



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

Pickaway County Agricultural Society
Pickaway County
415 Lancaster Pike
Circleville, Ohio 43113

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.

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Mary Taylor, CPA
Auditor of State

August 20, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County Agricultural Society
Pickaway County
415 Lancaster Pike
Circleville, Ohio 43113

To the Board of Directors:

We have audited the financial statement of Pickaway County Agricultural Society, Pickaway County, Ohio (the Society) as of and for the years ended November 30, 2006 and 2005. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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 this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP requires presenting entity wide statements. While the Society does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Societies 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended November 30, 2006 and 2005 does 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 years then ended.

We were unable to determine the completeness of rental receipts for 2005 and privilege receipts for 2006 and 2005 in the accompanying financial statement, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures.

Also, in our opinion, except the effect of adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure the completeness of the rental receipts for 2005 and privilege receipts for 2006 and 2005, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Pickaway County Agricultural Society, Pickaway 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 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.

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

August 20, 2007

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

	2,006	2,005
Operating Receipts:		
Admissions	\$ 90,498	\$ 129,052
Privilege Fees	36,282	29,230
Rentals	106,857	90,561
Sustaining and Entry Fees	36,025	37,375
Parimutuel Wagering Commission	2,440	2,352
Other Operating Receipts	14,902	16,637
Total Operating Receipts	287,004	305,207
Operating Disbursements:		
Wages and Benefits	35,138	33,961
Utilities	57,217	45,957
Professional Services	21,263	59,033
Equipment and Grounds Maintenance	50,271	67,184
Race Purse	59,235	61,089
Senior Fair	17,735	21,031
Junior Fair	13,007	8,555
Advertising	7,712	10,381
Rent/Lease	4,401	3,596
Capital Outlay	3,000	38,953
Other Operating Disbursements	52,712	73,686
Total Operating Disbursements	321,691	423,426
Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	(34,687)	(118,219)
Non-Operating Receipts (Disbursements) :		
State Support	28,504	30,770
County Support	4,800	-
Unrestricted Donation, Sponsorships & Promotions	22,230	19,725
Interest Income	990	1,025
Net Non-Operating Receipts (Disbursements)	56,524	51,520
Excess of Receipts Over Disbursements	21,837	(66,699)
Cash Balance, Beginning of Year	79,628	146,327
Cash Balance, End of Year	\$ 101,465	\$ 79,628

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

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**PICKAWAY COUNT AGRICULTURAL SOCIETY
PICKAWAY 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 Pickaway County Agricultural Society, Pickaway 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 1945 to operate an annual agricultural fair. The Society sponsors the week-long Pickaway County Fair during June. During the fair, harness races are held, culminating in the running of the Pickaway County Harness Racing Program. Pickaway County is not financially accountable for the Society. The Board of Directors manages the Society.

The Board is made up of twenty one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Pickaway 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 flea markets. The reporting entity does not include any other activities or entities of Pickaway County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee'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 prescribes 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. 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 statement does not include these items as assets.

**PICKAWAY COUNT AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

Pickaway County Harness stake races are held during the Pickaway 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 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 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 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

2. CASH

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$101,465	\$79,628
Total deposits	<u>101,465</u>	<u>79,628</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of each of the Society's bank balance.

**PICKAWAY COUNT AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund to supplement the racing purse. The Society received \$25,309 and \$28,192 for fiscal year ended November 30, 2006 and 2005, respectively.

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.

	<u>2,006</u>	<u>2,005</u>
Total Amount Bet (Handle)	\$ 28,937	\$ 27,881
Less: Payoff to Bettors	<u>(23,004)</u>	<u>(22,125)</u>
Parimutuel Wagering Commission	5,933	5,756
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(2,440)	(2,352)
State Tax	<u>(853)</u>	<u>(852)</u>
Society Portion	<u>\$ 2,440</u>	<u>\$ 2,352</u>

4. RISK MANAGEMENT

The Society does not provide any employee benefits to its employees, other than Workers Compensation through the State of Ohio workers compensation fund.

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

**PICKAWAY COUNT AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

4. RISK MANAGEMENT (Continued)

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.

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	(15,875,741)	(15,994,168)
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	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

4. RISK MANAGEMENT (Continued)

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 \$27,376. 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.

<u>Contributions to PEP</u>	
2004	\$11,084
2005	\$12,467
2006	\$13,688

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.

5. SUBSEQUENT EVENT

On January 22, 2007, the Society obtained a loan for \$36,000 from the Pickaway County Commissioners for the purchase of a new Marquee sign.

