



Dave Yost • Auditor of State

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balance - For the Years Ended November 30, 2011 and 2010	5
Notes to the Financial Statement.....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	23

This page intentionally left blank.



Dave Yost • Auditor of State

Jackson County Agricultural Society
Jackson County
3362 State Route 776
Jackson, Ohio 45640

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 statement 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 15, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson County Agricultural Society
Jackson County
3362 State Route 776
Jackson, Ohio 45640

To the Board of Directors:

We have audited the accompanying financial statement of the Jackson County Agricultural Society, Jackson County, Ohio (the Society), as of and for the years ended November 30, 2011 and 2010. 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.

Except as noted below, 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.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as Admissions, Privilege Fees, Sustaining and Entry Fees, Other Operating Receipts, and Rental Receipts nor were we able to satisfy ourselves as to the completeness of those receipts by other auditing procedures. These receipts represent 29.7 percent and 8.9 percent of total operating receipts for the years ended November 30, 2011 and 2010, respectively.

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.

Instead of the combined fund the accompanying financial statement presents, GAAP require 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 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects adjustments, if any, that might have been required had we been able to examine sufficient appropriate evidence regarding Admissions, Privilege Fees, Sustaining and Entry Fees, Rental Receipts, and Other Operating Receipts as described in paragraph 3, the financial statement referred to above presents fairly, in all material respects, the fund cash balance of the General Fund of the Jackson County Agricultural Society, Jackson, Ohio, as of November 30, 2011 and 2010 and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012, 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.



Dave Yost
Auditor of State

June 15, 2012

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010**

	2011	2010
Operating Receipts:		
Admissions	\$75,614	\$221,804
Privilege Fees	12,169	10,376
Rentals	38,862	41,701
Sustaining and Entry Fees	15,175	22,585
Parimutuel Wagering Commission	851	850
Other Operating Receipts	20,466	8,845
Total Operating Receipts	163,137	306,161
Operating Disbursements:		
Utilities	42,342	40,554
Professional Services	54,164	61,133
Equipment and Grounds Maintenance	34,665	19,315
Race Purse	24,780	32,514
Senior Fair	15,998	17,588
Junior Fair	9,301	7,242
Capital Outlay	27,148	11,173
Other Operating Disbursements	23,843	145,590
Total Operating Disbursements	232,241	335,109
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(69,104)	(28,948)
Non-Operating Receipts (Disbursements):		
State Support	19,524	22,192
County Support	3,000	3,000
Donations/Contributions	4,465	4,679
Sponsorship/Promotions	15,550	11,120
Investment Income	585	2,016
Sale of Assets	807	
Debt Service		
Principal	(20,000)	(14,630)
Interest	(400)	
Net Non-Operating Receipts (Disbursements)	23,531	28,377
Excess (Deficiency) of Receipts Over (Under) Disbursements	(45,573)	(571)
Cash Balance, Beginning of Year	117,384	117,955
Cash Balance, End of Year	\$71,811	\$117,384

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

This page intentionally left blank.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2011 AND 2010**

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 Jackson County Agricultural Society, Jackson 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 1986 to operate an annual agricultural fair. The Society sponsors the week-long Jackson County Fair during July. During the fair, harness races are held. Jackson County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Jackson 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. The reporting entity does not include any other activities or entities of Jackson County, Ohio.

Notes 5 and 6, 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.

This statement include 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.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Race Purse

The Jackson County Harness Races are held during the Jackson 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 Southern Valley Colt Circuit 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.

F. 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

The Society maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$71,811	\$117,384

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2011 and 2010 was \$13,776 and \$16,040, respectively, as State Support.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2011 AND 2010
(Continued)**

3. HORSE RACING (Continued)

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.

	2011	2010
Total Amount Bet (Handle)	\$ 9,740	\$ 10,259
Less: Payoff to Bettors	(6,568)	(6,994)
Parimutuel Wagering Commission	3,172	3,265
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(1,905)	(1,996)
State Tax	(216)	(219)
Society Portion	\$ 851	\$ 850

4. RISK MANAGEMENT

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

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2011 AND 2010
(Continued)**

4. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Government's share of these unpaid claims collectible in future years is approximately \$7,000.

