

STATE AGRICULTURAL SOCIETY
FINANCIAL AUDIT
FOR THE YEAR ENDED OCTOBER 31, 1990

FEBRUARY 1991

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

SUMMARY

State of Minnesota
Office of the Legislative Auditor
Veterans Service Building • St. Paul, MN 55155
612/296-4708

STATE AGRICULTURAL SOCIETY

FINANCIAL AUDIT FOR THE YEAR ENDED OCTOBER 31, 1990

Public Release Date: February 7, 1991

No. 91-8

OBJECTIVES:

- EXAMINE THE SOCIETY'S FINANCIAL STATEMENTS.
- EVALUATE INTERNAL CONTROL STRUCTURE: Ticket sales revenue, space rental revenue, off-season events revenue, cash and investments, fixed assets, payroll expense, and administrative expenses.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

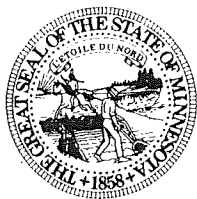
CONCLUSIONS:

We will issue our opinion on the financial statements in the Society's annual report.

We found the internal control structure to be effective.

We found no departures from finance-related legal provisions.

Contact the Financial Audit Division for additional information.
(612) 296-1730



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Dee Long, Acting Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. William Korff, 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 audited the financial statements of the State Agricultural Society (the Society) as of and for the year ended October 31, 1990, and issued our report thereon dated January 11, 1991. We have also made a study and evaluation of the internal control structure of the Society in effect as of October 1990.

We conducted our audit in accordance with generally accepted government auditing standards, including Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transactions of the Society are free of material misstatements.

As part of our examination of the financial statements and our study and evaluation of the internal control structure, we performed tests of the Societies compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Management Responsibilities

The management of the Society is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;

Representative Dee Long, Acting Chair
Members of the Legislative Audit Commission
Mr. William Korff, President
Mr. Michael D. Heffron, Secretary - General Manager
Members of the State Agricultural Society
Page 2

- transactions are executed in accordance with applicable legal and regulatory provisions, management's authorization, and recorded properly.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- ticket sales revenue,
- space rental revenue,
- off-season events revenue,
- cash and investments,
- fixed assets,
- payroll expense, and
- administrative expenses.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Conclusions

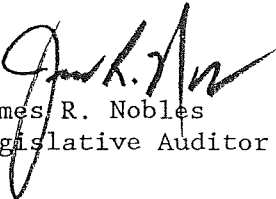
In our opinion, the internal control structure of the State Agricultural Society in effect at October 31, 1990, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial transactions of the Society.

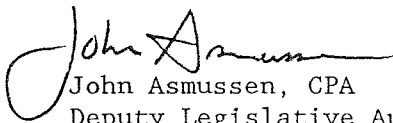
However, we noted certain matters involving the internal control structure and its operation that we reported to the management of the Society in a meeting held on January 23, 1991.

The results of our tests indicate that, with respect to the items tested, the Society complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the society had not complied, in all material respects, with those provisions.

Representative Dee Long, Acting Chair
Members of the Legislative Audit Commission
Mr. William Korff, President
Mr. Michael D. Heffron, Secretary - General Manager
Members of the State Agricultural Society
Page 3

This report is intended for the information of the Legislative Audit Commission and management of the Society. This restriction is not intended to limit the distribution of this report, which was released as a public document on February 7, 1991.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

END OF FIELDWORK: January 11, 1991

REPORT SIGNED ON: January 24, 1991