



**PAULDING AGRICULTURAL SOCIETY
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2008



Mary Taylor, CPA
Auditor of State

PAULDING AGRICULTURAL SOCIETY
PAULDING COUNTY

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Mary Taylor, CPA
Auditor of State

Paulding County Agricultural Society
P.O. Box 222
Paulding, Ohio 45879-0222

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Paulding County Agricultural Society
P.O. Box 222
Paulding, Ohio 45879-0222

To the Board of Directors:

We have audited the accompanying financial statements of Paulding County Agricultural Society, (the Society) as of and for the years ended November 30, 2008 and 2007. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 these financial statements 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 statements 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 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 statements referred to above for the years ended November 30, 2008 and 2007 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, 2008 and 2007, 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 balance of the Paulding County Agricultural Society, as of November 30, 2008 and 2007, 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009, 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

May 29, 2009

**PAULDING AGRICULTURAL SOCIETY
PAULDING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Admissions	\$18,594	\$24,916
Privilege Fees	6,210	5,322
Rentals	12,699	15,489
Sustaining and Entry Fees	18,600	22,040
Parimutuel Wagering Commission	334	517
Other Operating Receipts	17,350	23,632
Total Operating Receipts	73,787	91,916
 Operating Disbursements:		
Wages and Benefits	1,290	994
Utilities	15,541	19,753
Professional Services	11,325	19,562
Equipment and Grounds Maintenance	12,357	16,118
Race Purse	39,474	47,663
Senior Fair	5,627	5,959
Junior Fair	161,934	152,370
Other Operating Disbursements	21,050	17,806
Total Operating Disbursements	268,598	280,225
 Excess of Operating Disbursements Over Operating Receipts	(194,811)	(188,309)
 Non-Operating Receipts (Disbursements):		
State Support	26,147	28,975
County Support	17,000	17,000
Donations/Contributions	155,906	154,905
Investment Income		
Debt Service	(7,300)	(7,356)
 Net Non-Operating Receipts (Disbursements)	191,753	193,524
 Excess (Deficiency) of Receipts Over (Under) Disbursements	(3,058)	5,215
 Cash Balance, Beginning of Year	19,495	14,280
 Cash Balance, End of Year	<u>\$16,437</u>	<u>\$19,495</u>

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

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**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007**

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 Paulding County Agricultural Society, Paulding 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 1860 to operate an annual agricultural fair. The Society sponsors the week-long Paulding County Fair during July. During the fair, harness races are held, culminating in the running of the Vern Webb Memorial Pace. Paulding County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-three directors serving staggered three-year terms Society members elect Board members from its membership. Members of the Society must be residents of 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 Paulding County, Ohio.

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 Paulding County Fair. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include this activity. Information regarding the Junior Fair Board's financial activity was not available for the years ending November 30, 2008 and 2007. The Junior Fair Livestock Sale Committee activity is included in the financial statements.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

These financial statements follow 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

F. 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.

G. Race Purse

Northwestern Ohio Colt stake races are held during the Paulding 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 Paulding County Horseman's 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.

H. 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

The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$16,437</u>	<u>\$19,495</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation;

**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

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, 2008 and 2007 were \$26,147 and \$28,975, 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.

	2008	2007
Total Amount Bet (Handle)	\$7,214	\$9,647
Less: Payoff to Bettors	(5,724)	(7,675)
Parimutuel Wagering Commission	1,490	1,972
Tote Service Set Up Fee	(900)	(900)
Tote Service Commission	(264)	(555)
State Tax	(221)	(279)
Society Portion	\$ 105	\$ 238

4. DEBT

Debt outstanding at November 30, 2008, was as follows:

	Principal	Interest Rate
Bank Loan #1	\$1,658	6.00%
Bank Loan #2	4,294	5.30%
Total	\$5,952	

Bank loan #1 was originally issued for \$10,006, bears an interest of 6.00% and is due to the First Federal Bank. The Society is to make 60 payments of \$368 until the loan is paid in full.

Bank loan #2 was originally issued for \$8,150, was used for operating expenses of the Fair and is secured by the Society's property. This loan shall be paid back in semi-annual payments of \$1,132 for four years until the loan is paid in full.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Bank Loan #1	Bank Loan #2	Total
2009	\$1,658	\$2,264	\$3,922
2010		2,030	2,030
Total	\$1,658	\$4,294	\$5,952

**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

5. RISK MANAGEMENT

The Paulding County Commissioners provide general insurance coverage for all the buildings on the Paulding County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Treasurer is bonded with coverage of \$25,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2010.



