



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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# Mary Taylor, CPA Auditor of State

Madison County Agricultural Society  
Madison County  
205 Elm Street, P.O. Box 30  
London, Ohio 43140

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

January 14, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Madison County Agricultural Society  
Madison County  
205 Elm Street, P.O. Box 30  
London, Ohio 43140

To the Board of Directors:

We have audited the accompanying financial statements of Madison County Agricultural Society, Madison 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 described 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.

The Junior Fair Board is responsible for the Junior Fair Division activities of the Madison County Fair. The Junior Fair Board accounts for its activities separately. The financial activity of the Junior Fair Board is not recorded in the ledgers of the Society. Due to the lack of complete financial records of the Junior Fair Board, the notes to the financial statements do not disclose the financial activity of the Junior Fair Board for the years ended November 30, 2006 and 2005.

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 years ended November 30, 2006 and 2005. GAAP requires presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. 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 follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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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 or cash flows for the years then ended.

Also, in our opinion, except for the omission of the financial activity of the Junior Fair Board for the years ended November 30, 2006 and 2005, the financial statements referred to above present fairly, in all material respects, the cash balances of the Madison County Agricultural Society, Madison 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 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 January 14, 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 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

January 14, 2008



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

|  | <u>2,006</u>                   |
|--|--------------------------------|
| <b>Operating Receipts:</b>                     |                                |
| Admissions                                     | \$ 105,313                     |
| Privilege Fees                                 | 42,022                         |
| Rentals  | 57,285                         |
| Sustaining and Entry Fees                      | 73,300                         |
| Pari-mutuel Wagering Commission                | 1,982                          |
| Other Operating Receipts                       | <u>15,962</u>                  |
| <br>Total Operating Receipts                   | <br><u>295,864</u>             |
| <b>Operating Disbursements:</b>                |                                |
| Wages and Benefits                             | 15,244                         |
| Utilities                                      | 47,233                         |
| Professional Services                          | 66,663                         |
| Equipment and Grounds Maintenance              | 60,857                         |
| Race Purse                                     | 96,537                         |
| Senior Fair                                    | 16,434                         |
| Junior Fair                                    | 17,571                         |
| Capital Outlay                                 | 1,832                          |
| Other Operating Disbursements                  | <u>20,263</u>                  |
| <br>Total Operating Disbursements              | <br><u>342,634</u>             |
| (Deficiency) of Operating Receipts             |                                |
| (Under) Operating Disbursements                | <u>(46,770)</u>                |
| <b>Non-Operating Receipts (Disbursements):</b> |                                |
| State Support                                  | 29,155                         |
| County Support                                 | 3,500                          |
| Donations/Contributions                        | 9,886                          |
| Investment Income                              | 813                            |
| Fiscal Charges                                 | <u>(497)</u>                   |
| <br>Net Non-Operating Receipts (Disbursements) | <br><u>42,857</u>              |
| (Deficiency) of Receipts (Under) Disbursements | (3,913)                        |
| Cash Balance, Beginning of Year                | <u>28,015</u>                  |
| <b>Cash Balance, End of Year</b>               | <b><u><u>\$ 24,102</u></u></b> |

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

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

|   |                                |
|---|--------------------------------|
|   | <b><u>2,005</u></b>            |
| <b>Operating Receipts:</b>  |                                |
| Admissions  | \$ 88,750                      |
| Privilege Fees  | 47,097                         |
| Rentals   | 48,821                         |
| Sustaining and Entry Fees   | 78,950                         |
| Parimutuel Wagering Commission  | 2,143                          |
| Other Operating Receipts  | <u>21,124</u>                  |
| <br>Total Operating Receipts  | <br><u>286,885</u>             |
| <b>Operating Disbursements:</b>                                       |                                |
| Wages and Benefits  | 11,170                         |
| Utilities   | 42,017                         |
| Professional Services   | 61,204                         |
| Equipment and Grounds Maintenance                                     | 58,423                         |
| Race Purse  | 104,111                        |
| Senior Fair   | 21,272                         |
| Junior Fair   | 16,656                         |
| Capital Outlay  | 10,200                         |
| Other Operating Disbursements   | <u>27,398</u>                  |
| <br>Total Operating Disbursements                                     | <br><u>352,451</u>             |
| (Deficiency) of Operating Receipts<br>(Under) Operating Disbursements | <br><u>(65,566)</u>            |
| <b>Non-Operating Receipts (Disbursements):</b>                        |                                |
| State Support   | 32,044                         |
| County Support  | 3,500                          |
| Total Assets Sold   | 2,049                          |
| Donations/Contributions   | 23,256                         |
| Investment Income   | 418                            |
| Fiscal Charges  | <u>(460)</u>                   |
| <br>Net Non-Operating Receipts (Disbursements)                        | <br><u>60,807</u>              |
| (Deficiency) of Receipts (Under) Disbursements                        | (4,759)                        |
| Cash Balance, Beginning of Year                                       | <u>32,774</u>                  |
| <b>Cash Balance, End of Year</b>                                      | <b><u><u>\$ 28,015</u></u></b> |

