



Dave Yost • Auditor of State



MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY

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# Dave Yost • Auditor of State

Muskingum County Agricultural Society  
Muskingum County  
P.O. Box 2176  
Zanesville, Ohio 43701

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 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.

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**Dave Yost**  
Auditor of State

May 30, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Muskingum County Agricultural Society  
Muskingum County  
P.O. Box 2176  
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the accompanying financial statement of the Muskingum County Agricultural Society, Muskingum 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.

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 requires us to include the following paragraph if the statements do 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 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 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances as of November 30, 2011 and 2010 of the Muskingum County Agricultural Society, Muskingum County, Ohio, 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 May 30, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

May 30, 2012



**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

	<b>2011</b>	<b>2010</b>
<b>Operating Receipts:</b>		
Admissions	\$440,053	\$450,616
Privilege Fees	87,679	84,655
Rentals	132,304	137,730
Sustaining and Entry Fees	11,415	16,400
Fees	25,732	25,374
Parimutuel Wagering Commission	625	1,079
Other Operating Receipts	13,064	12,605
 Total Operating Receipts	 710,872	 728,459
<b>Operating Disbursements:</b>		
Wages and Benefits	136,149	134,557
Utilities	63,524	69,315
Professional Services	318,658	311,508
Equipment and Grounds Maintenance	124,969	122,388
Race Purse	27,533	34,762
Senior Fair	39,507	34,810
Junior Fair	79,883	68,350
Contest Expenses	13,487	13,755
Capital Outlay	7,423	
Other Operating Disbursements	24,953	24,957
 Total Operating Disbursements	 836,086	 814,402
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (125,214)	 (85,943)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	19,524	22,192
County Support	38,300	3,300
Restricted Support	87,784	88,391
Donations/Contributions	38,562	36,013
Investment Income	9	10
Debt Service	(70,983)	(86,462)
 Net Non-Operating Receipts (Disbursements)	 113,196	 63,444
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (12,018)	 (22,499)
 Cash Balance, Beginning of Year	 50,645	 73,144
 <b>Cash Balance, End of Year</b>	 <b>\$38,627</b>	 <b>\$50,645</b>

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

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**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM 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 Muskingum County Agricultural Society, Muskingum 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 1847 to operate an annual agricultural fair. The Society sponsors the week-long Muskingum County Blue Ribbon Fair during August. Muskingum County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Muskingum 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 Muskingum 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. 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 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. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**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.

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

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

**F. Race Purse**

Stake races are held during the Muskingum County Blue Ribbon 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.

**G. Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**2. DEPOSITS AND INVESTMENTS**

The carrying amount of cash (demand deposits) at November 30, 2011 and 2010 was \$38,627 and \$50,645, respectively.

Deposits are insured by the Federal Deposit Insurance Corporation.

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

**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 \$8,776 and \$11,040, respectively, as State Support.

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)	\$ 9,561	\$ 14,381
Less: Payoff to Bettors	(7,642)	(11,454)
Parimutuel Wagering Commission	1,919	2,927
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(695)	(1,248)
State Tax	(250)	(407)
Society Portion	\$ 374	\$ 672

**4. DEBT AND CONTRACTUAL AGREEMENT**

Debt outstanding at November 30, 2011 was as follows:

	Principal	Interest Rate
Veteran's Building Note	\$584,000	Variable
Total	\$584,000	

On July 15, 2005 the Society obtained a \$700,000 note from North Valley Bank for completion of the Veteran's Complex. The note had a maturity date of November 1, 2010 and carried an interest rate consisting of the prime rate plus a margin of -0.5 percentage points. The initial rate of this loan was 5.75%. Repayment of the principal of this note consisted of four annual payments of \$35,000 beginning on November 1, 2006 and one principal and interest payment of \$562,773 at maturity. Interest was to be repaid on this note on a quarterly basis. During fiscal years 2005 and 2006, the Society expended the total proceeds of this note. The note was collateralized by the grounds of the Society.

