



Dave Yost • Auditor of State

**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

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Dave Yost • Auditor of State

Scioto County Agricultural Society
Scioto County
P.O. Box 109
Lucasville, Ohio 45648

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

April 25, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Scioto County Agricultural Society
Scioto County
P.O. Box 109
Lucasville, Ohio 45648

To the Board of Directors:

We have audited the accompanying financial statement of the Scioto County Agricultural Society, Scioto County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require agricultural societies to reformat their statement. 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, 2010 and 2009 does 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 statement referred to above presents fairly, in all material respects, the cash balance of the Scioto County Agricultural Society, Scioto County, Ohio 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 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

April 25, 2011

**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

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

	2010	2009
Operating Receipts:		
Admissions	\$300,435	\$356,858
Privilege Fees	76,835	76,356
Rentals	107,877	104,283
Other Operating Receipts	50,250	45,697
 Total Operating Receipts	 535,397	 583,194
Operating Disbursements:		
Wages and Benefits	86,118	76,840
Utilities	48,042	46,649
Professional Services	224,798	242,185
Equipment and Grounds Maintenance	176,001	159,858
Senior Fair	13,166	11,617
Junior Fair	20,012	21,585
Capital Outlay	977	11,828
Other Operating Disbursements	27,674	33,322
 Total Operating Disbursements	 596,788	 603,884
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (61,391)	 (20,690)
Non-Operating Receipts (Disbursements):		
State Support	6,152	6,560
County Support	2,400	2,400
Donations/Contributions	69,076	64,922
Investment Income	1,711	1,289
Debt Service	(69,030)	(66,015)
 Net Non-Operating Receipts (Disbursements)	 10,309	 9,156
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (51,082)	 (11,534)
 Cash Balance, Beginning of Year	 186,913	 198,447
 Cash Balance, End of Year	 \$135,831	 \$186,913

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

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**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 Scioto County Agricultural Society, Scioto County (the Society), as a body corporate and politic. The Society is a [county or independent] agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1908 to operate an annual agricultural fair. The Society sponsors the week-long Scioto County Fair during August. Scioto County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Scioto 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. Other year round activities at the fairgrounds including facility rental, ground, track and stall rental, and community events including Swap Days and poultry shows. The reporting entity does not include any other activities or entities of Scioto County, Ohio.

Notes 5 and 6, 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

This financial statement follows 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.

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

C. Deposits and Investments

The Society had one checking account and certificates of deposit.

D. Property, Plant, and Equipment

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

**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2010 AND 2009
(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.

2. DEPOSITS AND INVESTMENTS

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	\$29,181	\$80,759
Certificates of deposit	32,230	32,051
Money Market	74,420	74,103
Total deposits	135,831	186,913

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. DEBT

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
County Fair Facility Bonds	\$550,000	4.35-5.7%

Scioto County loaned the Society \$835,000 in as part of a various purpose bond issuance to provide funds for the construction of a Livestock Complex at the Scioto County Fairgrounds. The Society is responsible for payment to Scioto County for the bonds.

Amortization of the above debt is scheduled as follows:

	Year ending November 30:	Fair Facilities Bond	Interest	Total
2011		\$45,000	\$21,750	\$66,750
2012		50,000	19,950	69,950
2013		50,000	18,075	68,075
2014		50,000	16,200	66,200
2015		55,000	14,200	69,200
2016-2020		300,000	33,200	333,200
Total		\$550,000	\$123,375	\$673,375

**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

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

4. RISK MANAGEMENT

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Government's share of these unpaid claims collectible in future years is approximately \$29,358.

**SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY**

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

4. RISK MANAGEMENT (Continued)

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.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$21,387	\$22,255

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.

5. JUNIOR FAIR BOARD

The Junior Fair Board consists of 4-H, FFA, VICA, Boy and Girl Scouts and local school participants. Its activities are overseen by a four member 4-H advisory committee. The Fair Board's mission is to promote the interest of Scioto County youth through their exhibits and activities at the County Fair. The Junior Fair Board helps to facilitate events prior to and during the annual fair. The Junior Fair Board does not receive, disburse or hold cash and they do not have a bank account.

6. JUNIOR LIVESTOCK SALE COMMITTEE

The 4-H Market and Breeding Animal 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 Scioto County's auction. Monies to cover the cost of the large livestock auction are generated through a \$10 fee per sale of animal and are retained by the Committee. Monies to cover the cost of the poultry auction are generated through a 5% commission paid to the auctioneer. 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, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 12,175	\$ 14,998
Receipts	6,983	33,783
Disbursements	(11,222)	(36,606)
Ending Cash Balance	\$ 7,936	\$ 12,175



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

Scioto County Agricultural Society
Scioto County
P.O. Box 109
Lucasville, Ohio 45648

To the Board of Directors:

We have audited the financial statement of the Scioto County Agricultural Society, Scioto County, Ohio (the Society), as of and for the year ended November 30, 2010 and 2009, and have issued our report thereon dated April 25, 2011, wherein we noted the Society prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 statement, 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 statement 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 statement is 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 note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 25, 2011.

We intend this report solely for the information and use of management, the 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

April 25, 2011

SCIOTO COUNTY AGRICULTURAL SOCIETY
SCIOTO COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Inadequate supporting documentation for vending machine, utility, and donation receipts	Yes	

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SCIOTO AGRICULTURAL SOCIETY

SCIOTO 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
MAY 10, 2011**