



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

State Agricultural Society

Financial Statement Audit

Two Years Ended October 31, 2010

June 30, 2011

Report 11-18

FINANCIAL AUDIT DIVISION

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OFFICE OF THE LEGISLATIVE AUDITOR

State of Minnesota • James Nobles, Legislative Auditor

June 30, 2011

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Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Denny Baker, President
State Agricultural Society Board of Managers

Members of the State Agricultural Society

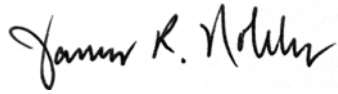
Mr. Jerry Hammer, Executive Vice President
State Agricultural Society

In auditing the State Agricultural Society's basic financial statements for the two years ended October 31, 2010, we considered internal controls over financial reporting. We also tested compliance with significant legal provisions impacting the basic financial statements. We did not identify any instances of noncompliance with legal provisions material to the financial statements. However, given the limited nature of our audit work, we do not express an overall opinion on the effectiveness of the State Agricultural Society's internal controls or compliance. In addition, our work may not have identified all significant control deficiencies or instances of noncompliance with legal requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This report meets the audit standard requirements of the American Institute of Certified Public Accountants and the Government Accountability Office to communicate internal control matters identified in a financial statement audit. The audit was conducted by Jim Riebe, CPA, (Audit Manager), Carl Otto, CPA, (Audit Coordinator), assisted by auditors Blake Schwagel, Cynthia Gaertner, and Sandra Thole.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal controls that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the State Agricultural Society's management and the Legislative Audit Commission and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which was released as a public document on June 30, 2011.



James R. Nobles
Legislative Auditor



Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

End of Fieldwork: April 22, 2011

Report Signed On: June 28, 2011

Report Summary

Conclusion

The State Agricultural Society's financial statements for the two years ended October 31, 2010, were fairly presented in all material respects. We did not identify any instances of noncompliance with legal provisions material to the financial statements or any deficiencies in internal controls that we considered to be material weaknesses.¹

The society resolved two prior audit findings by 1) consistently performing an independent review of payroll transactions, and 2) preparing a written contract for towing services and establishing a formal policy for service contracts.²

Audit Scope and Objectives

We audited the State Agricultural Society's basic financial statements for the two years ended October 31, 2010, and reviewed controls over financial operations and compliance with finance-related legal provisions. We also determined the status of the prior audit findings.

¹ A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected on a timely basis.

² Minnesota Office of the Legislative Auditor, Financial Audit Division Report 10-19, *State Agricultural Society Financial Statement Audit, Two Years Ended October 31, 2009*, issued June 10, 2010.