



Dave Yost • Auditor of State

FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY

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Dave Yost • Auditor of State

Fulton County Agricultural Society
Fulton County
4793 County Road 2
Swanton, Ohio 43558

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 government 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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Dave Yost
Auditor of State

August 5, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fulton County Agricultural Society
Fulton County
4793 County Road 2
Swanton, Ohio 43558

To the Board of Directors:

We have audited the accompanying financial statements of Fulton County Agricultural Society, Fulton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 these financial statements 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 statements 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 statements referred to above for the years ended November 30, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Fulton County Agricultural Society, Fulton County, as of November 30, 2010 and 2009, 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 August 5, 2011, 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.

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Dave Yost
Auditor of State

August 5, 2011

**FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2010	2009
Operating Receipts:		
Admissions	\$654,694	\$652,107
Privilege Fees	222,040	209,369
Rentals	280,265	257,718
Sustaining and Entry Fees	15,360	17,825
Parimutuel Wagering Commission		2,953
Other Operating Receipts	43,956	46,049
 Total Operating Receipts	 1,216,315	 1,186,021
Operating Disbursements:		
Wages and Benefits	118,846	110,184
Utilities	123,359	112,912
Professional Services	172,979	194,391
Equipment and Grounds Maintenance	258,241	267,712
Race Purse	40,575	38,845
Senior Fair	111,503	124,605
Junior Fair	35,909	34,160
Capital Outlay	206,641	241,358
Other Operating Disbursements	199,067	191,234
 Total Operating Disbursements	 1,267,120	 1,315,401
 Excess of Operating Disbursements Over Operating Receipts	 (50,805)	 (129,380)
Non-Operating Receipts:		
State Support	22,192	23,704
County Support	3,300	3,300
Miscellaneous	17,136	49,748
Donations/Contributions	41,258	39,401
Investment Income	1,874	3,097
Sale of Assets	10,100	9,763
 Total Non-Operating Receipts	 95,860	 129,013
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 45,055	 (367)
 Cash Balance, Beginning of Year	 461,552	 461,919
 Cash Balance, End of Year	 \$506,607	 \$461,552

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

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**FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009**

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 Fulton County Agricultural Society, Fulton 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 1858 to operate an annual agricultural fair. The Society sponsors the week-long Fulton County Fair during September. During the fair, harness races are held. Fulton County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fulton 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, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including National Thresher's Association Reunion, Black Swamp Benefit, Antique Motorcycle Show and Races, Crosley Car Show, Midwest Geobash, camping groups, horse shows, auctions, family parties, and trade shows. The reporting entity does not include any other activities or entities of Fulton County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

D. 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.

**FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Race Purse

Two Year Old Colt Pace, Two Year Old Colt Trot, Three Year Old Colt Pace, Three Year Old Colt Trot, Two Year Old Filly Pace, Two Year Old Filly Trot, Three Year Old Filly Pace and Three Year Old Filly Trot stake races are held during the Fulton 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 Northwest 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.

F. 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.

2. DEPOSITS

The carrying amount of deposits at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	\$412,292	\$368,465
Certificates of deposit	94,315	93,087
Total deposits	\$506,607	\$461,552

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Society.

**FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purses for the years ended November 30, 2010 and 2009 was \$16,040 and \$17,144 as State Support.

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. Society did not have Pari-mutuel Wagering in 2010.

	2009
Total Amount Bet (Handle)	\$ 14,682
Less: Payoff to Bettors	(11,729)
Parimutuel Wagering Commission	2,953
Tote Service Set Up Fee	(800)
Tote Service Commission	(1,059)
State Tax	(559)
Society Portion	\$ 535

4. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Fulton County Commissioners provide general insurance coverage for all the buildings on the Fulton County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$300,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2011.

5. RELATED PARTY TRANSACTIONS

D&W Excavating is owned by board member Don Williams. Payments in 2010 and 2009 totaling \$4,000 and \$31,300 respectively were made for backhoe work and to install drainage and a walkway on the fairgrounds.

Cris Johnson Trucking LLC is owned by the son of a board member; Curtis Johnson. Payments in 2010 and 2009 totaling \$9,571 and \$3,459 respectively were made for stone and hauling projects on the fairgrounds.

**FULTON COUNTY AGRICULTURAL SOCIETY
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

5. RELATED PARTY TRANSACTIONS (Continued)

Ayers Construction is owned by board member David Ayers. Payments in 2010 totaling \$16,116 were made to lay a concrete floor and do work on the north end bathroom on the fairgrounds.

In each case the related member abstained from voting and bids were sought for work and the Society received a considerably cut rate amount for work services provided.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Fulton County Fair. The Society disbursed \$400 directly to the Junior Fair Board and \$35,509 in 2010 and \$34,160 in 2009 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursements. Fulton County paid the Society \$1,000 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 4,137	\$ 4,392
Receipts	16,228	15,310
Disbursements	(18,324)	(15,565)
Ending Cash Balance	\$ 2,041	\$ 4,137

7. JUNIOR LIVESTOCK SALE 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 the Fulton County's auction. A commission of 8.5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 18,327	\$ 14,323
Receipts	274,413	241,766
Disbursements	(271,278)	(237,762)
Ending Cash Balance	\$ 21,462	\$ 18,327



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fulton County Agricultural Society
Fulton County
4793 County Road 2
Swanton, Ohio 43558

To the Board of Directors:

We have audited the financial statements of Fulton County Agricultural Society, Fulton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated August 5, 2011, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of reasonably assuring whether the Society'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 intend this report solely for the information and use of management, the audit committee, Board of Directors and others within the Society. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

August 5, 2011



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FULTON COUNTY AGRICULTURAL SOCIETY

FULTON 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
AUGUST 25, 2011**