



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

Pickaway County Agricultural Society
Pickaway County
415 Lancaster Pike
Circleville, OH 43113
Pickaway County

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 Society 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.

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Mary Taylor, CPA
Auditor of State

October 26, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County Agricultural Society
415 Lancaster Pike
Circleville, OH 43113
Pickaway County

To the Board of Directors:

We have audited the accompanying financial statement of the Pickaway County Agricultural Society, Pickaway County, Ohio (the Society) as of and for the years ended November 30, 2008 and 2007. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 this financial statement 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 statement 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 statement 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 statement referred to above presents fairly, in all material respects, the cash balance of Pickaway County Agricultural Society, Pickaway County, Ohio 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 October 26, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 26, 2009

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$ 92,871	\$ 85,263
Privilege Fees	33,456	36,149
Rentals	109,495	112,772
Sustaining and Entry Fees	29,125	35,525
Parimutuel Wagering Commission	1,517	2,145
Other Operating Receipts	49,920	54,422
Total Operating Receipts	316,384	326,276
Operating Disbursements:		
Wages and Benefits	37,952	37,867
Utilities	46,361	41,699
Professional Services	12,780	12,606
Equipment and Grounds Maintenance	59,787	68,200
Race Purse	48,883	57,989
Senior Fair	34,106	30,616
Junior Fair	13,985	9,295
Advertising	8,884	6,877
Rent/Lease	4,364	4,413
Capital Outlay	53,248	78,742
Other Operating Disbursements	51,946	53,251
Debt Retirement - Principal	7,600	-
Debt Retirement - Interest	1,710	4
Total Operating Disbursements	381,606	401,559
Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	(65,222)	(75,283)
Non-Operating Receipts (Disbursements) :		
State Support	25,696	28,109
County Support	9,900	2,400
Other Unrestricted, Donations, Sponsorships & Promotions	27,062	28,014
Interest Income	1,413	2,450
Sale of Personal Property	2,750	-
Proceeds of Loan	-	38,000
Net Non-Operating Receipts (Disbursements)	66,821	98,973
Excess of Receipts Over Disbursements	1,599	23,690
Cash Balance, Beginning of Year	125,155	101,465
Cash Balance, End of Year	\$ 126,754	\$ 125,155

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

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**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 Pickaway County Agricultural Society, Pickaway County, Ohio (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 1945 to operate an annual agricultural fair. The Society sponsors the week-long Pickaway County Fair during June. During the fair, harness races are held, culminating in the running of the Pickaway County Harness Racing Program. Pickaway County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Pickaway 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 and harness racing during fair week. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events including flea markets. The reporting entity does not include any other activities or entities of Pickaway County, Ohio.

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

B. Basis of Accounting

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statement does not include these items as assets.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. Race Purse

Pickaway County Harness stake races are held during the Pickaway 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 the Ohio Colt Racing 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.

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

2. CASH

The carrying amount of cash at November 30, 2008 and 2007 follows:

	2008	2007
Demand deposits	\$126,754	\$125,155
Total deposits	\$ 126,754	\$ 125,155

Deposits: The Federal Depository Insurance Corporation insures up to \$250,000 of each of the Society's bank balance.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund to supplement the racing purse. The Society received \$25,696 and \$28,109 for fiscal year ended November 30, 2008 and 2007, respectively.

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)	\$ 28,937	\$ 27,881
Less: Payoff to Bettors	(24,938)	(22,311)
Parimutuel Wagering Commission	3,999	5,570
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(1,711)	(2,419)
State Tax	(571)	(806)
Society Portion	\$ 1,517	\$ 2,145

4. DEBT

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
2007 Bank Note	\$30,400	4.50%

The Society received a loan through the County Commissioners for \$38,000 with The Savings Bank in January 2007 for fairground improvements. This loan was originally received by the

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

4. DEBT (Continued)

Commissioners Office and paid into the Capital Improvements fund and was subsequently paid out to the Society. The Society makes loan payments directly to The Savings Bank. The loan extends through January 2012 with an annual interest rate of 4.5 percent.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending November 30:	Principal	Interest	Total
2009	7,600	1,368	8,968
2010	7,600	1,026	8,626
2011	7,600	684	8,284
2012	7,600	342	7,942
Total	30,400	3,420	33,820

5. RISK MANAGEMENT

The Society does not provide any employee benefits to its employees, other than Workers Compensation through the State of Ohio workers compensation fund.

The Pickaway County Commissioners provide general insurance coverage for all the buildings on the Pickaway County Fairgrounds pursuant to Ohio Revised Code § 1711.24. However the Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year.

Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program,

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

5. RISK MANAGEMENT (Continued)

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Retained earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$15,036. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY COUNTY**

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

5. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
2006	\$13,688
2007	\$12,467
2008	\$12,794

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Pickaway County Fair. The Society contributed \$13,985 directly to the Junior Fair Board in fiscal year 2008 and \$9,295 in fiscal year 2007. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Pickaway County paid the Society \$100 to support Junior Club work in fiscal year 2008 and 2007. The Junior Fair Board accounts for its activities separately. This accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2008 and November 30, 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 1,467	\$ 1,035
Receipts	466	1,893
Disbursements	<u>738</u>	<u>1,461</u>
Ending Cash Balance	<u>\$ 1,195</u>	<u>\$ 1,467</u>

7. JUNIOR LIVESTOCK COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through Pickaway County's auction. A commission is charged to cover auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2008 and November 30, 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 14,327	\$13,501
Receipts	276,689	318,006
Disbursements	<u>280,265</u>	<u>317,180</u>
Ending Cash Balance	<u>\$ 10,751</u>	<u>\$14,327</u>



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

Pickaway County Agricultural Society
Pickaway County
415 Lancaster Pike
Circleville, OH 43113

To the Board of Directors:

We have audited the financial statement the Pickaway County Agricultural Society, Pickaway County, Ohio (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated October 26, 2009. 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.

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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Society's management in a separate letter dated October 26, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Government'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did a note certain noncompliance or other matter that we reported to the Society's management in a separate letter dated October 26, 2009.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 26, 2009

**PICKAWAY COUNTY AGRICULTURAL SOCIETY
PICKAWAY 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	ORC 149.351 – Maintaining Documentation, due to missing invoices and contracts	Yes	Finding no longer valid
2006-002	Cash Reconciliations, due to lack of unreconciled balances	Yes	Finding no longer valid
2006-003	Rentals and Privilege Fees, due to missing contracts	Yes	Finding no longer valid
2006-004	Show Vouchers, due to lack of documentation of payments for show vouchers	Yes	Finding no longer valid
2006-005	Gifts and Donations, due to lack of supporting documentation	Yes	Finding no longer valid
2006-005	Ticket Reconciliations, due to lack of ticket accountability forms	Yes	Finding no longer valid



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AGRICULTURAL SOCIETY

PICKAWAY 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
NOVEMBER 17, 2009**