



**Auditor of State
Betty Montgomery**

**MONROE COUNTY AGRICULTURAL SOCIETY
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, 2004 and 2003.....	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	18

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Monroe County 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 statement due to a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 28, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Monroe County 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 Monroe County Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003. 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 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statement. Since the Society does not use GAAP to measure financial statement amounts, 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 year ended November 30, 2004 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, 2004, or its changes in financial position for the year then ended.

We were unable to obtain evidence supporting the collection process and corresponding receipts for admission revenues, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities represent 41% and 25% of operating and nonoperating receipts for 2004 and 2003, respectively.

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

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence supporting admission revenues, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Monroe County Agricultural Society, Monroe County, as of November 30, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2005, 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.



Betty Montgomery
Auditor of State

November 28, 2005

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Admissions	\$94,151	\$90,712
Privilege Fees	9,136	8,283
Rentals	15,776	15,177
Sustaining and Entry Fees	28,978	24,584
Parimutual Wagering Commission		72
Other Operating Receipts	12,673	123,955
 Total Operating Receipts	 160,714	 262,783
Operating Disbursements:		
Wages and Benefits	8,313	16,936
Utilities	16,267	17,591
Professional Services	37,100	28,919
Equipment and Grounds Maintenance	42,366	55,943
Race Purse	49,939	50,589
Senior Fair	4,099	5,563
Junior Fair	4,805	10,885
Contests	22,800	14,264
Supplies	13,621	4,990
Capital Outlay	1,644	44,671
Other Operating Disbursements	37,855	37,986
 Total Operating Disbursements	 238,809	 288,337
(Deficiency) of Operating Receipts		
(Under) Operating Disbursements	(78,095)	(25,554)
Non-Operating Receipts (Disbursements):		
State Support	33,982	36,925
County Support	9,114	9,888
Donations/Contributions	12,863	31,379
Investment Income	962	1,517
Proceeds of Notes	9,800	11,000
Sale of Assets	934	9,870
Debt Service	(11,719)	(15,589)
 Net Non-Operating Receipts (Disbursements)	 55,936	 84,990
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (22,159)	 59,436
 Cash Balance, Beginning of Year (Restated - See Note 3)	 74,218	 14,782
 Cash Balance, End of Year	 \$52,059	 \$74,218

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

This page intentionally left blank.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

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 Monroe County 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 18 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, 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 Monroe County, Ohio.

Notes 7 and 8, 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.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(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

The Harness Program 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 4 for additional information.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2004 and 2003, follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$48,302	\$70,489
Money market fund	3,757	3,729
Total deposits and investments	<u>\$52,059</u>	<u>\$74,218</u>

Deposits: The Federal Deposit Insurance Corporation insures up to \$100,000 of the Society's bank balance.

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

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

3. PRIOR PERIOD RESTATEMENT

For the year ended November 30, 2002, an adjustment to correct an accounting error resulted in a restatement for the Society's cash balance.

Cash Balance at November 30, 2002	Restatement Amount	Cash Balance at December 1, 2002
\$15,046	(\$264)	\$14,782

4. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 31, 2004 and 2003 was \$29,904 and \$24,384, respectively, as State Support.

5. DEBT

Debt outstanding at November 30, 2004, was as follows:

	Principal	Interest Rate
Note Payable for Lunch Stand	\$9,800	6.25%
Total	\$9,800	

The Society issued a promissory note to finance the construction of a lunch stand at the Monroe County Fairgrounds. This note bears an interest rate of 6.25% and is due to the Citizens National Bank of Woodfield. The note is renewed annually, and was last renewed on November 20, 2004 with a maturity date of November 19, 2005. This note is unsecured.

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

	Note Payable - Lunch Stand	Interest	Total
Year ending November 30: 2005	\$9,800	\$613	\$10,413
Total	\$9,800	\$613	\$10,413

6. RISK MANAGEMENT

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.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT (Continued)

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local 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, 2004 and 2003:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

7. 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 \$4,805 for 2004 and \$10,885 for 2003 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Monroe County paid the Society \$500 in each year to support Junior Club work. 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, 2004 and 2003, follows:

	2004	2003
Beginning Cash Balance	\$ 860	\$ 387
Receipts	924	1,927
Disbursements	718	1,454
Ending Cash Balance	\$ 1,066	\$ 860

8. 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 4 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's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and 2003, follows:

	2004	2003
Beginning Cash Balance	\$8,392	\$19,764
Receipts	161,489	150,974
Disbursements	168,580	162,346
Ending Cash Balance	\$1,301	\$8,392

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Directors:

We have audited the financial statement of the Monroe County Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated November 28, 2005, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted we were unable to satisfy ourselves as to the completeness of admission receipts. 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 in order 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 statement. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-001 through 2004-003.

