



**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2007-2006



Mary Taylor, CPA
Auditor of State

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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Mary Taylor, CPA
Auditor of State

Ashland County Agricultural Society
Ashland County
2042 Claremont Avenue
Ashland, Ohio 44805

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

March 4, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ashland County Agricultural Society
Ashland County
2042 Claremont Avenue
Ashland, Ohio 44805

To the Board of Directors:

We have audited the accompanying financial statements of the Ashland County Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2007 and 2006. 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, 2007 and 2006 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, 2007 and 2006, 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 balances of the Ashland County Agricultural Society, Ashland County, Ohio, as of November 30, 2007 and 2006, and its combined 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 March 4, 2008, 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

March 4, 2008

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	2007	2006
Operating Receipts:		
Admissions	\$269,290	\$286,885
Privilege Fees	165,836	145,325
Rentals	176,106	154,757
Sustaining and Entry Fees	33,780	36,885
Pari-mutuel Wagering Commission	2,311	1,951
Other Operating Receipts	64,824	63,173
Total Operating Receipts	712,147	688,976
Operating Disbursements:		
Wages and Benefits	194,765	184,815
Utilities	61,364	55,110
Professional Services	128,394	114,827
Equipment and Grounds Maintenance	104,663	112,614
Race Purse	56,029	60,157
Senior Fair	37,517	30,974
Junior Fair	30,387	28,014
Capital Outlay	6,770	17,090
Other Operating Disbursements	133,368	133,930
Total Operating Disbursements	753,257	737,531
Deficiency of Operating Receipts Under Operating Disbursements	(41,110)	(48,555)
Non-Operating Receipts (Disbursements):		
State Support	29,044	29,155
County Support	31,800	23,300
Debt Proceeds	25,000	137,660
Donations/Contributions	26,389	25,954
Investment Income	336	356
Debt Service	(46,690)	(198,076)
Net Non-Operating Receipts (Disbursements)	65,879	18,349
Excess (Deficiency) of Receipts Over/(Under) Disbursements	24,769	(30,206)
Cash Balance, Beginning of Year	37,455	67,661
Cash Balance, End of Year	\$62,224	\$37,455

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

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**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006**

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 Ashland County Agricultural Society, Ashland 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 1851 to operate an annual agricultural fair. The Society sponsors the week-long Ashland County Fair during September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashland 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 and Junior Fair Board Activities. Other year round activities at the fairgrounds include facility rental, track and stall rental, community events and horse shows. The reporting entity does not include any other activities or entities of Ashland County, Ohio.

Note 7 summarizes the Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present 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. Cash and Investments

The Society had no investments as of November 30, 2007 and 2006.

D. 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.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Race Purse

Home Talent Stake races are held during the Ashland 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. In addition the Society contributes approximately \$500 to each Race Purse.

Sustaining and Entry Fees

Horse owners and the Home Talent Colt 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.

H. 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.

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

2. CASH

The carrying amount of cash at November 30, 2007 and 2006 follows:

	2007	2006
Demand deposits	\$62,129	\$37,360
Cash on hand	95	95
Total deposits and cash on hand	\$62,224	\$37,455

Deposits: Deposits up to \$100,000 are insured by the Federal Depository Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2007 and 2006, was \$17,696 and \$17,704, respectively, and is included as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statements, 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.

	2007	2006
Total Amount Bet (Handle)	\$ 11,391	\$ 9,662
Less: Payoff to Bettors	(9,080)	(7,711)
Pari-mutuel Wagering Commission	2,311	1,951
Tote Service Set Up Fee	(600)	(900)
Tote Service Commission	(875)	(538)
State Tax	(317)	(261)
Society Portion	\$ 519	\$ 252

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

4. DEBT

Debt outstanding at November 30, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sutton Bank Note	\$125,718	6.00%

The Sutton Bank Note was originally issued on November 17, 2006 for \$137,660 and bears an interest rate of 6%. The note proceeds were used to consolidate the Society's existing debt. This unsecured note matures November 17, 2016.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Sutton Bank Note	Interest	Total
2008	\$10,886	\$7,669	\$18,555
2009	11,570	6,985	18,555
2010	12,273	6,282	18,555
2011	13,020	5,535	18,555
2012	13,799	4,756	18,555
2013-2017	64,170	10,050	74,220
Total	\$125,718	\$41,277	\$166,995

In addition to the above debt, during 2006, the Society obtained a \$100,000 (maximum), 6.0 percent interest rate revolving bank line-of-credit. \$25,000 was borrowed and repaid during 2007 from this account. There was no outstanding line-of-credit balance at November 30, 2007.

5. RISK MANAGEMENT

The Ashland County Commissioners provide general insurance coverage for all the buildings on the Ashland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society's Secretary/Manager and Treasurer are bonded with coverage of \$60,000 each. 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.

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

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

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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, 2006 and 2005 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	<u>(15,875,741)</u>	<u>(15,994,168)</u>
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>
 <u>Property Coverage</u>	 <u>2006</u>	 <u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	<u>(863,163)</u>	<u>(1,068,245)</u>
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

At December 31, 2006 and 2005, respectively (the latest information available), casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, 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 \$34,322. 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.

Contributions to PEP

2005	\$20,243
2006	25,740
2007	17,161

The Society provides workers' compensation coverage on all employees through the State of Ohio workers' compensation fund. Coverage is currently in effect through December 31, 2007.

6. RELATED PARTY TRANSACTIONS

The Society rented tents and chairs from Rafeld Stover Variety Parties in the amounts of \$842 and \$1,065 during 2007 and 2006, respectively. Mark Rafeld is a Society board member and a partner in the Rafeld Stover business.

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee consists of seven separate subcommittees charged with running the Junior Livestock Auction. These subcommittees organize auctions for sheep and swine, dairy cattle, baby beef, rabbit and poultry, goat, market steer, and market steer born and raised. These auctions are held during fair week. Children may sell their animals directly to market or through the Ashland County's auction. The accompanying financial statements do not include the Junior Livestock Sale Committee's activities. The Junior Livestock Sale Committee's financial activity for the 2007 and 2006 program years follows:

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

7. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$22,101	\$30,261
Receipts	431,754	468,590
Disbursements	<u>(436,254)</u>	<u>(476,750)</u>
Ending Cash Balance	<u><u>\$17,601</u></u>	<u><u>\$22,101</u></u>

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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*

Ashland County Agricultural Society
Ashland County
2042 Claremont Avenue
Ashland, Ohio 44805

To the Board of Directors:

We have audited the financial statements of the Ashland County Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2007 and 2006, and have issued our report thereon dated March 4, 2008, wherein we noted the Society followed accounting practices the Auditor of State prescribes 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 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 certain matters that we reported to the Society's management in a separate letter dated March 4, 2008.

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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 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

March 4, 2008



Mary Taylor, CPA
Auditor of State

AGRICULTURE SOCIETY

ASHLAND 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 6, 2008