



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY

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Mary Taylor, CPA
Auditor of State

Lawrence County Agricultural Society
Lawrence County
P.O. Box 85
Scottown, Ohio 45678

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 government 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

June 3, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lawrence County Agricultural Society
Lawrence County
P.O. Box 85
Scottown, Ohio 45678

To the Board of Directors:

We have audited the accompanying financial statement of the Lawrence County Agricultural Society, Lawrence County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

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, agricultural societies to reformat their statement. 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Lawrence County Agricultural Society, Lawrence County, Ohio, as of November 30, 2008 and 2007, 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 June 3, 2009, 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

June 3, 2009

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Admissions	\$173,680	\$203,322
Privilege Fees	25,757	24,053
Rentals	13,585	13,150
Other Operating Receipts	9,660	10,140
 Total Operating Receipts	 222,682	 250,665
Operating Disbursements:		
Wages and Benefits	25,302	30,944
Utilities	19,243	21,021
Professional Services	107,394	120,938
Equipment and Grounds Maintenance	59,115	56,512
Senior Fair	11,724	19,125
Junior Fair	14,127	11,099
Capital Outlay	59,182	11,062
Other Operating Disbursements	40,696	49,260
 Total Operating Disbursements	 336,783	 319,961
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (114,101)	 (69,296)
Non-Operating Receipts:		
State Support	6,166	6,348
County Support	2,500	2,400
Insurance Proceeds	40,355	29,363
Donations/Contributions	43,405	39,253
 Net Non-Operating Receipts	 92,426	 77,364
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (21,675)	 8,068
 Cash Balance, Beginning of Year	 49,095	 41,027
 Cash Balance, End of Year	 \$27,420	 \$49,095

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

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**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007**

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 Lawrence County Agricultural Society, Lawrence County (the Society), as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1855 to operate an annual agricultural fair. The Society sponsors the week-long Lawrence County Fair during July. Lawrence County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Lawrence 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. Other year round activities at the fairgrounds include facility rental and community events. The reporting entity does not include any other activities or entities of Lawrence County, Ohio.

Notes 4 and 5, 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. Accounting Basis

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

The statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

D. 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.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

2. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	2008	2007
Demand deposits	\$27,420	\$49,095
Total deposits	\$27,420	\$49,095

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. RISK MANAGEMENT

The Lawrence County Commissioners provide general insurance coverage for all the buildings on the Lawrence County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$20,000 each.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 2009.

4. JUNIOR FAIR BOARD

The Junior Fair Board is comprised of a group of teen leaders who help out during fair week. The Junior Fair Board does not receive, disburse or hold cash. The Junior Fair Board has not had any fundraisers nor do they have a bank account.

5. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale 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 Lawrence County's auction. The Junior Livestock Committee charges a hauling fee of \$150 per load. The Junior Livestock Committee retains the difference. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$ 6,269	\$ 5,552
Receipts	249,757	226,225
Disbursements	(250,601)	(225,508)
Ending Cash Balance	\$ 5,425	\$ 6,269



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*

Lawrence County Agricultural Society
Lawrence County
P.O. Box 85
Scotttown, Ohio 45678

To the Board of Directors:

We have audited the financial statement of the Lawrence County Agricultural Society, Lawrence County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated June 3, 2009, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 statement, 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 reporting 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 findings 2008-001 through 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated June 3, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated June 3, 2009.

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



Mary Taylor, CPA
Auditor of State

June 3, 2009

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Significant Deficiency – Timesheets

Sound internal controls policies require the Society to maintain documentation supporting the payroll disbursements of all employees. The Society hired several hourly employees to prepare the fairgrounds for the annual fair as well as perform maintenance and other duties during and immediately following the annual fair. The payroll disbursements for these employees were based on the number of hours worked. The Society failed to provide support for many of the pay periods during 2007 and 2008. As a result, the Society had insufficient supporting documentation for 76 percent of payroll disbursements tested in 2007 and 25 percent of payroll disbursements in 2008.