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 condition 2004-001 listed above to be a material weakness. In a separate letter to the Society's management dated November 28, 2005, 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
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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 intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2005

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensuring that all transactions are properly authorized in accordance with management's policies.
- Ensuring that accounting records are properly designed.
- Ensuring adequate security of assets and records.
- Planning for adequate segregation of duties or compensating controls.
- Verifying the existence and valuation of assets and liabilities and periodically reconciling them to the accounting records.
- Performing analytical procedures to determine the reasonableness of financial data.
- Ensuring the collection and compilation of the data needed for the timely preparation of financial statements.
- Monitoring activities performed by service organizations.

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

- Ticket Summary 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.
- Adequate supporting documentation was not maintained to support tickets sold. The number of tickets submitted for audit was not in agreement with daily admission reports and no other documentation was maintained to support collected revenues. Additionally, there was no reconciliation between ticket summary reports and cash collected and submitted.
- 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 these types of revenues 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 (See Finding No. 2004-003) we were unable to satisfy ourselves as to admission receipts by other auditing procedures. Those financial activities represent 41% and 25% of operating and nonoperating receipts for 2004 and 2003, respectively.

We recommend the Society maintain detailed documentation regarding the collection of admission revenues. Daily ticket summary reports should be completed and reviewed by the Society Secretary. This report should be reconciled to cash collections to ensure all monies were properly deposited with the Society Secretary. Additionally, this report should detail the date and amount that was deposited into the Society's depository.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-002

Reportable Condition

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Society utilized a computer program to capture its receipt and expenditure activity. Beginning and ending balances were not apparent from the computer system. However, the Society Secretary reconciled the activity from this program to the general checking account. The Society had additional checking and savings accounts as well as a mutual fund, in which this activity was not recorded on the financial statement. Rather, the information for the year end financial statement was gathered directly from those accounts. Additionally, the Society Secretary recorded transfers to and from the general checking account to other bank accounts as 'Transfers-In' and 'Transfers-Out' in the expenditure ledger. This transfer activity was eliminated for financial statement presentation as receipts and expenditures.

The practice of omitting the activity of additional bank accounts from the Society's general ledger causes the Society's ledgers to be incomplete and misrepresentative of the Society's actual operations.

Also, the Society's month end cash reconciliation did not entail comparing cash book balances to the depository balances. Additionally, no cash reconciliation information was presented to the Society Board of Directors for their review and approval.

This could result in errors or irregularities occurring and not being detected in a timely manner. Additionally, it could lead to uninformed financial decisions being made by the Society Board of Directors.

We recommend the activity with respect to the Society's 4H account, the passbook savings accounts and the mutual fund be recorded within the Society's accounting ledgers as such. Additionally, it is not necessary to report transfers between bank accounts as "Transfers" in the ledgers. Rather, recording all accounts in the ledgers would eliminate the need for those line items. Including such activity in the ledgers would provide a complete picture of the Society's activity at all points in time and would be a better tool to be utilized by the Society Board of Directors in monitoring the financial position of the Society.

We also recommend the Society Secretary complete a bank to book reconciliation on a monthly basis. This reconciliation should document all accounts maintained by the Society and their balances, documentation of accounting system balances, and any reconciling items. This reconciliation should be presented to the Society Board of Directors at each meeting and should be reviewed and approved. Approval of this reconciliation should be documented in the minutes.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-003

Reportable Condition

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.

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.

Our review of season ticket sales revealed the following weaknesses:

- 1) Not all season tickets could be accounted for. For 2004, the only documentation presented for audit to support these sales was bundled ticket stubs. For 2003, no supporting documentation was presented.
- 2) No documentation was maintained as to which tickets were issued to the ticket sellers.
- 3) There was no reconciliation performed between the bundled ticket stubs and the amount of revenue posted to the receipt ledger.

These conditions weaken the internal control system and the completeness of ticket sales. These conditions could also result in tickets being used for entrance to the fair without being purchased, money from purchased tickets not being turned in to the Society, and errors or irregularities occurring and remaining undetected.

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.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Admission and Grandstand Ticket Reconciliation	No	Not Corrected; Reissued as Finding No. 2004-001.
2002-002	Receipt Support Documentation	No	Partially Corrected; Reissued this finding in the management letter.
2002-003	Cash Reconciliation Process	No	Not Corrected; Reissued as Finding No. 2004-002.
2002-004	Recording of Debt Activity	Yes	N/A.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
FEBRUARY 9, 2006**