



Mary Taylor, CPA  
Auditor of State



**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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# Mary Taylor, CPA Auditor of State

Agricultural Society  
Washington County  
922 Front Street  
Marietta, Ohio 45750

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

November 28, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society  
Washington County  
922 Front Street  
Marietta, Ohio 45750

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Washington 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 statements are 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 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 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 year then ended.

We were unable to determine the completeness of the following types of recorded receipts for the years ended November 30, 2006 and 2005: admissions, rentals, and donations/contributions. 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, rentals, and donations/contributions 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, Washington County, Ohio, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2007, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

November 28, 2007



**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

	<b>2006</b>	<b>2005</b>
<b>Operating Receipts:</b>		
Admissions	\$ 188,691	\$ 232,208
Privilege Fees	18,634	20,816
Rentals	88,245	82,686
Sustaining and Entry Fees	5,565	23,170
Sales	25,672	29,465
Parimutuel Wagering Commission	460	199
Other Operating Receipts	35,635	18,419
Total Operating Receipts	362,902	406,963
<b>Operating Disbursements:</b>		
Wages and Benefits	14,816	14,463
Utilities	36,678	41,534
Professional Services	75,124	77,480
Equipment and Grounds Maintenance	62,162	72,956
Race Purse	47,477	52,719
Senior Fair	59,750	37,325
Junior Fair	17,258	14,002
Capital Outlay	4,475	132,943
Other Operating Disbursements	79,189	200,877
Total Operating Disbursements	396,929	644,299
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(34,027)	(237,336)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	29,155	32,044
County Support	8,300	10,800
Debt Proceeds		161,639
Donations/Contributions	29,689	231,867
Debt Service	(77,815)	(164,482)
Net Non-Operating Receipts (Disbursements)	(10,671)	271,868
Excess (Deficiency) of Receipts Over (Under) Disbursements	(44,698)	34,532
Cash Balance, Beginning of Year	77,956	43,424
<b>Cash Balance, End of Year</b>	<b>\$ 33,258</b>	<b>\$ 77,956</b>

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

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**AGRICULTURAL SOCIETY  
WASHINGTON 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, Washington 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 1846 to operate an annual agricultural fair. The Society sponsors the four day Washington County Fair over Labor Day weekend. During the fair, harness races are held. Washington County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Washington 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, harness racing during fair week, Junior Fair Board activity, and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as the Fourth of July celebration. The reporting entity does not include any other activities or entities of Washington County, Ohio.

Note 7 summarizes the 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. 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 statements do not include 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.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

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

**E. Race Purse**

Harness stake races are held during the Washington 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 U.S. Trotting Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$33,258	\$77,956

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation (up to \$100,000 of the Society's bank balance) or collateralized by the financial institution's public entity deposit pool.

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2006 and 2005 was \$29,155 and \$32,044 respectively, as State Support.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

	2006	2005
Total Amount Bet (Handle)	\$ 6,466	\$ 4,587
Less: Payoff to Bettors	(5,153)	(3,674)
Parimutuel Wagering Commission	1,313	913
Tote Service Set Up Fee	(200)	(150)
Tote Service Commission	(653)	(463)
State Tax	(181)	(101)
Society Portion	\$ 279	\$ 199

The Society misposted the \$181 of State Tax; therefore, showing \$460 on the financial statements. This amount was immaterial to the financial statements.

**4. DEBT**

Debt outstanding at November 30, 2006 was as follows:

	Principal	Interest Rate
Mortgage - Debt Refinancing	\$ 119,212	7.00%
Mortgage - Multi-Purpose Arena	371,321	5.50%
Total	\$ 490,533	

The mortgage for the Debt Refinancing is due to Peoples Bank. It was entered into on June 16, 2005 and matures June 16, 2010. The proceeds were used to refinance the Grandstand mortgage the Society originally entered into on April 19, 1996 and to finance various outstanding projects at the Multi-Purpose Arena. The land was mortgaged as security for this note.