On September 8, 2008 the Society refinanced the Veteran's Building Note for \$629,000 with the Community Bank. The North Valley Bank note was paid-off in the amount of \$636,947. The refinanced note matures September 8, 2050 and has an initial rate of 5.65%.

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

**4. DEBT AND CONTRACTUAL AGREEMENT (Continued)**

Repayment of the principal of this note consists of forty-one annual principal payments of \$15,000 beginning September 8, 2009 and one payment of \$14,202 on September 8, 2050. Interest will be repaid on this note on a quarterly basis. This note contains a variable interest rate, and therefore, the amount of future interest payments is unknown. Interest is not included within the schedule below for this note due to this note containing a variable interest rate and therefore the amount of future interest payments is unknown. This note is collateralized by the grounds of the Society.

Muskingum County issued fairground improvement bonds on July 1, 2002 for the purpose of making fairground capital improvements and repaying outstanding capital improvement notes of the Society. The bonds were issued in the amount of \$470,000 and over a period of 20 years with a final maturity of December 1, 2022. The net amount of bond proceeds to be received by the Society was \$464,275. As of November 30, 2011 the bond proceeds received by the Society total \$448,230. During fiscal year 2011, the Muskingum County Commissioners passed a resolution to transfer the remaining bond proceeds of \$16,045 from the County Ag Society Fund 079 to the County Ag Society Debt Fund 119, closing out Fund 079 and leaving \$0 held by Muskingum County for future distribution to the Society. The bonds are backed by the full faith and credit of Muskingum County.

An agreement between the County and the Society, dated July 1, 2002, required the Society to make semiannual payments to the County equal to the County's debt service requirements of the bonds. On June 1, 2003, this agreement was amended to allow the Society to make equal monthly payments to the County over the life of the bonds. Payments to Muskingum County for the fiscal year ended November 30, 2010 totaled \$36,380. The Muskingum County Commissioners passed a resolution on September 26, 2011 to make the debt payments for the Society for August through November 2011 with the money in the County's Ag Society Debt Fund 119. Payments to Muskingum County for the fiscal year ended November 30, 2011 totaled \$21,221.

Amortization of the above debt excluding quarterly interest payments related to the Veteran's Building Note and including Muskingum County's Fairground Improvement Bonds, which is included for informational purposes only, is scheduled as follows:

Year ending November 30:	Veteran's Building Note	County Contractual Agreement	Total
2012	\$15,000	\$34,625	\$49,625
2013	15,000	38,825	53,825
2014	15,000	37,575	52,575
2015	15,000	36,500	51,500
2016	15,000	35,400	50,400
2017-2021	75,000	181,780	256,780
2022-2026	75,000	36,715	111,715
2027-2031	75,000		75,000
2032-2036	75,000		75,000
2037-2041	75,000		75,000
2042-2046	75,000		75,000
2047-2050	59,202		59,202
Total	<u>\$584,202</u>	<u>\$401,420</u>	<u>\$985,622</u>

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

**5. RISK MANAGEMENT**

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

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

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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.

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	(14,320,812)	(15,256,862)
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 Society's share of these unpaid claims collectible in future years is approximately \$15,000.

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

**5. RISK MANAGEMENT (Continued)**

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>
\$15,649	\$13,833

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.

**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 Muskingum County Blue Ribbon Fair. During 2011, the Society disbursed \$25,400 directly to the Junior Fair Board and \$250 directly to vendors to support Junior Fair activities. During 2010, the Society disbursed \$22,400 directly to the Junior Fair Board and \$250 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Muskingum County paid the Society \$500 to support the Junior Fair in both 2011 and 2010. The Society was reimbursed \$4,235 and \$4,414 during 2011 and 2010, respectively, by the State of Ohio for its support of the Junior Fair. 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 years ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 2,206	\$ 3,109
Receipts	26,271	22,187
Disbursements	(24,422)	(23,090)
Ending Cash Balance	\$ 4,055	\$ 2,206

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Large Animal and Junior Livestock Small Animal Committees are separate committees charged with running the Junior Livestock Large Animal Auction and the Junior Livestock Small Animal Auction.