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

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2006 AND NOVEMBER 30, 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 Madison County Agricultural Society, Madison County, Ohio (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 1947 to operate an annual agricultural fair. The Society sponsors the week-long Madison County Fair during July. During the fair, harness races are held. Madison County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Madison 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 simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including animal shows. The reporting entity does not include any other activities or entities of Madison County, Ohio.

Notes 7 and 8, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

**B. Basis of Accounting**

These financial statements 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.

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.

The Society values certificates of deposit and money markets cost

**D. 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.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

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

**E. Income Tax Status**

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**F. Race Purse**

Stake races are held during the Madison 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 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 3 for additional information.

**G. 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 3 for additional information.

**2. CASH AND INVESTMENTS**

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

|                                | 2006     | 2005     |
|--------------------------------|----------|----------|
| Demand deposits                | \$13,802 | \$7,977  |
| Certificates of deposit        | 0        | 10,000   |
| Total deposits                 | 13,802   | 17,977   |
| Money Markets                  | 10,300   | 10,038   |
| Total investments              | 10,300   | 10,038   |
| Total deposits and investments | \$24,102 | \$28,015 |

**Deposits:** The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. Deposits are insured by the Federal Depository Insurance Corporation (FDIC).

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

**3. HORSE RACING**

State Support Portion of Purse

Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2006 and 2005 was \$21,704 and \$24,304 respectively. These amounts were included as State Support within the accompanying financial statements.

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)      | 26,268   | 27,963   |
| Less: Payoff to Bettors        | 20,914   | 22,301   |
| Parimutuel Wagering Commission | 5,354    | 5,662    |
| Tote Service Set Up Fee        | (200)    | (200)    |
| Tote Service Commission        | (2,422)  | (2,620)  |
| State Tax                      | (750)    | (699)    |
| Society Portion                | \$ 1,982 | \$ 2,143 |

**4. DEBT**

Debt outstanding at November 30, 2006 was as follows:

|             | <u>Principal</u> | <u>Interest Rate</u> |
|-------------|------------------|----------------------|
| County Loan | \$7,000          | 0%                   |

On February 28, 2000 the Madison County Commissioners loaned the Society \$10,000 for capital improvements to be paid back over a three year period. As of November 30, 2006, \$3,000 has been repaid. There were no debt payments made during the audit period.

**5. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005 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 and 2005.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

**6. RISK MANAGEMENT**

The Madison County Commissioners provide general insurance coverage for all the buildings on the Madison County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society has obtained general liability and vehicle insurance, with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$50,000.

**7. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$17,571 for the year end November 30, 2006 and \$16,656 for the year end November 30, 2005 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Madison County paid the Society \$500 to support Junior Club work for the years ended November 30, 2006 and 2005. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2006 and 2005 could not be provided.

**8. 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 Madison County's auction. A commission of 3% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2006 and 2005 follows:

|                        | 2006      | 2005      |
|------------------------|-----------|-----------|
| Beginning Cash Balance | 13,934    | 17,279    |
| Receipts               | 211,513   | 208,215   |
| Disbursements          | (207,626) | (211,560) |
| Ending Cash Balance    | \$ 17,821 | \$ 13,934 |

**9. SUBSEQUENT EVENTS**

On January 7, 2008 the Madison County Commissioners passed a resolution relieving the Society of the remaining \$7,000 owed to the Commissioners for a loan issued February of 2000.



