



Mary Taylor, CPA
Auditor of State

MONROE 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, 2006 and 2005.....	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	19

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 25, 2008

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Monroe 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 this financial statement based on our audit.

Except as described in paragraph six, 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 the 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 require 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 agricultural 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 third 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 admissions and privilege fee receipts for the years ended November 30, 2006 and 2005. It was not practical to perform alternative procedures.

Also, in our opinion, except for such adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure completeness of the recorded admissions and privilege fee receipts for the years ended November 30, 2006 and 2005, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Agricultural Society, Monroe County, 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 January 25, 2008, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

January 25, 2008

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

	2006	2005
Operating Receipts:		
Admissions	\$82,701	\$73,321
Privilege Fees	15,205	16,788
Rentals	17,687	12,368
Sustaining and Entry Fees	33,348	36,239
Other Operating Receipts	11,750	11,202
Total Operating Receipts	160,691	149,918
Operating Disbursements:		
Wages and Benefits	2,520	3,709
Utilities	14,144	13,925
Professional Services	40,125	38,681
Equipment and Grounds Maintenance	59,091	69,839
Race Purse	46,693	48,813
Senior Fair	8,925	7,616
Junior Fair	13,959	13,565
Contests	17,184	16,357
Insurance	15,360	16,228
Supplies and Materials	7,509	9,202
Advertising	4,905	6,225
Capital Outlay	13,573	
Other Operating Disbursements	5,371	7,627
Total Operating Disbursements	249,359	251,787
(Deficiency) of Operating Receipts		
(Under) Operating Disbursements	(88,668)	(101,869)
Non-Operating Receipts (Disbursements):		
State Support	29,155	74,867
County Support	9,220	8,681
Debt Proceeds	24,000	9,800
Donations/Contributions	12,802	16,001
Investment Income	562	784
Debt Service	(10,477)	(10,437)
Net Non-Operating Receipts (Disbursements)	65,262	99,696
(Deficiency) of Receipts (Under) Disbursements	(23,406)	(2,173)
Cash Balance, Beginning of Year	49,886	52,059
Cash Balance, End of Year	\$26,480	\$49,886

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

This page intentionally left blank.

**AGRICULTURAL SOCIETY
MONROE 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 Agricultural Society, Monroe 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 1850 to operate an annual agricultural fair. The Society sponsors the week-long Monroe County Fair during August. During the fair, harness races are held, culminating in the running of the Speed Racing. Monroe 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 Monroe 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, and 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 Monroe 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 prescribe or permits.

C. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**AGRICULTURAL SOCIETY
MONROE 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

Harness stake races are held during the Monroe 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 Southern Valley Colt 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 reports 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.

2. CASH AND INVESTMENTS

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$22,488	\$46,034
Money market fund	3,992	3,852
Total deposits and investments	<u>\$26,480</u>	<u>\$49,886</u>

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

Investments: Investments in mutual funds are not evidenced that exist in physical or book-entry form.

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, 2006 and 2005 was \$25,309 and \$28,192 respectively, as State Support.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

4. DEBT

Debt outstanding at November 30, 2006, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage note - EPA tire clean-up	\$ 24,000	6.00%
Total	<u>\$ 24,000</u>	

The mortgage for the EPA tire clean-up is due to Woodsfield Savings Bank. It was entered into on June 30, 2006 and matures June 30, 2011. The proceeds were used to finance the clean-up of scrap tires from the fairgrounds required by the Ohio EPA. The fairgrounds are mortgaged as security for this note.

The mortgage note is payable on demand, but if no demand is made then 1 payment of \$31,204 is due on June 30, 2011.

5. RISK MANAGEMENT

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

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. 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

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

5. RISK MANAGEMENT (Continued)

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>

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 \$28,362. 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.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

5. RISK MANAGEMENT (Continued)

Contributions to PEP	
2004	\$15,182
2005	\$15,764
2006	\$14,181

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.