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>		
<u>2011</u>	<u>2010</u>	<u>2009</u>
\$6,648	\$8,270	\$9,137

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2011 AND 2010
(Continued)**

5. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Jackson County Fair. The Society disbursed \$9,301 and \$7,242 directly to vendors in 2011 and 2010, respectively, to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Jackson County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 2,192	2282
Receipts	2,617	1,733
Disbursements	(1,297)	(1,823)
Ending Cash Balance	\$ 3,512	\$ 2,192

6. 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 Jackson County's auction. A commission, per head, on auction sales of \$45 for Grand Champions and \$15 for all other market animals is retained by the Junior Livestock Sale Committee to cover auction costs. 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, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 4,098	\$ 9,714
Receipts	297,754	195,499
Disbursements	(279,003)	(201,115)
Ending Cash Balance	\$ 22,849	\$ 4,098

This page intentionally left blank.



Dave Yost • Auditor of State

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

Jackson County Agricultural Society
Jackson County
3362 State Route 776
Jackson, Ohio 45640

To the Board of Directors:

We have audited the financial statement of the Jackson County Agricultural Society, Jackson County, Ohio (the Society), as of and for the years ended November 30, 2011 and 2010, and have issued our report thereon dated June 15, 2012, 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 qualified our opinion due to the lack of sufficient, appropriate evidential matter for the amounts reported as Admissions, Privilege Fees, Sustaining and Entry Fees, Other Operating Receipts and Rental Receipts for the General Fund. 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 the purpose of expressing our opinion on the financial statement, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and timely corrected. We consider Findings 2011-03, 2011-04, 2011-06, and 2011-07 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2011-02 and 2011-05 described in the accompanying Schedule of Findings to be significant deficiencies.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-01, 2011-06, and 2011-07.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated June 15, 2012.

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 management, the Board of Directors, and others within the Society. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 15, 2012

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010**

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Section 9.38 requires, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Several members of the Society collected cash relating to rental fees, sustaining entry fees, privilege fees, and other operating fees. The members did not deposit these to the Treasurer or the designated depository within the three-day period allowed by Board policy. Maintaining significant amounts of cash on hand for extended periods increases the risk of loss or theft.

We recommend the Society deposit all receipts exceeding \$1,000 with the Treasurer or the designated depository by the next business day and all others no later than 3 business days after receiving it as permitted by Board policy. We further recommend the Society limit the number of cash collection points to help improve the physical security of the assets.

Officials' Response: The Board of Directors will be advised of this recommendation. However, due to the structure of the Jackson County Agricultural Society, implementation will be difficult.

FINDING NUMBER 2011-02

Significant Deficiency- Financial Monitoring

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. The Treasurer should compare actual revenues and expenses to budgeted amounts each month and provide a report showing this comparison to the Board of Directors for review. The Board of Directors should determine the reasons why actual expenditures exceeded or were less than budgeted expenditures by making inquiries to fair management about the reasons. Additionally, the Society should compare their actual cash balance to budgeted cash balance at the end of each month. When the actual cash balance is below the budgeted cash balance, the Society should look for ways to increase revenues and/or decrease expenditures budgeted in the upcoming months so as to achieve the budgeted cash balance. In addition, the Board of Directors should review and approve bank reconciliations and expenditures monthly.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-02 (Continued)

Significant Deficiency - Financial Monitoring (Continued)

There was no documentation supporting the Board of Directors' review of monthly bank reconciliations for any Society account, approval of expenditures for 12 out of the 24 months in 2011 and 2010, or the extent to which the Board of Directors used financial information to monitor the financial activity of the Society. The lack of financial information provided to the Board of Directors for review each month, hampers the Board of Director's ability to effectively monitor the financial activity and position of the Society.

The lack of controls over expenditures and financial reporting could adversely affect 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.

The Board of Directors should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Society. This information can help answer questions such as the following:

Inquiries Relevant to Overall Agricultural Society Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Society maximizing its return on invested cash balances?
- Is the Society able to achieve the financial goals as set by the original or amended budgets?

