



Mary Taylor, CPA
Auditor of State

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison County Agricultural Society
Harrison County
P.O. Box 342
Jewett, Ohio 43986-0342

To the Board of Directors:

We were engaged to audit the accompanying financial statements of Harrison County Agricultural Society, Harrison County (the Society) as of and for the years ended November 30, 2004 and 2003. These financial statements are the responsibility of the Society's management.

The Society presented us with financial statements, reflecting the Society's transactions for the audit period. However, the Society was unable to provide us with sufficient documentation or evidential matter to support the cash receipts and disbursements for years ended November 30, 2004 and 2003. As a result, we were unable to satisfy ourselves as to the total revenues, expenditures, and fund cash balances as of November 30, 2004 and 2003.

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).

Since the Society was unable to provide the evidence described in the second paragraph above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2008 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. While we do 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 engagement performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our engagement.

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Mary Taylor, CPA
Auditor of State

July 9, 2008

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**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

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

	<u>2004</u>	<u>2003</u>
Operating Receipts:		
Admissions	\$59,854	\$47,205
Privilege Fees	7,135	5,480
Rentals	3,077	3,161
Sustaining and Entry Fees	26,635	26,788
Other Operating Receipts	1,011	756
	<hr/>	<hr/>
Total Operating Receipts	97,712	83,390
	<hr/>	<hr/>
Operating Disbursements:		
Wages and Benefits	3,196	2,638
Utilities	10,298	8,465
Professional Services	23,092	22,733
Equipment and Grounds Maintenance	12,646	13,158
Race Expenditures	3,919	16,755
Race Purse	54,095	36,199
Senior Fair	1,621	1,854
Junior Fair	37,390	31,924
Capital Outlay	4,670	5,883
Other Operating Disbursements	9,473	5,816
	<hr/>	<hr/>
Total Operating Disbursements	160,400	145,425
	<hr/>	<hr/>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(62,688)	(62,035)
	<hr/>	<hr/>
Non-Operating Receipts (Disbursements):		
State Support	33,777	35,500
County Support	8,500	3,300
Donations/Contributions	22,423	25,216
	<hr/>	<hr/>
Net Non-Operating Receipts (Disbursements)	64,700	64,016
	<hr/>	<hr/>
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,012	1,981
	<hr/>	<hr/>
Cash Balance, Beginning of Year	1,313	107
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Cash Balance, End of Year	<u><u>\$3,325</u></u>	<u><u>\$2,088</u></u>

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

Harrison County Agricultural Society
Harrison County
P.O. Box 342
Jewett, Ohio 43986-0342

To the Board of Directors:

We were engaged to audit the financial statements of the Harrison County Agricultural Society, Harrison County (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated July 9, 2008, wherein we disclaimed an opinion upon the financial statements because the Society was unable to provide us with sufficient documentation or evidential matter to support the cash receipts and disbursements and fund cash balances reflected in the financial statements for the years ended November 30, 2004 and 2003.

Internal Control Over Financial Reporting

In planning and performing our engagement, 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 a certain matters involving the internal control over financial reporting and its operation that we consider a 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 and 2004-002.

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 that are also considered material weaknesses. We consider reportable conditions 2004-001 and 2004-002 listed above to be material weaknesses. In a separate letter to the Society's management dated July 9, 2008, we reported other matters involving internal control over financial reporting which 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Society's management dated July 9, 2008, we reported other matters related to noncompliance we deemed immaterial.