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*

Paulding County Agricultural Society
P.O. Box 222
Paulding, Ohio 45879-0222

To the Board of Directors:

We have audited the financial statements of the Paulding County Agricultural Society, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated May 29, 2009, wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-005 described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-003 is also a material weakness.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated May 29, 2009.

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 an instance of noncompliance or other matter that we must report under Government Auditing Standards which is described in the accompanying schedule of findings as items 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 29, 2009.

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, Audit Committee and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 29, 2009

**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency

Ohio Administrative Code section 117-10-01 states each county agricultural society and independent agricultural society shall, for financial reporting and accounting purposes, record and report all financial transactions on a fiscal year basis beginning on December 1 and ending November 30. Societies shall record and report all financial transactions in accordance with the Appendix A of the Uniform System of Accounting for Agricultural Societies.

The Society's accounting system did not consistently follow the chart of accounts specified by the Auditor of State, the annual financial report did not agree or reconcile to the accounting records and transactions were incorrectly classified within the annual report. Additionally prior audit adjustments were not recorded by the Society. These inconsistencies resulted in several misstatements requiring adjustment to the financial statements for fiscal years 2008 and 2007.

The following errors were identified in 2007:

- The annual report did not agree to the cash record. State support revenue and junior fair disbursements were overstated by \$7,698, and \$652. Other operating disbursements and other operating revenue were understated by \$1,522 and \$5,373. As a result of these errors fund balance was overstated on the annual report by \$3,196.
- Prior audit adjustments were not posted resulting in beginning equity being understated by \$13,510.
- Sustaining and entry fees received from the Northwest Ohio Colt Racing Association in the amount of \$12,390 were incorrectly posted as other operating revenue.
- Bank to bank transfers in the amount of \$2,000 were posted as other operating receipts, which resulted in an overstatement of revenues and fund balance.

The following errors were identified in 2008:

- The annual report did not agree to the cash record. Equipment/ grounds maintenance and other operating disbursements were understated by \$382 and \$9,395. State support and other operating receipts were understated by \$5,339 and \$5,078. As a result of these errors fund balance was understated on the annual report by \$9,395.
- Sustaining and entry fees received from the Northwest Ohio Colt Racing Association in the amount of \$11,900 were incorrectly posted as state support revenue.

Failure to properly record and classify transactions could hinder in management's ability to timely identify misappropriated assets or to ensure the information provided to the readers of the financial statements is complete and accurate.

We recommend that the Society adopt policies and procedures, including a final review of the statements to identify and correct errors and omissions.

Officials Response: Adjustments from audit were performed by the society treasurer on 6/3/09.

FINDING NUMBER 2008-002

Significant Deficiency – Expenditure Processing

The November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies states that expenses shall be recorded, when paid, in the appropriate expense account. Sufficient documentation shall be retained to support the expense. Such documentation may include invoices, receipts, purchase orders, contracts, or other documentation of what was purchased, from whom it was purchased, and the purpose of the purchase if not obvious from the existing documentation.

The Agricultural Society processed several transactions without supporting documentation (vendor invoices). 28 percent of expenditures tested did not have adequate supporting documentation. It was also noted that when invoices were presented for payment, most lacked any approval to note the desired goods or services were received.

These weaknesses could result in Society funds being misused or improper payment of bills without being detected during the course of normal business operations. In order to provide better controls that Society funds are being disbursed for Society related expenses related we recommend;

- The Board of Directors should formally authorize all expenditures.
- Payments should only be processed based on invoices received from vendors.
- A notation should be made on vendor invoices to verify the desired goods or services were received.

Officials Response: The society will be using purchase orders to control and document purchases. At least two directors will verify that the products were purchased and received by the society for their use.

FINDING NUMBER 2008-003

Material Weakness - Monthly Reconciliations

Prior to the closing out the general ledger records each month, all the bank account balances of the Society should be reconciled to the general ledger fund balance. This will help to detect errors which effect the accumulation of revenues, expenditures, and cash fund balances.

The Treasurer did not completely reconcile the Society's bank accounts to its general ledger fund balance during fiscal year 2008 and 2007. The general ledger balance was overstated by \$653 at November 30, 2008 and understated by \$3,742 at November 30, 2007.

The accompanying financial statements have been adjusted for the errors identified.

We recommend the Secretary/Treasurer present the Board of Directors a monthly bank reconciliation that is balanced to its general ledger fund balance. The Board of Directors should verify items appearing on the monthly bank reconciliation, including, but not limited, to authentication of outstanding checks, deposits in transit, and any other reconciling entries. The Board should determine the total balances of all bank accounts reconcile to the total fund (or book) balance. In addition, the Board should initial each bank reconciliation to indicate their review.