6. 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 Monroe County Fair. The Society disbursed \$13,959 for 2006 and \$13,565 for 2005 directly to vendors to support Junior Fair Activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2006 and 2005, follows:

	2006	2005
Beginning Cash Balance	\$ 327	\$ 1,066
Receipts	1,428	1,088
Disbursements	(1,652)	(1,827)
Ending Cash Balance	\$ 103	\$ 327

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 the Monroe County's auction. A commission of four percent on the gross sale of all animals sold covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

7. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

	<u>2006</u>	<u>2005</u>
Beginning Cash Balance	\$ 8,454	\$ 1,301
Receipts	203,992	175,878
Disbursements	<u>(202,719)</u>	<u>(168,725)</u>
Ending Cash Balance	<u>\$ 9,727</u>	<u>\$ 8,454</u>



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*

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated January 25, 2008, 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 also noted that sufficient competent evidential matter was not available to obtain the necessary assurances over the completeness of the Society's recorded admissions and privilege fees for the years ended November 30, 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 to determine our auditing procedures to express our opinion on the financial statement and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2006-001 through 2006-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statement we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2006-001 through 2006-003 listed above to be material weaknesses. In a separate letter to the Society's management dated January 25, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated January 25, 2008, we reported other matters related to noncompliance we deemed immaterial.

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 and the Board of Directors. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

January 25, 2008

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

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

FINDING NUMBER 2006-001

Material Weakness

The Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for fair admissions, rentals, and other cash receipts.

All tickets for admittance to the fair and its events shall be consecutively pre-numbered. 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 local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

A multi-part pre-numbered receipt should be completed for each cash receipt. 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. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., concession contracts).

During the period, the Society utilized both an independent company and various local organizations to assist in the collection of gate collections which represents a portion of total admission revenues. During our testing the following conditions were noted:

- The Society maintained ticket accountability reports and utilized sequentially pre-numbered tickets for gate admissions; however, the ticket accountability reports were not always adequately completed and/or were not mathematically correct. Additionally, there was no indication of any review of the reports by someone other than the ticket taker.
- The monies collected according to the ticket accountability reports were not reconciled to the monies actually collected from each site. In addition, there was no documentation of overage/shortages for gate collections.
- No detailed documentation was retained to support admission revenues being deposited in the Society's depository.

The lack of supporting documentation maintained by the Society for this type of revenue did not allow us to gain adequate assurances over the admission revenues line item. As a result, and combined with issues noted in regards to season ticket collections and for grandstand admissions (See Finding No. 2006-002) we were unable to satisfy ourselves as to admission receipts by other auditing procedures. Those financial activities represent 35% and 28% of operating and nonoperating receipts for 2006 and 2005, respectively.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

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

**FINDING NUMBER 2006-001
(Continued)**

Material Weakness (Continued)

We recommend the Society's Treasurer, Board Members and employees take the necessary steps to ensure the integrity of the financial records and retain adequate support regarding the collection of admission revenues, including reconciling the daily ticket accountability reports to cash collections and daily deposits in the Society's bank account. This reconciliation should be reviewed by someone independent of the ticket taker ensuring mathematical accuracy of the report and that they are completed properly.

To further enhance the Society's gate collection process, we also recommend the Society review the suggested procedures for ticket accountability that are outlined in the Auditor of State's Uniform System of Accounting for Agricultural Societies.

Official's Response

For the 2007 fair, index cards were used to document money used by the gates. These cards were signed by the volunteers receiving their bank for the day.

FINDING NUMBER 2006-002

Material Weakness

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. The system of internal control should include procedures for maintaining adequate supporting documentation to support the sale of season tickets and the sale of grandstand tickets.

Season tickets were sold by various individuals and businesses on behalf-of the Society that serve as week long passes to the Monroe County Fair. Also, each year at the fair the Society had a grandstand show for which separate admission was charged.

For 2006 and 2005, no supporting documentation was presented to support the collection of season ticket sales or grandstand ticket sales.