In order to monitor the financial activity of the Society effectively, we recommend the Board of Directors review and accept/approve monthly financial information provided by the Society Treasurer. We recommend that the Society Treasurer provide a detailed budget and financial statements, cash balances, and checks paid, and completed bank reconciliations for each regular Board meeting. The Board minutes should evidence this review. Copies of the financial information provided to the Board of Directors should be retained to document the exact information reviewed and approved.

Officials' Response: From now on, I will present to the board what you suggest and advise them that when making a motion to pay the bills it should also include accepting/approving the financial report.

FINDING NUMBER 2011-03

Material Weakness- Duplicate Receipts

The Uniform System of Accounting for Agricultural Societies (November 2002 Revision) states that agricultural societies shall deposit all cash receipts into a society-owned bank account. A multi-part

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-03 (Continued)

Material Weakness- Duplicate Receipts (Continued)

prenumbered receipt should be completed for each cash receipt, except for ticket sales. A copy of the receipt shall be given to the person or organization making the payment. The society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively.

The Society did not always issue sequentially numbered duplicate receipts to persons and/or organizations issuing payments for various types of receipts such as Rentals, Concession Fees (a type of Privilege fees), Contest Fees (a type of Sustaining entry Fees), Promotions/Sponsorships, and certain Other Receipts. Duplicate receipts were on file for all items; however, the Secretary wrote these duplicate receipts to the Board Members who collected the monies rather than to the individual persons and/or organizations issuing payments. Additionally, the Secretary skipped receipts and completely removed all copies of one receipt. Failure to issue pre-numbered duplicate receipts to payees eliminates a significant control point, obscures the audit trail, and provides the opportunity for errors and/or irregularities to occur and remain undetected by management for an extended period. Also, as a result, we were unable to obtain adequate assurance over the completeness of the identified receipt sources as reported in the financial statement.

We recommend the Board of Directors require pre-numbered duplicate receipt books be maintained by all board members collecting receipts. We further recommend the Board of Directors require pre-numbered duplicate receipt be completed showing payee, date, amount of receipt, and purpose of receipt for each receipt of funds collected with a copy of said receipt being issued to the payee.

Officials' Response: The Board of Directors will be advised of this recommendation. The Society tries to the best of their ability to use a method that is easy on the few Directors that collect receipts yet provide accountability. On a few occasions, the Secretary does skip a receipt in order for a month to be all on one page, and not have cross over months on the same receipt page. The Society will discuss your recommendation to see if there is a method that will follow your recommendation but yet making collecting money and providing receipts easy on the Directors.

FINDING NUMBER 2011-04

Material Weakness- Admissions Ticket Accountability

The Auditor of State's prescribed Uniform System of Accounting for Agricultural Societies, revised November 2002, states that all tickets for admittance to the fair and its events shall be consecutively prenumbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled with pre-numbered tickets assigned to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each point of sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-04 (Continued)

Material Weakness- Admissions Ticket Accountability (Continued)

Our review of the ticket accountability forms for gate receipts during fair week indicated the following:

- The preparer did not sign the forms to indicate who made the corrections or the reason for the correction.
- The Society did not use separate tickets to account for discount tickets for children and senior citizens.
- The day assigned as 'Kid's Day' documented no free tickets relating to children's admissions.

The Society also failed to maintain any manner of ticket accountability for gate sales totaling \$6,000 on July 25, 2011 or support for tickets sold to General Mills totaling \$950 dated July 25, 2011 and \$1,855 dated July 21, 2011. Further, the Society sold season passes to the fair using prenumbered tickets and wristbands. No listing of total wristbands available or number sold were maintained. As such, the Society could not support \$2,308 in receipts posted in 2011 pertaining to season passes. The Society also failed to maintain support for exhibitor passes sold in 2011 totaling \$1,465. As a result of these issues, we could not assure completeness over these receipts or determine if proper rates were charged. Failure to properly document ticket sales and document preparer can lead to irregularities in ticket sales without accountability.

We recommend the Society comply with the prescribed Uniform System of Accounting for Agricultural Societies by issuing consecutively pre-numbered tickets for admittance to the fair and use separate tickets to account for each type of admission. The Society should record the numbered sequence of tickets given to distribution locations and all unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. All ticket accountability forms should be signed by the preparer and individuals returning unsold tickets.