6. 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 Pickaway County Fair. The Society contributed \$13,007 directly to the Junior Fair Board in fiscal year 2006 and \$8,555 in fiscal year 2005. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Pickaway County paid the Society \$170 to support Junior Club work in fiscal year 2006 and \$150 in fiscal year 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 years ended November 30, 2006 and November 30, 2005 follows:

**PICKAWAY COUNT AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

6. JUNIOR FAIR BOARD (Continued)

	2,006	2,005
Beginning Cash Balance	\$ 673	\$ 546
Receipts	1,688	1,928
Disbursements	1,326	1,801
Ending Cash Balance	\$ 1,035	\$ 673

7. 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 Pickaway County's auction. A commission is charged to cover 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 November 30, 2005 follows:

	2,006	2,005
Beginning Cash Balance	\$ 3,034	\$ 3,328
Receipts	252,724	269,624
Disbursements	249,865	269,918
Ending Cash Balance	\$ 5,893	\$ 3,034

8. RELATED PARTY TRANSACTION

The Society Treasurer, Eric Atwood, owns ER Power Equipment. The Society disbursed \$1,609.94 to ER Power Equipment for equipment repair in 2005. No disbursements were made to ER Power Equipment in 2006.



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*

Pickaway County Agricultural Society
Pickaway County
415 Lancaster Pike
Circleville, Ohio 43113

To the Board of Directors:

We have audited the financial statement of the Pickaway County Agricultural Society, Pickaway County, Ohio (the Society) as of and for the year ended November 31, 2006 and November 31, 2005, and have issued our report thereon dated August 20, 2007, wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. Our report was qualified because we were unable to determine the completeness over rental receipts for 2005 and privilege receipts for 2006 and 2005. 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 opinion 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 certain deficiencies in internal control over financial report that we consider significant deficiencies.

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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal controls over financial reporting: 2006-001 through 2006-006.

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.

Our consideration of the 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 internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe that findings 2006-001 through 2006-003, 2006-005 and 2006-006 are also material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated August 20, 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 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 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated August 20, 2007.

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 20, 2007

PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Maintaining Records – Material Non-Compliance/Significant Deficiency/Material Weakness

Ohio Rev. Code Section 149.351 requires that all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by Ohio Rev. Code Sections 149.38 through 149.42. An aggrieved party may commence a civil action to recover reasonable attorney's fees and a forfeiture of one thousand dollars for each violation of this section.

The following records could not be located:

Transaction Cycle	Description	# missing items
2005 non-payroll expenditure	Invoice	4
2005 rental revenue	Camping contracts	8
2006 rental revenue	Camping contracts	22
2005 admissions revenue	Horse racing permit	1
2006 privilege revenue	Contracts	33

The Secretary was unable to locate the records above. However, this activity was tested using alternative audit procedures, except for the privilege revenue in 2006 and 2005 and rental revenue in 2005 (See Finding Number 2006-003).

We recommend that the Society establish procedures for maintaining supporting documentation for all of the Society's financial activity.

Officials' Response:

The Society will retain all supporting documentation for their financial activity.

FINDING NUMBER 2006-002

Cash Reconciliations – Significant Deficiency/Material Weakness

Reconciling cash is one of the most important controls instituted by management to assure the completeness and accuracy of cash transactions reflected in the financial statements. Monthly cash reconciliations and investigating unusual reconciling items should be performed by all entities regardless of their size or the number of financial transactions processed. By doing so, the entity can gain assurance as to the completeness and accuracy of the accounting records. Failure to prepare or monitor reconciliations could result in errors and omissions to occur and not be detected by management in a timely manner.

Bank reconciliations were not completed for fiscal year 2005. Additionally, bank reconciliations were not completed for fiscal year 2006 until November 2006. Derived book balances exceeded the financial statement balance by \$2,004.61 at 11/30/2005. Bank reconciliations in fiscal year 2006 did not include all outstanding activity which resulted in the Society being out of balance by \$3,619.18 at November 30, 2006.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY 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)
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FINDING NUMBER 2006-002

Cash Reconciliations – Significant Deficiency/Material Weakness (Continued)

We recommend the Board of Directors develop and implement procedures to ensure the accuracy and completeness of bank reconciliations. Additionally any reconciling items should be identified including the difference noted above and should be disposed of in a timely manner. This matter was reported in our prior audit report.

Officials' Response:

Currently, all bank reconciliations are being performed on the computer and all accounts are reconciled monthly. All differences are documented appropriately.

FINDING NUMBER 2006-003

Rentals and Privilege Fees – Significant Deficiency/Material Weakness

The Society enters into contracts with individuals for camping spaces, building and flea market space rentals and privilege fees at the fairgrounds throughout the year. During year ended 2005, the Society did not utilize a map or support identifying the total number of spaces available for contract for privilege fees and non-fair week camping. Contracts were not consistently utilized for building rentals and non-fair week camping space rentals. Contracts that were utilized were not pre-numbered. Additionally, duplicate receipts were not always utilized for rentals.

During year ended 2006, the Society utilized pre-numbered contracts for building and ground rentals and privilege fees. However, we were not able to locate 33 out of 105 privilege contracts to determine if they were actual transactions or voids by the Society. In addition, no map or pre-numbered contracts were utilized for non-fair week camping.