This condition weakens the internal control system and the completeness of ticket sales, which is part of admission revenues on the accompanying financial statement. For 2006 and 2005, season ticket sales represent 9% and 20% of total admission revenues, respectively. For 2006 and 2005, grandstand ticket sales represent 12% and 15% of total admission revenues, respectively.

In regards to season ticket sales, we recommend the Society maintain a log of season tickets, which states the individual or business the tickets were issued to, the date issued, the date returned, and the amount of money collected. Any returned tickets should be scanned to ensure all tickets are present, and the money collected should be reconciled with the number of tickets sold. All season tickets should be accounted for before the opening of the fair. Any tickets given away for promotional purposes should be thoroughly documented.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

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

**FINDING NUMBER 2006-002
(Continued)**

Material Weakness (Continued)

In regards to grandstand ticket sales, we recommend the Society utilize sequentially pre-numbered tickets for grandstand admissions. Ticket accountability reports, including beginning and ending ticket numbers, should be completed by the ticket taker and reviewed by the Society Secretary. This report should be reconciled to cash collections to ensure all monies are properly deposited in the Society's bank account. The report should indicate the date and amount that was deposited in the Society's bank account.

Official's Response

During the 2007 fair, steps were taken for more and better accuracy. A log was maintained for season and membership tickets sold at other local venues. Also, beginning and ending tickets were used to document grandstand sales. All tickets were counted after the fair to document attendance.

FINDING NUMBER 2006-003

Material Weakness

The Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for fair admissions, privilege fees, rentals, and other cash receipts.

Deposits and intermediate and final payments for privilege fees which includes concession receipts from food & beverage vendors shall be receipted and deposited separately as cash receipts. Contracts associated with the vendors renting space shall indicate the receipt number assigned to account for the deposit and interim and final payments.

A multi-part pre-numbered receipt should be completed for each cash receipt. 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. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., concession contracts).

Each year, the Society rented space to various vendors during the week of the fair. Spaces were rented based on feet of frontage. Electrical service was also provided to some vendors at an additional charge as well as camp sites. Concession contracts included space to document frontage feet, electricity requirement, campsites, and fair passes.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

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

**FINDING NUMBER 2006-003
(Continued)**

Material Weakness (Continued)

We noted the following conditions regarding the concession contracts:

- The contracts were not always properly completed, as the contracts did not document separately the frontage feet, if electricity, camp sites, or fair passes were needed.
- The concession manager maintained a log of contracts for 2005 and a grid of vendor spaces for 2006. These documents did not appear complete, as some vendors were included on the log or grid with no contract on file and other vendors had a contract on file and were not included on the log or grid.

The lack of supporting documentation maintained by the Society for this type of revenue did not allow us to gain adequate assurances over the privilege fees revenue line item. As a result we were unable to satisfy ourselves as to privilege fee receipts by other auditing procedures. Those financial activities represent 6% of operating and nonoperating receipts each for 2006 and 2005.

We recommend the Society implement procedures to ensure concession contracts are accurate and completely filled out to ensure the proper fee is being charged to the vendor. In addition, contracts should be sequentially numbered in order to ensure all contracts are accounted for. As the concession contracts are complete, they should be recorded on a separate log indicating the contract number, vendor, frontage feet, total fee charged for the space, including any additional charges, such as electricity, campsite and/or fair pass charges. This log should also be used to document any deposits paid and to keep a running balance of the amount due by the vendor. Pre-numbered duplicate receipts should be issued to the vendor for each payment made. The duplicate receipt number and date paid should be documented on the log. There should also be a reconciliation of monies collected to amounts deposited in the Society's bank account.

Official's Response

We are meeting in the near future to review your recommendations and set up a better system.

**AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 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	Material weakness in regards to no supporting documentation over admission receipts.	No	Not Corrected; This was reissued as Finding No. 2006-001.
2004-002	Reportable condition regarding the cash reconciliation process.	Yes	N/A.
2004-003	Reportable condition in regards to no supporting documentation over season ticket sales.	No	Not Corrected; This was reissued as Finding No. 2006-002.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 20, 2008**