



**Mary Taylor, CPA**  
Auditor of State



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance For the Years Ended November 30, 2006 and 2005.....	5
Notes to the Financial Statement .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17

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# Mary Taylor, CPA Auditor of State

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Society to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

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

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 years ended November 30, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the year then ended.

In addition, we were unable to obtain sufficient evidence to support receipts recorded as Class Entry Fees and Contest Fees included in Other Operating Receipts totaling \$21,195 and \$19,645 for 2006 and 2005, respectively.

Also, 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 examine evidence supporting Other Operating Receipts, the financial statements referred to above present fairly, in all material respects, the cash balances of the Coshocton County Agricultural Society, Coshocton County, Ohio, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2006 and 2005. The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

	<b>2006</b>	<b>2005</b>
<b>Operating Receipts:</b>		
Admissions	\$342,615	\$370,518
Privilege Fees	99,673	97,729
Rentals	45,679	48,913
Sustaining and Entry Fees	63,420	67,730
Parimutuel Wagering Commission	6,342	8,264
Other Operating Receipts	43,258	43,883
 Total Operating Receipts	 600,987	 637,037
<b>Operating Disbursements:</b>		
Wages and Benefits	76,097	78,384
Utilities	41,772	36,387
Professional Services	129,989	136,680
Equipment and Grounds Maintenance	82,481	84,512
Race Purse	95,445	98,737
Senior Fair	77,479	71,871
Junior Fair	29,410	30,950
Capital Outlay	55,642	34,580
Other Operating Disbursements	77,829	71,151
 Total Operating Disbursements	 666,144	 643,252
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(65,157)	(6,215)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	29,155	32,044
County Support	12,800	11,400
Sale of Assets	1,000	80
Donations/Contributions	12,573	9,905
Investment Income	4,381	653
Proceeds of Loan	11,248	
Debt Service:		
Principal	(11,415)	(7,038)
Interest	(8,674)	(9,025)
 Net Non-Operating Receipts (Disbursements)	 51,068	 38,019
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (14,089)	 31,804
 Cash Balance, Beginning of Year	 245,380	 213,576
 <b>Cash Balance, End of Year</b>	 <b>\$231,291</b>	 <b>\$245,380</b>

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

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Coshocton County Agricultural Society, Coshocton 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 1851 to operate an annual agricultural fair. The Society sponsors the week-long Coshocton County Fair during September and October. During the fair, harness races are held. Coshocton County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 19 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Coshocton 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, harness racing during fair week and Junior Fair Board activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows, 4<sup>th</sup> of July Celebration and garage sales. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

Note 9 summarizes the Junior Fair Board's financial activity.

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

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

**C. Cash and Investments**

The Society did not have any investments during the audit period.

**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. During the audit period, the Board only approved an operating budget for FY 2005.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 AND 2005  
(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. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**G. 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.

**H. Race Purse**

Stake races are held during the Coshocton 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. In addition, the Society contributes to each race purse.

Sustaining and Entry Fees

Horse owners and Home Talent Colt Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

**I. Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2005, the Society had budgeted receipts of \$641,482, actual receipts of \$691,119, resulting in a variance of \$49,637. Additionally, the Society had budgeted disbursements of \$641,482, actual disbursements of \$659,315, resulting in a variance of (\$17,833). The Society did not approve a budget for FY 2006.

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the year ended November 30, 2005.

**3. CASH**

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

	2006	2005
Demand deposits	\$231,291	\$245,380

**Deposits:** The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was uninsured and uncollateralized. At November 30, 2006 and 2005, \$84,636 and \$65,131, respectively, of the Society's deposits were uncollateralized.

**4. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2005 and 2006 was \$20,304 and \$17,704, 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 statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2006	2005
Total Amount Bet (Handle)	\$ 30,748	\$ 40,205
Less: Payoff to Bettors	(24,406)	(31,941)
Parimutuel Wagering Commission	6,342	8,264
Tote Service Set Up Fee	(800)	(800)
Tote Service Commission	(2,534)	(3,476)
State Tax	(935)	(1,144)
Society Portion	\$ 2,073	\$ 2,844

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**5. DEBT**

Debt outstanding at November 30, 2006 was as follows:

	Principal	Interest Rate
Ohio Heritage Bank Loan	\$137,551	6.00%
AGCO Finance LLC Loan	7,248	0.00%
Total	\$144,799	

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65%. The loan was entered into on June 24, 1999 and matures November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 26, 2004 the Society refinanced the loan in the amount of \$157,553 at an interest rate of 6.00% and maturity date of January 2019.