Pre-numbered contracts can provide assurance to the Society that all contracts entered into are accounted for. The lack of a map or support identifying the total number of spaces available for rent for the non-fair week camping resulted in an inability to determine completeness over these receipts and a qualification of the financial statement opinion. The lack of this information could also result in unused space, overbooking and/or irregularities to occur and not be detected in a timely manner by management. Failure to consistently utilize contracts could result in money being collected for rentals and not recorded.

We recommend the following:

- Pre-numbered contracts should be used for all building, storage, and camping rental contracts;
- Procedures should be established to determine that contracts are paid in full;
- A map designating the number of spaces available for non-fair camping should be prepared. A copy of the map could be used each year. As contracts are entered into and space is obligated, the map could be marked (by vendor) to document the respective space that has been contracted.
- Maintain documentation of all contracts and/or log all contract voids.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY 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)
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FINDING NUMBER 2006-003

Rentals and Privilege Fees – Significant Deficiency/Material Weakness (Continued)

Officials' Response:

Starting in fiscal year 2007, all fair week camping is on pre-numbered contracts. Non-fair camping less than one week is noted on pre-numbered receipts. All building, barn, and storage contracts are pre-numbered and voided as necessary. The Secretary keeps a computerized spreadsheet to verify income versus expense for each area. Payments are in full prior to date of contract, or in the case of barn contracts, are paid on a regular schedule. Delinquent accounts are contacted if needed. Maps of flea market areas, camping, barn, and fair vendors are being utilized. All contracts are kept in numeric sequence and also listed on a computerized spreadsheet.

FINDING NUMBER 2006-004

Show Vouchers – Significant Deficiency

Sound internal controls require all expenditures to be recorded in the Society's expenditure ledger. In addition, sound internal controls would require the Society to reconcile the actual show vouchers paid out to supporting documentation.

There were several checks made out to the bank to withdraw cash to pay show premiums on behalf of the Junior Fair Board. Show entrants who turned in vouchers received cash for their premium. The Junior Fair Board did not document the amount and to whom the premium was paid out in fiscal year 2005, but did so in 2006. However, the Society did not reconcile the amount paid out in 2006 to support documentation. Money left over from show was recorded as a reduction of expenditure and deposited into the bank. The amount of cash withdrawn for this activity for fiscal year 2006 and 2005 was \$6,615 and \$4,452 respectively.

This limits accountability over cash which could ultimately lead to the misuse of public monies.

We recommend the Society adopt a policy requiring a reconciliation be completed for each show. The reconciliation form would include the total cash withdrawn, a list of each individual receiving a voucher payment and the amount of the voucher payment, the total amount of cash returned and the person(s) responsible handling the monies for each show. The policy should also require someone from the Junior Fair Board review and approve each show's reconciliation form.

Officials' Response:

This system will need to be reconciled and revised for coming years. A new policy will be in effect for fiscal year 2008.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY 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)**

FINDING NUMBER 2006-005

Gifts and Donations – Significant Deficiency/Material Weakness

The Society did not maintain adequate supporting documentation for miscellaneous receipts. This increases the possibility that errors or irregularities could occur and go undetected by management.

We recommend that the Society maintain supporting documentation for all miscellaneous receipts such as a remittance slip or a copy of the check. For donations received, we recommend that the Board formally accept all donations in open meetings and document in the minutes of those meetings. The documentation should include the person/organization from which the donation was received as well as the amount and any restrictions on the use of the money. Additionally, maintaining a copy of the remittance advice or any letter accompanying a donation can help to support the amounts recorded in the ledgers.

Officials' Response:

All gifts and donations are reported in the monthly treasurer's report to the Board of Directors, as well as a "thank you" letter to donors. Donations will be approved and noted in the monthly minutes of the Board.

FINDING NUMBER 2006-006

Ticket Reconciliations – Significant Deficiency/Material Weakness

Sound internal controls would require the Society to prepare ticket accountability forms for all cash collection points at each event.

The Society did not use ticket accountability forms for the 2005 Exhibitor tickets sold at the office and at Demolition Derby events.

The lack of ticket accountability forms could lead to incomplete deposits and/or receipts, improperly posted receipts, and the potential for theft without timely detection by management.

We recommend the Society establish a policy requiring that ticket accountability forms be used for all cash collection points at each event held on the Society's premises. Furthermore, we recommend that the Society reconcile each form back to the cash collected. The Board should review these forms to determine if the amount collected appears reasonable based on the number in attendance.

Officials' Response:

Documentation of ticket sales and wristband will be completed for each appropriate event.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY 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; <i>Explain:</i>
2004-001	Completeness of Rental Income.	No	Not corrected, see finding number 2006-003.
2004-002	Cash reconciliations	No	Not corrected, see finding number 2006-002.
2004-003	Timely depositing of receipts	Yes	Finding no longer valid.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

PICKAWAY 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
NOVEMBER 8, 2007**