The mortgage for the Multi-Purpose Arena is due to Settlers Bank. It was entered into on April 23, 2004 and matures October 23, 2024. Proceeds were used to construct a multi-purpose arena. The land was mortgaged as security for this note.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

**4. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending November 30:	Debt Refinancing	Multi-Purpose Arena	Total
2007	\$ 38,502	\$ 33,019	\$ 71,521
2008	38,502	33,019	71,521
2009	38,502	33,019	71,521
2010	22,460	33,019	55,479
2011		33,019	33,019
2012-2016		165,095	165,095
2017-2021		165,095	165,095
2022-2024		99,057	99,057
Total	<u>\$ 137,966</u>	<u>\$ 594,342</u>	<u>\$ 732,308</u>

**5. RISK MANAGEMENT**

The Washington County Commissioners provide general insurance coverage for all the buildings on the Washington County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and flood insurance, with limits of \$1,000,000 and \$400,000 respectively.

**6. RELATED PARTY TRANSACTION**

The Society engaged in business with Ron's Port-A-John's, which is owned by Board of Directors member Ron Brooker. These transactions totaled \$2,002 in fiscal year 2005 and \$3,120 in fiscal year 2006.

**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 Washington County Fair auction. A commission of three percent on auction sales 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:

	2006	2005
Beginning Cash Balance	\$ 8,828	\$ 10,503
Receipts	2,653	6,296
Disbursements	(1,868)	(7,971)
Ending Cash Balance	<u>\$ 9,613</u>	<u>\$ 8,828</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  
Washington County  
922 Front Street  
Marietta, Ohio 45750

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Washington County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated November 28, 2007, 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, rentals and contributions/donations receipts 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 2006-002 through 2006-004.

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 2006-003 and 2006-004 listed above to be material weaknesses. In a separate letter to the Society's management dated November 28, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 and 2006-002. In a separate letter to the Society's management dated November 28, 2007, we reported other matters related to noncompliance we deemed immaterial.

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.

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**Mary Taylor, CPA**  
Auditor of State

November 28, 2007



**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Noncompliance Citation**

Ohio Rev. Code Section 121.22 states all meetings of any public body are declared to be public meetings open to the public at all times. The minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions. A resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body.

There were instances noted in the minutes where the Board granted the Executive Committee the power to take action, such as refinancing a loan and obtaining a loan. These actions appeared to be taken, but were not subsequently approved by the Board. In addition, there were instances noted in the minutes where the Executive Committee had taken action then reported it to the Board, and again, these actions were not subsequently approved by the Board. In addition, there are no minutes recorded from the Executive Committee meetings. There was no authorization in the Society's By-Laws to grant the Executive Committee power to take action on behalf of the entire Board. This could call into question the validity of actions taken by the Executive Committee.

We recommend the Society refrain from authorizing the Executive Committee to act on its behalf. Any actions taken by Executive Committee should be approved by the Board and this approval should be reflected in the minutes. In addition, minutes should be recorded from all Executive Committee meetings and be made available for public inspection.

**FINDING NUMBER 2006-002**

**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, damaged or otherwise disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commission provided under Sections 149.38 to 149.52 of the Ohio Revised Code.

The Society's computer system was stolen in November 2005 resulting in a loss of all records on their Quick Books accounting software for fiscal year 2005. The Treasurer had not saved or backed up the Quick Books files; therefore, data retrieval was unavailable. This resulted in the loss of all unprinted Quick Books records for 2005. This also resulted in additional audit time.

We recommend the Society develop a disaster recovery plan which includes maintaining computer backups for the Quick Book systems on a regular basis and maintaining the backup at an off-site location.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**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, 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 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.

Deposits and intermediate and final payments for campground, fairground or building rentals, and privilege fees (including ride company guaranteed contract fees) shall be receipted and deposited separately as cash receipts. Contracts associated with the rental 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., camping contract).

The Society used two ways to account for admissions. One way was through a Hotkey system which provided the Treasurer with daily reports so they can track the daily ticket sales. The daily reports included the date, beginning ticket number, ending ticket number and total amount collected at each gate. This system was used for 75 percent of the admissions in fiscal year 2006 and 68 percent of the admissions in fiscal year 2005. The other way admissions were accounted for was through a Treasurer's cash count. The cash count did not provide the beginning or ending ticket numbers sold; therefore, a reconciliation between tickets sold and cash received could not be performed. The lack of ticket accountability could result in individuals or groups gaining access to the fairgrounds without paying for the tickets. This also did not provide sufficient competent evidential matter to assure completeness of the recorded admission receipts.