We recommend the Society require hourly employees to complete timesheets for each period in which they are paid. The timesheets should clearly document the time period covered, the number of hours worked and should be reviewed and approved by an appropriate supervisory individual prior to the preparation of the payroll checks. The timesheets should be signed by the individual reviewing and approving the payments and should be maintained on file to support the payroll disbursements.

FINDING NUMBER 2008-002

Significant Deficiency – Employee Approvals

According to the November, 2002 Revision of the *Uniform System of Accounting for Agricultural Societies*, salaries and wages of Society employees shall be authorized by the board of directors. The net amount of payroll expense shall be recorded in the appropriate payroll account. Payroll net amount equals gross payroll less withholdings and deductions.

Testing of the Society's 2007 and 2008 payroll disbursements revealed that the Society employed several hourly employees for a period of time to prepare the fairgrounds for the annual fair and to clean-up and perform maintenance after the fair. During 2007, the Society did not document the Board's authorization to hire three hourly employees within the minutes. Additionally, in 2008, the Society approved hiring up to five people as needed for fair preparation. However, the Society did not document evidence of which employees the Board authorized to hire for 2007 and 2008 nor were the approved pay rates for 2007 documented in the minutes. This could lead to unauthorized employees being hired and paid at unauthorized rates.

We recommend the Board of Directors formally authorize the employment of each individual as well as the rate of pay. This authorization should be documented in the minutes. Additionally, since the employees are only temporary employees, we further recommend that this authorization be documented in the minutes each year.

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-003

Significant Deficiency – Donations/Contributions Receipts

Sound internal controls policies require management and the Board of Directors to monitor the financial activity of the Society. The Society received money for sponsorship of entertainment and other donations/contributions as shown on the accompanying financial statement. However, there were no agreements/contracts for the sponsorships or the donations/contributions. There was a general lack of documentation supporting the amount of the recorded receipts. The Society did not maintain written contracts or agreements documenting the date and amount of sponsorship. Also, the Board's approval of the sponsorships was not noted in the minutes, and neither was approval of receipts from donations/contributions. Occasionally, there were copies of checks or remittance advices to support receipts. Generally, the only supporting documentation for donations was the duplicate receipts prepared by the Secretary when the receipts were paid in to be recorded in the ledgers and deposited. This could result in questions regarding the completeness of the recorded receipts.

We recommend the Society develop and utilize written agreements/contracts for the sponsorship of the fair. The sponsorship agreement should include the agreed upon sponsorship donation as well as the date of the entertainment to be sponsored. We further recommend the Board of Directors formally accept all donations in open meetings and document the donations in the minutes of those meetings. The documentation should include the person/organization from which the donation was received as well as the amount of the donation. We also recommend the Society maintain a copy of the check, remittance advice or any letter accompanying the donation to help substantiate the amounts recorded in the ledgers.

Officials' Response:

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

**LAWRENCE COUNTY AGRICULTURAL SOCIETY
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Finding for Recovery – Repaid Under Audit – against Lou Anne Capper in amount of \$200.	Yes	
2006-002	Finding for Recovery – Repaid Under Audit – against Benjamin Coleman in the amount of \$641.55.	Yes	
2006-003	Monies not deposited timely with Society Treasurer.	No	Partially Corrected. Reissued in management letter.
2006-004	Rental agreements not utilized.	Yes	
2006-005	Ticket accountability forms not used properly or used for season tickets and derbies.	No	Partially Corrected. Reissued in management letter.
2006-006	Timesheets not maintained for all hourly employees.	No	Not Corrected. Reissued as Finding Number 2008-001.
2006-007	Authorization of each individual's employment and rate of pay not documented in the minutes.	No	Not Corrected. Reissued as Finding Number 2008-002.
2006-008	No written agreements for fair sponsorships or approval of donations in minutes.	No	Not Corrected. Reissued as Finding Number 2008-003.
2006-009	Annual budget not adopted by the Board.	No	Not Corrected. Reissued in management letter.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

LAWRENCE 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
JUNE 16, 2009**