Officials Response: The treasurer will perform monthly reconciliations with the Audit committee verifying such on a monthly basis. Audit committee will also meet quarterly to reconcile all society accounts.

FINDING NUMBER 2008-004

Significant Deficiency – Admissions

The November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies states that all tickets for admission 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. 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.

The Society did not maintain ticket accountability forms for any of its admissions. Admission revenues accounted for 6.8% and 8.5% of the total fiscal year 2008 and 2007 revenues, respectively. The Society did not perform any reconciliation of tickets for grandstand events. The lack of ticket accountability could result in individuals gaining access to the fairgrounds without paying for the tickets which could lead to an understatement of such revenues on the Society's financial statement.

The above discrepancies may result in lost revenues to the Society. To improve controls over admission revenues, we recommend that all grandstand, season, and admission tickets collected should be pre-numbered, retained, and accounted for. A ticket or seating chart reconciliation should be prepared in a timely manner for grandstand admissions. Ticket reconciliations should be prepared in a timely manner for season tickets. The reconciliation should also include all free tickets issued for all organizations and individuals. In addition, all ticket stubs should be pre-numbered and retained by the Society.

Officials Response: Different color tickets and or wrist bands will be used to better track admissions for the fair and special events.

FINDING NUMBER 2008-005

Significant Deficiency–Rental and Entry Fees

The November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies states that 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. For campground, fairground or building rentals, contracts associated with the rental shall indicate the receipt number assigned to account for the deposit and interim and final payment.

The Society should utilize written contracts/agreements to clearly document the terms of the rental including, but not limited to, the rental rates, duration of the rental, total amount due, when payment are due, and the rental termination policies and procedures. Additionally, these contracts can serve as documentation to support the recorded receipts.

The Society received rental receipts for the use of the grounds, barns, stalls and various buildings located at the County Fairgrounds throughout the year. There was a general lack of documentation supporting the amount of the recorded receipts. The Society provided no contracts or agreements for audit to support the privilege fees and rental of the various items listed above. These receipts accounted for three and two percent of total revenues, respectively, in 2007 and in 2008.

Additionally the Society received truck pull entry fees in 2008 but did not provide support for the recorded receipts nor was there any evidence that cash duplicate receipts were prepared. Recorded entry fees for 2008 were two percent of total revenues.

**FINDING NUMBER 2008-005
(Continued)**

Failure to maintain sufficient records to evidence the revenue collections and to help ensure the completeness over revenue limits the ability of management to accurately monitor financial activity or to timely identify misappropriation of assets.

We recommend the Society utilize written rental agreements/contracts for the rental of the grounds, barns, stalls, buildings, etc. The rental agreement should clearly state the terms including, but not limited to, the agreed upon price, as well as the rules for the use of the assets. The agreement should document the duration of the agreement for the rental of the grounds, buildings, barns, stalls, etc and the total cost associated with the agreement. Additionally, a duplicate receipt should be prepared by the individual collecting the rent payments and entry fees for each individual receipt. The receipt should be signed by the individual receiving payment and a copy provided to the individual or organization making the payment. Once the money has been collected, the money should be paid to the Treasurer of the Society in accordance with Ohio Rev. Code Section 9.38. A pay-in should be prepared by the Treasurer. The receipt should be recorded in the receipts ledger and cash book and be deposited in the designated depository. A record of the contracts should be maintained (an accounts receivable). This record should include the amounts due, amounts collected and remaining balance due for each individual contract.

Officials Response: Contracts for camping during the fair have been implemented for the 2009 fair.

**PAULDING COUNTY AGRICULTURAL SOCIETY
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Material weakness for failure to complete monthly fund and bank reconciliations	No	Reissued as finding 2008-003 in this report.
2006-002	Material weakness for Board not monitoring financial activity.	No	Partially corrected, reissued within the management letter.
2006-003	Material weakness for failure to maintain admission records	No	Reissued as finding 2008-004 in this report.
2006-004	Material weakness for failure to maintain privilege and rental fee records	No	Partially corrected, privilege fee records maintained, reissued for rental records as finding 2008-005.
2006-005	Material weakness for failure to maintain invoice support for expenditures	No	Reissued as finding 2008-002 in this report.
2006-006	Material weakness for not reporting Jr. Fair Activity within the financial statement notes.	No	Financial effect not considered material to the financial statements, reissued within the management letter.



Mary Taylor, CPA
Auditor of State

PAULDING COUNTY AGRICULTURAL SOCIETY

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 7, 2009**