



Dave Yost • Auditor of State

**AGRICULTURAL SOCIETY
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance - For the Years Ended November 30, 2010 and 2009	5
Notes to the Financial Statement.....	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 Prior Audit Findings	15

This page intentionally left blank.



Dave Yost • Auditor of State

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

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 statement 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 20, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Monroe 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 Agricultural Society, Monroe 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 20, 2011

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

	2010	2009
Operating Receipts:		
Admissions	\$100,080	\$84,214
Privilege Fees	21,005	18,473
Rentals	23,608	20,526
Sustaining and Entry Fees	26,561	23,817
Other Operating Receipts	7,834	9,740
Total Operating Receipts	179,088	156,770
Operating Disbursements:		
Wages and Benefits	4,831	4,242
Utilities	21,808	17,050
Professional Services	54,155	41,852
Equipment and Grounds Maintenance	30,368	31,670
Race Expenses	34,341	35,478
Senior Fair	5,315	3,870
Junior Fair	11,892	13,583
Contests	15,182	12,557
Insurance	13,498	14,211
Supplies and Materials	4,245	8,206
Advertising	6,295	5,059
Capital Outlay	1,458	1,386
Other Operating Disbursements	2,881	3,672
Total Operating Disbursements	206,269	192,836
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(27,181)	(36,066)
Non-Operating Receipts:		
State Support	22,419	23,704
County Support	10,000	9,370
Investment Income	251	368
Donations/Contributions	9,230	14,947
Other Financing Sources	833	1,577
Total Non-Operating Receipts	42,733	49,966
Excess of Receipts Over Disbursements	15,552	13,900
Cash Balance, Beginning of Year	53,817	39,917
Cash Balance, End of Year	\$69,369	\$53,817

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

This page intentionally left blank.

**AGRICULTURAL SOCIETY
MONROE 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 Agricultural Society, Monroe County (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 Monroe County Fair during August. During the fair, harness races are held, culminating in the running of the Speed Racing. Monroe County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Monroe 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Monroe 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's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

**AGRICULTURAL SOCIETY
MONROE 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.

F. Race Purse

Harness stake races are held during the Monroe 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 Southern Valley Colt Circuit 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.

2. DEPOSITS AND INVESTMENTS

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:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$59,163	\$43,643
Certificates of deposit	10,206	10,174
Total deposits	<u>\$69,369</u>	<u>\$53,817</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2010 and 2009 in the amount of \$22,419 and \$23,704 respectively, as State Support.

**AGRICULTURAL SOCIETY
MONROE 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 Society's share of these unpaid claims collectible in future years is approximately \$13,000.

**AGRICULTURAL SOCIETY
MONROE 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>	<u>2008</u>
\$13,074	\$14,036	\$11,121

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, 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 Monroe County Fair. The Society disbursed \$11,892 for 2010 and \$13,583 for 2009 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30 follows:

	2010	2009
Beginning Cash Balance	\$671	\$129
Receipts	1,615	2,141
Disbursements	(1,345)	(1,599)
Ending Cash Balance	\$941	\$671

**AGRICULTURAL SOCIETY
MONROE COUNTY**

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

6. 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 Monroe County's auction. A commission of 4 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 years ended November 30 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$14,875	\$15,446
Receipts	220,147	200,332
Disbursements	<u>(213,787)</u>	<u>(200,903)</u>
Ending Cash Balance	<u><u>\$21,235</u></u>	<u><u>\$14,875</u></u>

This page intentionally left blank.



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*

Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Monroe County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated May 20, 2011, 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 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 May 20, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 20, 2011

**AGRICULTURAL SOCIETY
MONROE 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	Material weakness in regards to no supporting documentation over admission receipts.	Yes	N/A.
2008-002	Material weakness in regards to lack of supporting documentation over grandstand ticket and season ticket sales.	Yes	N/A.
2008-003	Material weakness in regards to lack of supporting documentation over privilege fees.	Yes	N/A.

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

MONROE COUNTY AGRICULTURAL SOCIETY

MONROE 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
JUNE 21, 2011**