



**Auditor of State  
Betty Montgomery**



**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

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**Auditor of State  
Betty Montgomery**

Union County Agricultural Society  
Union County  
P.O. Box 678  
Marysville, Ohio 43040

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 a February 2, 2005 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 25, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union County Agricultural Society  
Union County  
P.O. Box 678  
Marysville, Ohio 43040

To the Board of Directors:

We have audited the accompanying financial statements of the Union County Agricultural Society, Union County, Ohio, (the Society) as of and for the years ended November 30, 2004 and November 30, 2003. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

Because of inadequacies in the Society's accounting records, we were unable to determine the completeness of admission receipts for 2004 or 2003 in the accompanying financial statements, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures.

As described more fully in Note 1, the Society has prepared these financial statements 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 statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended November 30, 2004 do 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had admission receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the cash balances of the Union County Agricultural Society, Union County, Ohio, as of November 30, 2004 and November 30, 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2005, 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.



**Betty Montgomery**  
Auditor of State

October 25, 2005



**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>Operating Receipts:</b>		
Admissions	\$84,114	\$70,699
Privilege Fees	30,399	27,646
Rentals	30,780	28,625
Sustaining and Entry Fees	58,540	62,930
Parimutuel Wagering Commission	3,375	3,947
Other Operating Receipts	11,106	9,207
Total Operating Receipts	218,314	203,054
<b>Operating Disbursements:</b>		
Utilities	21,083	21,298
Professional Services	61,229	69,981
Equipment and Grounds Maintenance	48,974	51,498
Race Purse	85,980	90,639
Senior Fair	13,281	11,550
Junior Fair	14,746	14,463
Capital Outlay	17,585	0
Other Operating Disbursements	47,190	38,828
Total Operating Disbursements	310,068	298,257
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(91,754)	(95,203)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	33,982	36,925
County Support	23,500	20,000
Donations/Contributions	59,000	44,024
Investment Income	331	371
Debt Service	(7,990)	(7,941)
Net Non-Operating Receipts (Disbursements)	108,823	93,379
Excess (Deficiency) of Receipts Over (Under) Disbursements	17,069	(1,824)
Cash Balance, Beginning of Year	21,851	23,675
<b>Cash Balance, End of Year</b>	<b>\$38,920</b>	<b>\$21,851</b>

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

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**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003**

**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 Union County Agricultural Society, Union 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 1846 to operate an annual agricultural fair. The Society sponsors the week-long Union County Fair during July. During the fair, harness races are held, culminating in the running of the Union County Fair Harness Race. Union County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen 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 including the Union County Independence Celebration. The reporting entity does not include any other activities or entities of Union County, Ohio.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribe or permits.

**C. Cash and Investments**

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

**D. Budgetary Process**

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

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

**E. Property, Plant, and Equipment**

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**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**

Stake races are held during the Union 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 Western Ohio Colt Racing 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 statements 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 4 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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2004, the Society had budgeted receipts of \$363,913, actual receipts of \$335,127, resulting in a variance of (\$28,786). Additionally, the Society had budgeted disbursements of \$322,821, actual disbursements of \$318,058, resulting in a variance of \$4,763.

For the year ended November 30, 2003, the Society had budgeted receipts of \$0, actual receipts of \$304,374, resulting in a variance of \$304,374. Additionally, the Society had budgeted disbursements of \$352,046, actual disbursements of \$306,198, resulting in a variance of \$45,848.

**3. CASH AND INVESTMENTS**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$37,420	\$21,851
Certificates of deposit	1,500	0
Total deposits	<u>\$38,920</u>	<u>\$21,851</u>

**Deposits:** The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. All of the Society's depository balances were secured by the Federal Depository Insurance Corporation.

**4. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2004 and 2003 was \$21,848 and \$24,384 respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, 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.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**4. HORSE RACING (Continued)**

	2004	2003
Total Amount Bet (Handle)	\$ 16,837	\$ 19,378
Less: Payoff to Bettors	(13,462)	(15,431)
Parimutuel Wagering Commission	3,375	3,947
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(1,777)	(2,097)
State Tax	(436)	(551)
Society Portion	\$ 762	\$ 899

**5. DEBT**

Debt outstanding at November 30, 2004 was as follows:

	Principal	Interest Rate
Mortgage Loan	\$44,486	6.75%

The loan bears an interest rate of 6.75 percent and is due to the Richwood Banking Company. The loan was entered into on January 15, 2002 and matures December 30, 2006. Proceeds of the loan were used to pay off existing debt and construct and refurbish buildings.

Amortization of the above debt is scheduled as follows:

Year ending			
November 30:	Principal	Interest	Total
2005	\$5,080	\$2,846	\$7,926
2006	5,433	2,493	7,926
2007	33,973	188	34,161
Total	\$44,486	\$5,527	\$50,013

**6. RISK MANAGEMENT**

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

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.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local government.

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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

**7. CONTINGENT LIABILITIES**

The Society is currently in the process of resolving an issue with the Internal Revenue Service. Inappropriate tax advice was given to the Society by an outside accountant resulting in the Society failing to file required tax forms. The amount of the liability has not yet been determined.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**8. JUNIOR FAIR BOARD**

The Junior Fair Board is responsible for the Junior Fair activities of the Union County Agricultural Society. The Junior Fair Board activity is accounted for within the accounting records of the Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair to the extent necessary every year.