# 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*

Madison County Agricultural Society  
Madison County  
205 Elm Street, P.O. Box 30  
London, Ohio 43140

To the Board of Directors:

We have audited the financial statements of the Madison County Agricultural Society, Madison County, Ohio (the Society) as of and for the year ended November 30, 2006 and 2005, and have issued our report thereon dated January 14, 2008, 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 and the omission of the financial activity of the Junior Fair Board for the years ended November 30, 2006 and 2005. Except as discussed in the preceding sentence regarding the Junior Fair Board, 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 2006-001 through 2006-004.

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 condition 2006-001, 2006-003 and 2006-004 listed above to be material weaknesses. In a separate letter to the Society's management dated January 14, 2008, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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### **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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-005. In a separate letter to the Society's management dated January 14, 2008, we reported other matters related to noncompliance we deemed immaterial.

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

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

**Mary Taylor, CPA**  
Auditor of State

January 14, 2008



**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

|                       |                 |
|-----------------------|-----------------|
| <b>Finding Number</b> | <b>2006-001</b> |
|-----------------------|-----------------|

**Reportable Condition/Material Weakness**

**Bank Reconciliations**

The Society bank reconciliations prepared during 2006 and 2005 were not accurate. The bank and book amounts reported on the bank reconciliations did not agree to year end bank statements or cash balances reported on the financial statements prepared by the Society. In addition, upon testing the year-end bank reconciliations with corrected bank balance and reconciling item amounts, we noted that the cash balance reported did not agree to the corrected reconciled bank balance. One audit adjustment in the amount of \$10,000 and six audit adjustments ranging from \$100 to \$6,700 were made to the November 30, 2006 and 2005 financial statements, respectively to accurately report reconciled cash balances.

The Board reviewed bank reconciliations throughout the year however the review did not identify the inaccuracies reported. By not preparing accurate bank reconciliations and those inaccuracies going undetected by management, errors, omission or the misappropriation of assets may occur and go undetected and uncorrected.

We recommend that the Treasurer provide bank statements, cash balance reports, detailed reconciling item reports and other information as may be determined necessary to the Board or other Society management to allow for an independent review of the bank reconciliations for errors or omissions. Any discrepancies identified during the review process should be corrected. Corrections made should be accompanied by adequate supporting documentation to evidence that the corrections have been appropriately made.

|                       |                 |
|-----------------------|-----------------|
| <b>Finding Number</b> | <b>2006-002</b> |
|-----------------------|-----------------|

**Reportable Condition**

**Entry Fees**

The Society collects entry fees for harness racing from horse owners. The Society has not implemented controls over the collection of entry fees to provide assurance that all entry fees have been properly collected and deposited with the Treasurer prior to the racing event. This has lead to uncollected entry fees during the prior and current audit of the Society's financial statements.

The Society should implement internal controls over the collection of harness racing entry fees, such as, a reconciliation of the number of horses racing to the entry fees collected. Implementing such controls could provide assurance that all entry fees have been collected and properly deposited with the Society's Treasurer prior to the racing event. Any owners that have not paid the respective entry fee should be immediately disqualified from the racing event.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2006 AND NOVEMBER 30, 2005  
(Continued)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

|                       |                             |
|-----------------------|-----------------------------|
| <b>Finding Number</b> | <b>2006-002 (Continued)</b> |
|-----------------------|-----------------------------|

**Entry Fees (Continued)**

We recommend that the Society implement control procedures over entry fee collections to provide assurance that all entry fees have been collected, deposited and properly reported.

|                       |                 |
|-----------------------|-----------------|
| <b>Finding Number</b> | <b>2006-003</b> |
|-----------------------|-----------------|

**Reportable Condition/Material Weakness**

**Supporting Documentation - Receipts**

Revenues collected by the Society should be supported by underlying documentation evidencing the amount collected and the purpose of the collection. The Society issued pre-numbered duplicate receipts documenting the amount and purpose of the collection however we were unable to verify the amount documented on the duplicate receipt to underlying supporting documentation. We identified the following for the following revenue cycles:

- Donations and contributions consist of payments made by sponsors to aid in operations of the fair. The Sponsor completes and signs a form indicating the amount to be contributed and the purpose of the contribution. During 2006 and 2005, 44% and 94% respectively of the donations and contributions did not have a related sponsorship form.
- Pit passes and box seat sales which represent 5% and 6% of 2006 and 2005 admission receipts respectively were not accompanied by underlying supporting documentation. Wrist bands are provided for pit passes and passes are provided for box seats. The Society did not maintain underlying supporting documentation for 100% of pit passes and box seats during 2006 and 2005.
- Camping during Farm Science week which represents 10% and 9% of camping fees for 2006 and 2005 respectively were not supported by a camping contract. In addition during 2006, 3% of the ground and building rentals were not supported by a rental contract.

