships, sale of fair books ads, etc.	November 30, 2003	Leslie Brock, Treasurer
2002-60744-003	Ticket accountability forms will be utilized for season tickets. Also, season tickets will be issued in sequential order.	November 30, 2003	Leslie Brock, Treasurer
2002-60744-004	The Treasurer will strive to deposit monies timely with the designated depository.	November 30, 2003	Leslie Brock, Treasurer





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**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  
MARCH 25, 2003**