Official's Response: The Board of Directors will be advised of this recommendation. The Society tries to the best of their ability to reconcile tickets sold to cash received. The Society will strive to be better at this in the future.

FINDING NUMBER 2011-05

Significant Deficiency- Non-Fair Events

The Society should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Society held Demo Derby events throughout the summer of 2011 for which they received gate receipts. There was no accountability for cash collected at the events as no documentation such as ticket accountability forms were maintained. We could not assure completeness over these receipts. Receipts posted for 2011 without support totaled \$2,835.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-05 (Continued)

Significant Deficiency- Non-Fair Events (Continued)

The Society hosted Go-Kart races throughout the summer for which they receive admission receipts. Ticket accountability forms account for the receipts. The preparer did not sign the forms provided by the Society to account for these receipts or a second party confirming amounts collected. In addition, the Go-Kart ticket accountability support noted that the Society charged a reduced price for senior citizens. The Society retained no documentation supporting the number of tickets sold at this reduced price. As a result, we could not assure completeness over these receipts. The Society posted \$382 in unsupported Go-Kart receipts collected for 2010. The Society posted \$634 less than ticket accountability support asserts should have been collected for 2011.

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period. In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's receipts.

While the Society has adequate procedures in place to ensure receipts posted to the books have been deposited to the bank, we recommend the Board of Directors adopt policies and develop methods to provide accountability and to ensure all monies collected are paid into and reported in the financial statements.

Official's Response: The Board of Directors will be advised of this recommendation.

FINDING NUMBER 2011-06

Noncompliance and Material Weakness- Contracts

Ohio Rev. Code Section 149.43 (B)(1)-(2) states that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Subject to division (B)(8) of this section, upon request, a public office or person responsible for public records shall make copies of the requested public record available at cost and within a reasonable period of time. To facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

We noted the following items during testing of receipts for the Society:

The Society issues Camper Rental agreements for the Fair Week and Halloween weekend. The campers signed the rental agreements. However, the campground is open all year round and the rental agreements were not pre-numbered. Therefore, we could not assure completeness over these receipts.

Board members collected contracts and payments for concession fees and privilege fees as vendors arrived at the fairgrounds. The contracts issued for these types of services were not prenumbered. In addition, testing of these contracts and payments for 2011 indicated the following items:

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-06 (Continued)

Noncompliance and Material Weakness- Contracts (Continued)

- No contracts were available for seven Privilege fee receipts totaling \$2,000
- Contracts on file did not describe space usage in sufficient detail to determine if the proper rate was charged for seventeen contracts totaling \$6,145.
- Thirteen contracts on file were not signed by the related vendor totaling \$5,229.

These items resulted in an inability to obtain sufficient evidence to support the completeness of these receipts.

The Society provided horse stalls, building, and grounds rentals throughout the season. The Society did not provide signed contracts for these rentals for audit. Rentals without contracts totaled \$9,315 in 2011 and \$13,725 in 2010. Of the \$9,315 of Rentals without contract noted in 2011, 74 receipts totaling \$9,015 were supported by either copies of the deposited checks or duplicate receipts provided by the collecting member of the Board of Trustees, and 2 rental receipts totaling \$300 had no supporting documentation. Of the \$13,725 of Rentals without contract noted in 2010, one receipt for \$200 was supported through correspondence documented by the Society, 64 receipts totaling \$10,615 were supported by either copies of the deposited checks or duplicate receipts provided by the collecting member of the Board, and 22 rental receipts totaling \$3,310 had no supporting documentation. Based on these factors, we could not determine if proper rates were charged or assure completeness over these receipts. Further, in the event of a disaster, the Society would not be able to verify the number and identity of horses stalled on that date.

We recommend the Board of Directors require the use of pre-numbered contracts for campground rental agreements, stall rentals, privilege and concession contracts. We recommend that all contracts indicate the party with which the Society is contracting , the dates covered by the contract, the date the contract is signed, the rate in effect, and sufficient documentation to agree the rate charged to an approved rate schedule. We further recommend that an accounts payable sheet be maintained by the Society for ongoing rentals to compare amounts charged with amounts collected to determine if all payments due to the Society have been received.