**9. 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 County's auction. A commission on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and November 30, 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 12,784	\$ 11,974
Receipts	199,564	188,339
Disbursements	<u>(197,324)</u>	<u>(187,529)</u>
Ending Cash Balance	<u>\$ 15,024</u>	<u>\$ 12,784</u>





**Auditor of State  
Betty Montgomery**

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

Union County Agricultural Society  
Union County  
P.O. Box 678  
Marysville, Ohio 43040

To the Board of Directors:

We have audited the financial statements of the Union County Agricultural Society, Union County, Ohio (the Society) as of and for the years ended November 30, 2004 and November 30, 2003, and have issued our report thereon dated October 25, 2005, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We were unable to determine completeness over admission receipts for 2004 and 2003. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-001, 2004-002 and 2004-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions. We consider reportable condition 2004-001 listed above to be a material weakness. In a separate letter to the Society's management dated October 25, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial 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*. In a separate letter to the Society's management dated October 25, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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

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

**Betty Montgomery**  
Auditor of State

October 25, 2005

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Admissions Receipts**

The Society has no formal policy on the handling and recording of money collected for admissions at the annual fair. The Society did not use pre-numbered gate tickets for admissions during 2003 and did not retain unsold pre-numbered gate tickets for 2004. Without maintaining an accurate accounting of these tickets, the Society cannot verify the accuracy of the cash collections or the accuracy of the daily reconciliations performed for these gate receipts. In addition, while the Society utilizes pre-numbered season passes, large gaps in numeric sequence were evident, and a significant number of unsold passes were not retained or accounted for by the Society. These weaknesses in the cash collection process could result in money being diverted, or lost, without management's knowledge.

We recommend that the Society accurately account for the beginning and ending gate admission ticket numbers to permit an accurate reconciliation for these receipts, and the Society should retain all unsold tickets. Further, the Society should account for all pre-numbered season passes sold and should retain all unsold passes. A record of these pre-numbered passes and gate admissions tickets should be maintained by the Treasurer to gain assurance that all passes and tickets that have been sold have been accounted for, and that any unsold passes or tickets are being retained in a secure place by the Society. Discrepancies or evidence of missing tickets should be investigated promptly to gain assurance that all receipts collected by the Society are deposited in the financial institution and posted to the accounting system, as appropriate.

We further recommend that that Agricultural Society establish written policies and procedures regarding the collection of cash to gain assurance that all staff members are aware of the proper procedures which should be followed by those individuals responsible for cash collections.

By implementing these recommendations, the Society can help reduce the overall risk of fraud or misappropriation of assets, which might otherwise go undetected by management.

**FINDING NUMBER 2004-002**

**Cash Reconciliation**

The Agricultural Society does not perform its cash reconciliation as of the last day of each month during the fiscal year, but rather, reconciliations are performed during the middle of the subsequent month. As a result, items occurring in the current month (such as outstanding checks and deposits in transit), which have occurred during the weeks following month end are included as reconciling items for the previous month. Further, no evidence exists that the Society is maintaining an accurate listing of all outstanding items, or reconciling the bank balances to the book balance during the cash reconciliation process.

We recommend that the Agricultural Society perform its bank reconciliation as of the end of each month during the fiscal year to ensure that all financial transactions are reflected in the proper period. The Society should maintain an accurate detailed listing of all outstanding items each month and should retain evidence of the Society's monthly reconciliation between their bank account balances and their book balances. By performing a bank to book balance reconciliation at the end of each month, the Society can gain assurance in a timely manner their fund balances are accurate. This reconciliation should also be provided to the Board of Directors for review and approval to assist them in monitoring the financial activity of the Society. The Society should refer to the Uniform System of Accounting for Agricultural Societies manual available on the Auditor of State's website for additional guidance pertaining to cash management.

**UNION COUNTY AGRICULTURAL SOCIETY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-003**

**Expenditure Support**

The Agricultural Society does not retain adequate supporting documentation for all expenditures. During the annual fair, the Society routinely makes payments to vendors and contest winners in the form of cash. However, in the majority of instances, the Society did not retain adequate documentation for these cash payments, either in the form of an invoice, a document signed by the vendor to evidence receipt of the cash, a signed contract indicating the cost for the services the vendor provided, or a listing of contest winners. Seventy-eight percent of all expenditures paid in cash to vendors or contest winners as tested in 2004 (\$6,671, which represents two percent of total expenditures for 2004) and ninety-one percent of items tested in 2003 (\$8,420, which represents three percent of total expenditures for 2003) did not have adequate supporting documentation.

We recommend that the Society retain adequate supporting documentation for all expenditures paid for with Society funds. Further, the Society should refrain from paying vendors or contest winners in cash, but rather, should utilize a warrant to pay for vendor services or awards during the fair. By not paying vendors or prize winners in the form of cash, the Society can reduce the risk of misappropriation or diversion of cash, and can gain assurance that evidence exists that the Society paid vendors or award winners in full. Should the Society choose to continue to engage in the practice of making cash payments, adequate supporting documentation for these transactions should be obtained by the Society. This supporting documentation should include documentation signed by the vendor or winning contestant indicating the total amount paid and indicating that payment was received in full. Further, the Agricultural Society should retain additional supporting documentation for these cash payments in the form of a signed contract or summary invoice from vendors indicating the total cost of services, or a listing of contest participants indicating the contest results and the amounts awarded. Likewise, the Society should retain adequate supporting documentation for all expenditures made via warrant, in the form of invoices or other corroborative documentation to gain assurance that all expenditures paid for with Society funds are valid. The Society should refer to the Uniform System of Accounting for Agricultural Societies manual available on the Auditor of State's website for additional guidance pertaining to cash management and purchasing.



**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 13, 2005**