Underlying supporting documentation should be maintained for all revenues collected to provide assurance that all receipts have been accounted for and are completely and accurately reported within the financial statements. We recommend that:

- Sponsorship forms be completed and maintained for all donations and contributions. These forms should be pre-numbered and the form number should also be included on the pre-numbered duplicate receipt to provide for a clear audit trail.
- Pit passes and box seats should be supported by underlying documentation. A log of pit and box seat passes on hand at the beginning of the fair, passes sold and ending balance on hand could serve as support for the revenues collected for these items. The first and last wrist band or pass should be maintained as evidence of the amounts documented within the log.
- Contracts entered into for camping and building and grounds rentals should be maintained for all camping and rental receipts. In addition the contracts should be pre-numbered and the duplicate receipt should document the contract number to provide for a clear audit trail.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2006 AND NOVEMBER 30, 2005  
(Continued)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

|                       |                 |
|-----------------------|-----------------|
| <b>Finding Number</b> | <b>2006-004</b> |
|-----------------------|-----------------|

**Reportable Condition/Material Weakness**

**Junior Fair Financial Activity**

During November 2002 revisions to the Uniform System of Accounting for Agricultural Societies states all Junior Fair financial activity is presented in the notes to the agricultural society's financial statements. Such activity includes activity subsidized by the agricultural society and engaged in by the Junior Fair using accounts which are not recorded in the agricultural society's financial ledgers.

The Society did not present the financial activity of the Junior Fair Board within the notes to the financial statements for 2006 and 2005. Records for 2005 were not secured and were subsequently destroyed and records for 2006 did not list all activity accounted for within the separate accounts of the Junior Fair Board.

We recommend that the Board of Directors establish a record retention policy for the Junior Fair Board to provide assurance that records are properly safeguarded. In addition, procedures should be performed by the Board to determine that all activity of the Junior Fair Board is properly accounted for and reflected within the Junior Fair Board ledgers. Such procedures may include requesting a copy monthly and year-end financial reports and bank reconciliations and requesting a listing of all bank accounts and financial institutions to provide assurance that all activity is included.

|                       |                 |
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| <b>Finding Number</b> | <b>2006-005</b> |
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**Finding for Recovery - Repaid Under Audit**

**Harness Racing Entry Fee Due but Not Collected**

**Ohio Admin. Code 3769-15-07** states unless the conditions of the race so provides, there shall be no entry fee to any race. If the conditions require an entry fee, it shall accompany the entry unless otherwise specified. Stake races are conducted during the Madison County Fair. Horse owners are required to pay entry fees in the amount of two hundred dollars to the Society for entry of their horses into the stake race. These payments must be made before a horse can participate in a stake race. During the 2006 Madison County Fair the entry fee for one horse was not paid for a total fee due of two hundred dollars.

In the fourth race on Saturday July 8, 2006 the entry fee for the horse named "MaxPax" was not paid. The owner is Arnold Bryant of Sunbury, Ohio.

In accordance with foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Arnold Bryant, horse owner, Western Ohio Colt Racing Association, jointly and severally, in the amount of two hundred dollars in favor of the

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2006 AND NOVEMBER 30, 2005  
(Continued)**

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

|                       |                             |
|-----------------------|-----------------------------|
| <b>Finding Number</b> | <b>2006-005 (Continued)</b> |
|-----------------------|-----------------------------|

**Finding for Recovery- Repaid under Audit (Continued)**

On March 14, 2008, The Society received a \$200 payment from Western Ohio Colt Racing Association.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**MADISON COUNTY AGRICULTURAL SOCIETY  
MADISON COUNTY**

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

| Finding Number | Finding Summary                                 | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;<br><b><i>Explain:</i></b> |
|----------------|---|------------------|--|
| 2004-001       | Harness Racing Entry fess due but not collected | No               | This has been repeated as Finding 2006-005.  |





Mary Taylor, CPA  
Auditor of State

**AGRICULTURAL SOCIETY**

**MADISON 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, 2008**