



# **STATE OF NORTH CAROLINA**

**FISCAL CONTROL AUDIT REPORT ON  
NORTH CAROLINA STATE FAIR  
DIVISION OF NORTH CAROLINA DEPARTMENT OF  
AGRICULTURE AND CONSUMER SERVICES  
RALEIGH, NORTH CAROLINA  
FOR THE PERIOD JULY 1, 2004, THROUGH FEBRUARY 28, 2005**

**OFFICE OF THE STATE AUDITOR**

**LESLIE W. MERRITT, JR., CPA, CFP**

**STATE AUDITOR**

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**NORTH CAROLINA STATE FAIR**  
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**RALEIGH, NORTH CAROLINA**  
**FOR THE PERIOD JULY 1, 2004, THROUGH FEBRUARY 28, 2005**

**THE HONORABLE STEVE TROXLER, COMMISSIONER**  
**WESLEY V. WYATT, STATE FAIR MANAGER**



STATE OF NORTH CAROLINA  
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## AUDITOR'S TRANSMITTAL

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The Honorable Michael F. Easley, Governor  
The General Assembly of North Carolina  
North Carolina Department of Agriculture and Consumer Services  
The Honorable Steve Troxler, Commissioner

This report presents the results of our fiscal control audit of the North Carolina State Fair, a division of the Department of Agriculture and Consumer Services for the period July 1, 2004, through February 28, 2005. Our work was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The objective of a fiscal control audit is to gather and evaluate evidence about internal control over selected fiscal matters, such as financial accounting and reporting; compliance with finance-related laws, regulations, and provisions of contracts or grant agreements; and/or management of financial resources.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads "Leslie W. Merritt, Jr.".

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

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## **BACKGROUND INFORMATION**

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The North Carolina State Agricultural Society founded the fair in 1853. This society wanted to use the fair to promote “scientific agriculture”. The society continued to operate the fair until the 1920’s, at which time the fair was taken over by the State of North Carolina. Today, the North Carolina Department of Agriculture and Consumer Services operates the fair.

The attendance for the 10-day 2004 State Fair was approximately 836,000, which is the second highest attendance on record. Based on recorded amounts for the period July 1, 2004, through February 28, 2005, the State Fair recognized operating revenues of approximately \$3.9 million from gate admission sales and approximately \$4.2 million from midway receipts.

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## **OBJECTIVES, SCOPE, METHODOLOGY, AND RESULTS**

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### **OBJECTIVES**

As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes* and in accordance with the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have conducted a fiscal control audit at the North Carolina State Fair, a division of the North Carolina Department of Agriculture and Consumer Services.

The objective of a fiscal control audit is to gather and evaluate evidence about internal control over selected fiscal matters, such as financial accounting and reporting; compliance with finance-related laws, regulations, and provisions of contracts or grant agreements; and/or management of financial resources. Our audit does not provide a basis for issuing an opinion on internal control, and consequently, we have not issued such an opinion.

Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that relevant objectives are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

### **SCOPE**

Our audit scope covered the period July 1, 2004, through February 28, 2005. During our audit we considered internal control related to the following accounts and control objectives:

*Gate/Admissions Fees* – These are the fees charged by the Division to persons for entrance into the North Carolina State Fair. The Division reported gate/admission fees collected during our audit period of approximately \$3.9 million. We examined internal controls designed to ensure that the fees charged were at the established rates and properly accounted for by the Division.

*Midway Receipts* – These are receipts derived from the per capita fee the midway operator paid the North Carolina State Fair for each person attending the State Fair as determined by the contractual agreement. At February 28, 2005, the Division reported approximately \$4.2 million of midway receipts. We examined internal controls designed to ensure that the contractor paid the per capita fee per the terms of the contract and that the Division properly accounted for the collections.

## **OBJECTIVES, SCOPE, METHODOLOGY, AND RESULTS (CONCLUDED)**

### **METHODOLOGY**

To accomplish our audit objectives, we gained an understanding of internal control, performed tests of control effectiveness, and/or performed direct tests of the accounts and transactions as we considered necessary in the circumstances. Specifically, we performed procedures such as interviewing personnel, observing operations, reviewing policies, analyzing accounting records and examining documentation supporting recorded transactions and balances.

### **RESULTS**

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.



## **DISTRIBUTION OF AUDIT REPORT**

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In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press and the general public upon request.

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The Honorable Richard H. Moore  
The Honorable Roy A. Cooper, III  
Mr. David T. McCoy  
Mr. Robert L. Powell  
The Honorable Steve Troxler

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Lieutenant Governor of North Carolina  
State Treasurer  
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State Budget Officer  
State Controller  
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Director, Fiscal Research Division

June 28, 2005

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