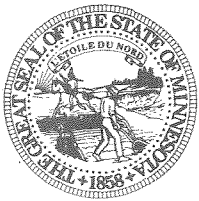


**STATE AGRICULTURAL SOCIETY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED OCTOBER 31, 1988**

FEBRUARY 1989



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Senator Randolph W. Peterson, Vice-Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Sulo Ojakangas, President
Board of Managers
State Agricultural Society

Mr. Michael D. Heffron, Secretary - General Manager
State Agricultural Society

Members of the State Agricultural Society

Audit Scope

We have completed a financial and compliance audit of the State Agricultural Society for the year ended October 31, 1988. Our audit was conducted in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Government Auditing Standards, and accordingly, included such audit procedures as we considered necessary in the circumstances. Field work was completed on January 5, 1989.

The objectives of the audit were to:

- express an opinion on the financial statements of the State Agricultural Society (the Society) for the year ended October 31, 1988;
- study and evaluate major Society internal control systems, including ticket and space rental revenue, and administrative disbursements;
- verify that financial transactions were made in accordance with applicable laws, regulations, and policies, including Minnesota Statute Chapter 37; and
- determine status of the prior audit finding.

Management Responsibilities

The management of the Society is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not

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absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

The management of the Society is also responsible for the Society's compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from the activities administered by the Society. The purpose of our testing of transactions was to obtain reasonable assurance that the Society had, in all material respects, administered their programs in compliance with applicable laws and regulations.

Conclusions

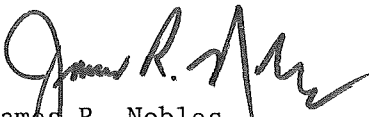
We have issued an unqualified opinion on the State Agricultural Society's financial statements for the year ended October 31, 1988. Our audit opinion, dated January 5, 1989, is included within the 1988 Annual Report.


In our opinion, the system of internal accounting control of the State Agricultural Society in effect as of October 31, 1988, taken as a whole, was sufficient to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations.

In our opinion, for the year ended October 31, 1988, the Society administered its programs in compliance, in all material respects, with applicable finance-related laws and regulations.

The prior audit report on the Society contained one finding, which concerned off-season vehicle storage receipts. This finding has been fully resolved.

We would like to thank the State Agricultural Society staff for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

February 8, 1989