



**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2008-2007



Mary Taylor, CPA
Auditor of State

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balance For the Years Ended November 30, 2008 and 2007	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings	16

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 6, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the accompanying financial statements of the Richland County Agricultural Society, Richland County, Ohio, (the Society) as of and for the years ended November 30, 2008 and 2007. 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, 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 statements referred to above present fairly, in all material respects, the cash balances of the Richland County Agricultural Society, Richland County, Ohio, as of November 30, 2008 and 2007, 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 July 6, 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

July 6, 2009

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$207,423	\$200,050
Privilege Fees	108,739	105,150
Rentals	229,746	251,522
Sustaining and Entry Fees	44,060	48,050
Pari-mutuel Wagering Commission	5,629	6,060
Other Operating Receipts	39,368	44,013
 Total Operating Receipts	 634,965	 654,845
Operating Disbursements:		
Wages and Benefits	120,034	120,570
Utilities	148,340	153,932
Professional Services	106,853	128,031
Equipment and Grounds Maintenance	115,274	142,570
Race Purse	62,433	70,546
Senior Fair	26,264	27,936
Junior Fair	15,353	14,567
Capital Outlay	237,172	311,436
Other Operating Disbursements	139,055	123,564
 Total Operating Disbursements	 970,778	 1,093,152
Deficiency of Operating Receipts Under Operating Disbursements	(335,813)	(438,307)
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	198,479	205,322
Donations/Contributions	185,359	131,474
Sale of Assets	4,692	
Investment Income	449	2,830
Debt Service	(98,055)	(41,154)
 Net Non-Operating Receipts (Disbursements)	 317,072	 327,516
Deficiency of Receipts Under Disbursements	(18,741)	(110,791)
Cash Balance, Beginning of Year	24,344	135,135
Cash Balance, End of Year	\$5,603	\$24,344

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

This page intentionally left blank.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Richland County Agricultural Society, Richland 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 1850 to operate an annual agricultural fair. The Society sponsors the week-long Richland County Fair during August. During the fair, harness races are held, culminating in the running of the Northern Ohio Colt Stakes. Richland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Richland 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 a flea market and Christmas Wonderland. The reporting entity does not include any other activities or entities of Richland County, Ohio.

Notes 7 and 8, 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. Deposits

The Society has no investments. Cash consists of cash on hand, demand and other time deposits.

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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

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

Northern Ohio Colt Stakes stake races are held during the Richland 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 United States Trotting 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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

2. CASH AND DEPOSITS

The carrying amount of cash and deposits at November 2008 and 2007 was as follows:

	2008	2007
Demand deposits	(\$8,655)	(\$2,361)
Cash on hand	3,900	1,600
Other time deposits (savings account)	10,358	25,105
Total	\$5,603	\$24,344

Deposits: Deposits 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, 2008 and 2007 was \$26,148 and \$29,044, respectively, 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.

	2008	2007
Total Amount Bet (Handle)	\$ 27,596	\$ 29,741
Less: Payoff to Bettors	(21,967)	(23,681)
Parimutuel Wagering Commission	5,629	6,060
Tote Service Set Up Fee	(400)	(600)
Tote Service Commission	(2,666)	(2,768)
State Tax	(806)	(847)
Society Portion	\$ 1,757	\$ 1,845

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

4. DEBT

Debt outstanding at November 30, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
County Loan	\$383,333	4%

Richland County loaned the Society \$500,000 on August 1, 2007 to construct a new exhibition barn for poultry, expanding a bath and shower facility and improving water lines. The Society is to repay the loan in monthly installments of \$8,333.33 plus 4% interest.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2009	\$100,000	\$13,320	\$113,320
2010	100,000	9,500	109,500
2011	100,000	5,500	105,500
2012	83,333	1,708	85,041
Total	\$383,333	\$30,028	\$413,361

5. RISK MANAGEMENT

The Richland County Commissioners provide general insurance coverage for all the buildings on the Richland 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 \$1,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through January 31, 2009.

6. RELATED PARTY TRANSACTIONS

The Treasurer is the owner of a cabinet company which the Society did business with. The Society paid the Treasurer's company \$6,000 in 2008 for work performed.

7. 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 Richland County Fair. During 2008 and 2007, the Society disbursed \$10,000 and \$10,550, respectively, directly to the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursements. Richland County paid the Society \$500 and \$1,000 to support Junior Club work during 2008 and 2007, respectively. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2008 and 2007 follows:

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

7. JUNIOR FAIR BOARD (Continued)

	2008	2007
Beginning Cash Balance	\$10,726	\$7,887
Receipts	15,141	14,802
Disbursements	(20,645)	(11,963)
Ending Cash Balance	\$5,222	\$10,726

8. 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 Richland County's auction. A commission of 3 percent on auction sales covers 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 2007 follows:

	2008	2007
Beginning Cash Balance	\$26,677	\$37,609
Receipts	360,034	331,874
Disbursements	(353,159)	(342,806)
Ending Cash Balance	\$33,552	\$26,677

This page intentionally left blank.



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*

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the financial statements of the Richland County Agricultural Society, Richland County, Ohio, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated July 6, 2009, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above as finding number 2008-001 is also a material weakness.

We also noted certain matters that we reported to the Society's management in a separate letter dated July 6, 2009.

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 matter that we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated July 6, 2009.

The Society's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

July 6, 2009

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Material Weakness

Cash Reconciliation

A necessary step in the internal control over financial reporting is to reconcile the bank statement balance(s) to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement(s) balance and the cash and investment balances according to the entity's records at a specific point in time.

The Society did not sufficiently reconcile its cash balances on a monthly basis during fiscal years 2008 and 2007. The November 30, 2008 and 2007 reconciliations were not sufficiently completed until June 2009 and included unknown variances of \$280 and \$36, respectively. These insignificant amounts were adjusted to the financial statements.

Without complete, accurate and timely monthly bank reconciliations, the Society's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Society should perform complete monthly bank reconciliations in a timely manner. Also, the Treasurer should initial the bank reconciliation to indicate approval and a copy of the monthly bank reconciliation and listing of outstanding checks and other reconciling items should be provided to the Board each month for review. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

Official's Response: Bank statements are reconciled to the books on a monthly basis effective December 2008.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND 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	Cash Reconciliation – The Society did not have accurate reconciliations.	No	See Finding Number 2008-001.
2006-002	OAC 117-2-02(A) – The Society did not maintain supporting documentation for all receipts.	No	Comment repeated in the management letter.



Mary Taylor, CPA
Auditor of State

RICHLAND COUNTY AGRICULTURAL SOCIETY

RICHLAND 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 20, 2009**