The Society's procedure for rentals included obtaining a signed contract, registration, or other type of form to document the name, date, rate, and other information for each rental transaction. The Society's procedure was also to issue a duplicate receipt to the payee to document payment of these rental fees. During the audit period, 62 percent of rental receipts were supported by a signed contract or duplicate receipt for fiscal year 2006 and 56 percent of rental receipts were supported by a signed contract or duplicate receipt for fiscal year 2005. The remaining recorded rental receipts were unsupported. This did not provide sufficient competent evidential matter to assure completeness of the recorded rental receipts.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-003 (Continued)**

**Material Weakness (Continued)**

The Society's procedure was to issue a duplicate receipt to the payee to document payment of contributions and donations (restricted and unrestricted revenues – gifts and donations, sponsorships, promotions, and other). During the audit period, 80 percent of contributions/donations receipts were supported by a duplicate receipt for fiscal year 2006 and 63 percent of contributions/donations receipts were supported by a duplicate receipt or other supporting documentation for fiscal year 2005. The remaining recorded contributions/donations receipts were unsupported. In addition, there were several accounts within the contributions/donations line item that did not have any recorded receipts for 2005, such as unrestricted gifts and donations, unrestricted sponsorships and restricted/unrestricted promotions. In 2005, these revenue sources had the following activity: unrestricted gifts and donations had recorded receipts of \$4,354, unrestricted sponsorships had recorded receipts of \$20,500, restricted promotions had recorded receipts of \$9,065 and unrestricted promotions had recorded receipts of \$6,388. We were unable to determine if the Society properly recorded the related revenue because duplicate receipts documented the person turning in the money and did not have an indication as to the reason for the receipt (see finding number 2006-004). This resulted in not being able to obtain assurances over the recorded contributions/donations receipts.

Lack of adequate supporting documentation could result in the Society improperly posting various receipts to the appropriate line-items on the accounting system and could allow errors and fraud to occur and remain undetected for an extended period of time.

We recommend the Society's Treasurer, Board of Directors and employees take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society. We recommend the Society follow the procedures for ticket accountability that is outlined in the Auditor of State's Uniform System of Accounting for Agricultural Societies. We also recommend the Society obtained signed contracts or registration forms for all rental receipts. Any documentation accompanying a contribution/donation should be maintained. Duplicate receipts should be written for all money received indicating the date, payee, description of the type of revenue, revenue account number and amount.

**FINDING NUMBER 2006-004**

**Material Weakness**

Line-item revenue postings to the accounting systems should be consistent from year to year.

Improper and inconsistent line-item postings to the accounting system, during the year and from year to year, played a significant factor in the reason there were variances in revenue collected and revenue posted to the line-items for 2006 and 2005. It was difficult to determine the actual reason for the receipt when the duplicate receipts were issued to the person turning in the money, and no description was documented on the duplicate receipt as to the type of revenue received. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time. This also did not provide sufficient competent evidential matter to assure completeness of the recorded contributions/donations receipts.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-004 (Continued)**

**Material Weakness (Continued)**

In addition, documentation should be available to show the roll up of the profit and loss statement from the Quick Books system to the annual financial report.

There was no documentation as to how the Society rolled up the profit and loss statement from the Quick Books system to the annual financial report. The profit and loss statement is set up with the same line-items as the annual financial report, but the two did not agree by line-item. This could allow errors and/or irregularities to occur and remain undetected. In addition, this caused difficulties in the auditing process.

We recommend the Society consistently post receipts to the appropriate line-item. The chart of accounts should be consulted whenever questions arise. Also, the duplicate receipts prepared by the Treasurer should include a description of the type of revenue being received. We also recommend the Treasurer prepare and maintain supporting documentation for the line-item postings on the annual financial report to ensure it agrees to the Quick Books system.

**Official's Response:** We did not receive a response from Officials to the findings reported above.

**AGRICULTURAL SOCIETY  
WASHINGTON 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; <b><i>Explain</i></b>
2004-001	Ohio Rev. Code Section 117.38 for not filing the 2003 or 2004 Annual Financial Reports with the Auditor of State.	Yes	
2004-002	Ohio Rev. Code Section 121.22 for allowing the Executive Committee to take official action on behalf of the entire Board.	No	Not Corrected. This was reissued in the current Schedule of Findings as Item 2006-001.
2004-003	Ohio Rev. Code Section 149.351 for destruction of records after flooding resulted in lack of supporting documentation.	No	Not Corrected. This was reissued in the current Schedule of Findings as Item 2006-002.





**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**WASHINGTON 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  
JANUARY 3, 2008**