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

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

Mary Taylor, CPA
Auditor of State

July 9, 2008

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Noncompliance Citation/Material Weakness

Ohio Administrative Code Sections 117-2-02 and 117-10-01 require the government to maintain an accounting system and accounting records sufficient to assure accountability of entity assets. It also states that the government must have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious. The Agricultural Society did not maintain an accounting system or accounting records, which were sufficient to assure the accountability of entity assets. Also, the Society did not have internal controls sufficient to assure that recorded transactions had occurred and were not fictitious. Weaknesses in the Society's accounting system are enumerated below:

- Financial reports presented did not properly account for all Society activity. None of the line items could be traced to supporting documentation.
- Complete and accurate ledgers were not maintained for either year of the audit. An indeterminable number of Items were omitted and not reported.
- One hundred percent of the reconciliations of bank activity to the accounting records were incomplete and inaccurate. Errors were noted in reconciling items and there was no oversight by the Board of Directors.
- Nearly 80% of disbursements were not supported by sufficient documentation. Invoices, voided checks, and cancelled checks were missing in both years.
- Payroll ledgers were not maintained for the audit period.
- Rates for admission, camping, stall rentals, concession rates, etc. were not approved and noted in the minute record.
- Sufficient documentation was not maintained for approximately 72% of revenues. Pre-numbered duplicate receipts were not issued for all monies collected. Deposit slips were not always maintained. Complete and accurate subsidiary ledgers for gate receipts, commissions, rentals, and entries were not maintained.
- The *Ohio State Racing Commission County Fair Pari-Mutual Tax Reports* for 2003 and 2004 were not presented for audit.

The Society should establish an effective accounting system that includes the following procedures:

- Accurate financial reports that identify receipts and disbursements by the prescribed line items should be submitted for audit annually.
- Complete and accurate cash journal, receipt ledger, and expenditure ledgers should be maintained and include all detailed information for each transaction, such as payee, amount, date, and purpose.
- Complete and accurate monthly reconciliations should be prepared. Reconciliations should include all bank accounts and should detail all reconciling items. The Society's finance committee or the Board of Directors should review the reconciliation for accuracy and note their approval in the minutes.
- Disbursements should be supported by a voucher packet that includes a copy of the check and detailed invoice. All checks, voided and cleared, should be maintained in numerical order.
- Complete and accurate payroll ledgers should be maintained and include all detailed information for each transaction, such as payee, amount, date, withholdings, and purpose. All pay rates for contract and regular employees should be approved by the Board of Directors and noted in the minute records.

**FINDING NUMBER 2004-001
(Continued)**

- Complete and accurate subsidiary ledgers should be maintained for each source of revenue. In addition, supporting documentation for the ledgers, such as, pre-numbered duplicate receipts, deposits slips, forms, and contracts should be maintained. A pre-numbered duplicated receipt should be issued for all monies received by the Society.
- All racing and receipt reports should be completed and copies maintained in the Society records.

Implementing these procedures will help improve internal control over the Society's transactions and ensure an accurate presentation of their financial activity.

FINDING 2004-002

Material Weakness

Per the Uniform System of Accounting for Agricultural Society, revised November 2002, page 5, each agricultural society shall prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1st through November 30th. The budget shall be considered and approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of the accounts from the chart of accounts which are used by the society.

Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended. The distributed monthly budget should be integrated into the society's accounting system.

Actual revenues and expenses shall be compared to budgeted amounts each month, and reported to and reviewed by the board of directors. The board of directors shall determine the reasons why actual expenses exceed or are less than budgeted expenditures by making inquiries to fair management about the reasons.

A budget was not presented for fiscal years 2003 or 2004 and the Board did not adopt a resolution that would make the budgets, if prepared, legally binding. The budgeting process, if properly used, provides an important monitoring tool.

As noted above, the budget should be prepared at the level of the accounts, which are used by the Society. Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended and this distributed monthly budget should also be integrated into the Society's accounting system. Actual revenues and expenditures should be compared to budgeted amounts each month and reported to and reviewed by the Board of Directors.

The Society should prepare a budget and adopt a resolution making it legally binding to provide a monitoring tool for the Society's financial activity for each fiscal year.

**HARRISON COUNTY AGRICULTURAL SOCIETY
HARRISON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Non-compliance of budgetary resolution	No	Reissued in current report as finding 2004-002.
2002-002	Internal Control over financial records and transactions	No	Reissued in current report as finding number 2004-001.
2002-003	Use of accounting ledgers	No	Partially corrected Reissued in current report as finding number 2004-001.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

HARRISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 7, 2008**