Official's Response: The Board of Directors will be advised of this recommendation.

FINDING NUMBER 2011-07

Noncompliance and Material Weakness- Sustaining Entry and Other Operating Receipts

Ohio Rev. Code Section 149.43 (B)(1)-(2) states that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Subject to division (B)(8) of this section, upon request, a public office or person responsible for public records shall make copies of the requested public record available at cost and within a reasonable period of time.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-07 (Continued)

Noncompliance and Material Weakness- Sustaining Entry and Other Operating Receipts

To facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

The Society failed to maintain support pertaining to the following:

- Sustaining Entry Fees totaling \$9,300 in 2011
- Sustaining Entry Fees totaling \$9,940 in 2010
- Other Operating Receipts totaling \$3,987 in 2011

We could not determine that the proper rates were charged or proper amounts were collected due to the lack of support.

We recommend the Society Secretary and Treasurer monitor receipts and ensure proper support is available and properly organized to allow for proper transparency and verification.

Official's Response: The Board of Directors will be advised of this recommendation.

This page intentionally left blank.

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 149.351(A)- Board Member Gary Jolly failed to remit receipt of \$635 to the Society Treasurer resulting in a Finding for Recovery repaid under audit.	Yes	
2009-002	Ohio Admin. Code Section 117-2-02(A) and Ohio Rev. Code Section 149.351(A) - The Secretary wrote a check from the Junior Fair Board Imprest Account to make cash payments for premiums to the exhibitors. In 2009, the Advisors did not make all exhibitors sign for their payments or simply marked "pd" (paid) next to the recipients' names.	Yes	
2009-003	Ohio Rev. Code Section 9.38 – Board members did not deposit receipts collected to the Treasurer or the designated depository within the three-day period allowed by Board policy.	No	Reissued as Finding 2011-01
2009-004	Ohio Rev. Code Section 117.38 - The Society did not file its 2009 report with the Auditor of State within 60 days of the fiscal year-end .	Yes	
2009-005	Ohio Admin. Code Section 117-2-02(A) - In 2009, the Society sold Raffle Tickets for the July 4 event without tracking raffle tickets distributed to Board Members or business for sale, nor did the Society collect unsold tickets from them. Additionally, the Society collected admissions to the July Fourth Extravaganza at the gate on the day of the event and did not utilize pre-numbered tickets.	Yes	
2009-006	Ohio Admin. Code Section 117-2-02(A)- The Board failed to properly support rental agreements, concession fees, rentals, and privilege fees.	No	Reissued as Finding 2011-06
2009-007	Ohio Admin. Code Section 117-2-02(A) and Ohio Rev. Code Section 149.351(A) - The Society failed to provide support for \$12,540 in 2009 disbursements and \$12,098 in 2008 non-payroll disbursements.	Yes	

**JACKSON COUNTY AGRICULTURAL SOCIETY
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2011 AND 2010
(Continued)**

2009-008	The Uniform System of Accounting for Agricultural Societies (November 2002 Revision)- The Society did not always issue sequentially numbered duplicate receipts to persons and/or organizations issuing payments for various types of receipts . Duplicate receipts were written to the Board Members who collected the monies rather than to the individual persons and/or organizations issuing payments.	No	Reissued as Finding 2011-03
2009-009	Non-Fair Events and Donations- The Society failed to issue sequentially numbered tickets or maintain ticket accountability forms for speed pit events and go-kart races . The Society failed to provide support for 83 percent of donations .	No	Reissued as Finding 2011-05
2009-010	Significant Deficiency- The Board of Directors failed to adequately monitor financial activity.	No	Reissued as Finding 2011-02
2009-011	The Auditor of State's prescribed Uniform System of Accounting for Agricultural Societies, revised November 2002, - The Society ticket accountability form preparer did not properly document ticket accountability or issue different tickets for different attendee subsets.	No	Reissued as Finding 2011-04



Dave Yost • Auditor of State

JACKSON COUNTY AGRICULTURAL SOCIETY

JACKSON 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
JULY 03, 2012