**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

**7. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)**

The auctions are held during fair week. Children may sell their animals to the Muskingum Livestock Auction Company or directly to a private buyer. All sales are handled by the auction company. A commission of 3 percent on Junior Livestock large animal auction sales and 7 percent on Junior Livestock small animal auction sales covers auction costs. The auction company pays the commission to each Junior Livestock Committee based on total sales, and the remaining money collected is paid out to the children by the auction company. The accompanying financial statement does not include the Junior Livestock Large Animal Committee's activities for the Junior Livestock Large Animal Auction. The Committee's financial activity for the Junior Livestock Large Animal Auction for the years ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 35,760	\$ 33,822
Receipts	389	16,896
Disbursements	(9,735)	(14,958)
Ending Cash Balance	\$ 26,414	\$ 35,760

Effective August 13, 2009 the Society opened a checking account and the Senior Fairboard took charge of running the Junior Livestock Small Animal Auction. The activities of the Junior Livestock Small Animal Auction for the years ended November 30, 2011 and 2010 are accounted for with the Society's activity on the accompanying financial statement.

**8. PENDING LITIGATION**

The Society is a defendant in a law suit. The monetary loss, if any, cannot be determined at this time.

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# 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*

Muskingum County Agricultural Society  
Muskingum County  
P.O. Box 2176  
Zanesville, Ohio 43701

To the Board of Directors:

We have audited the financial statement of the Muskingum County Agricultural Society, Muskingum County, Ohio (the Society), as of and for the years ended November 30, 2011 and 2010, and have issued our report thereon dated May 30, 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 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying Schedule of Findings to be a material weakness.

### **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 matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 30, 2012.

The Society's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

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

May 30, 2012

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM COUNTY**

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

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

**FINDING NUMBER 2011-01**

**Material Weakness**

The Society is associated with several livestock sales, including the Junior Fair livestock auction and small animal livestock auction. As a result, the Society is viewed as a responsible party in the auction's activity and, therefore, expected to oversee all fair activities. Beginning August 13, 2009, the Muskingum County Senior Fairboard, under the Muskingum County Agricultural Society, took charge of the small animal livestock auction and opened a checking account in the Society's name to account for the activity.

During 2011 and 2010, the Society utilized the Muskingum Livestock Auction Company to collect monies from the buyers and to make the payout to the sellers for the small animal livestock auction held during fair week. This on-behalf-of activity was neither deposited into nor paid out of the Society's checking account and, therefore, the activity was not recorded by the Society on its accounting system in 2011 or 2010. As a result, the cash receipts and disbursements as reported in the Society's fiscal year 2011 and 2010 annual financial reports were understated by \$54,233 and \$45,700, respectively. Adjustments, with which management of the Society has agreed, have been made to the accompanying financial statement.

We recommend the financial transactions pertaining to any future activity of the small animal livestock auction be included within the Society's accounting records and reported in the Society's annual financial report. In addition, the Society should continue to perform monthly bank to book reconciliations for the small animal livestock account. We recommend the Board review the monthly bank statements and reconciliations for the small animal livestock account, and the Board's review of this activity should be noted in the Board's minutes along with a related discussion.

**Officials' Response:** After the Sale Barn holds the small animal livestock sale and collects the monies from the auction and makes payment to the kids, the Market Seller Summary Report will be obtained from the Sale Barn and presented to the Ag Society Office Clerk so that she can enter the total sale receipts and disbursements into the Quicken accounting system.

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY  
MUSKINGUM 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; <b><i>Explain</i></b>
2009-001	Material weakness in regards to recording financial activity for loan proceeds of refinanced notes and related disbursements.	Yes	
2009-002	Material weakness in regards to recording financial activity for the small animal livestock committee.	No	Not corrected. The small animal livestock auction activity was not recorded during the audit period. This was reissued as Finding Number 2011-01.



# Dave Yost • Auditor of State

**MUSKINGUM COUNTY AGRICULTURAL SOCIETY**

**MUSKINGUM 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 12, 2012**