AGCO Finance LLC loaned the Society \$11,248 on March 28, 2006 with no interest if paid in one year. Proceeds of the loan were used to purchase a tractor.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Ohio Heritage Loan	AGCO Finance Loan	Interest	Total
2007	\$7,923	\$7,248	\$8,035	\$23,206
2008	8,389		7,568	15,957
2009	8,929		7,029	15,958
2010	9,479		6,478	15,957
2011	10,064		5,894	15,958
2012 - 2016	60,406		19,383	79,789
2017 - 2019	32,361		2,226	34,587
Total	\$137,551	\$7,248	\$56,613	\$201,412

**6. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2006.

**7. RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Coshocton County Commissioners provide general insurance coverage for all the buildings on the Coshocton County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$100,000.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. 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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	<u>(15,875,741)</u>	<u>(15,994,168)</u>
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	<u>(863,163)</u>	<u>(1,068,245)</u>
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, 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 \$47,932. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

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

**Contributions to PEP**

2004	\$20,069
2005	20,364
2006	22,245

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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.

**8. RELATED PARTY TRANSACTIONS**

Rodney Adams, a Board Member, owns R & K Industrial. The Society paid R & K Industrial \$2,560 and \$941 respectively for 2006 and 2005 for paint, fire extinguishers, and other supplies.

Jerry Lower, a Board Member, is employed by Bakersville Garage. The Society paid Bakersville Garage \$421 in 2006 for an electric ball valve.

**9. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, Juvenile Granges and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Coshocton County Fair. The Society disbursed \$29,410 in 2006 and \$30,950 in 2005 directly to vendors to support Junior Fair Board activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 4,261	\$ 1,897
Receipts	8,090	6,197
Disbursements	(7,233)	(3,833)
Ending Cash Balance	\$ 5,118	\$ 4,261

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# 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*

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the financial statements of the Coshocton County Agricultural Society, Coshocton County, Ohio, (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated November 30, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and our opinion was qualified due to inadequate Other Operating Receipts supporting documentation.

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 opinions on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider a significant deficiency.

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 Finding Number 2006-001 described in the Schedule of Findings to be a significant deficiency 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.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, the significant deficiency described above is also a material weakness.

We also noted certain matters related to internal control over financial reporting that we reported to the Society's management in a separate letter dated November 30, 2007.

#### **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*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated November 30, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Weakness**

**Entry Fees/Loan Proceeds/Debt Service Principal and Interest Payments**

During our testing of Other Operating Receipts, we noted that the Society did not have any supporting documentation for Class Entry Fees (fair entries) of \$6,333 and \$7,719 respectively for fiscal year 2006 and fiscal year 2005 and Contest Fees (Rough Truck, etc) of \$14,862 and \$11,926 respectively for fiscal year 2006 and fiscal year 2005. Lack of supporting documentation could allow errors and irregularities to occur and go undetected for an extended period of time.

Also, as a result of audit procedures performed, it was noted that loan proceeds (tractor purchase) and a subsequent capital outlay expenditure totaling \$11,248 was not initially reflected on the Society's financial statements. Also, Donations/Contributions and Other Operating Disbursements were initially overstated by \$18,000 due to the improper recognition of "change" to be used during fair week. Lastly, debt principal and interest payments totaling \$4,000 were initially reflected as capital outlay expenditures rather than as debt service principal and interest payments.

Sound financial reporting is the responsibility of the Secretary, Treasurer and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Society's financial statements are complete and accurate, the Society should maintain supporting documentation, such as entry forms, for all Class Entry Fees and Contest Fees received. Secondly, recognition of "change" for the fair week is not additional revenue; therefore, it should not be recognized on the financial statements. Lastly, loan proceeds and debt principal and interest payments should be recorded appropriately on the Society's financial statements. This will help ensure errors or irregularities are detected timely and the financial statements are complete and accurate.

**Officials' Response:** The Officials' did not elect to respond to this finding.





**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**COSHOCTON 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  
JANUARY 8, 2008**