

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2010-2009**



**Dave Yost • Auditor of State**



PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY

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# Dave Yost • Auditor of State

Pickaway County Agricultural Society  
Pickaway County  
415 Lancaster Pike  
Circleville, OH 43113

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.

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

**Dave Yost**  
Auditor of State

June 29, 2011

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County Agricultural Society  
415 Lancaster Pike  
Circleville, OH 43113  
Pickaway County

To the Board of Directors:

We have audited the accompanying financial statements of Pickaway County Agricultural Society, Pickaway County, Ohio (the Society) as of and for the years ended November 30, 2010 and 2009. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

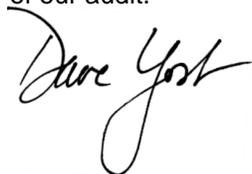
While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Pickaway County Agricultural Society, Pickaway 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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

June 29, 2011

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Admissions	\$ 89,391	\$ 92,885
Privilege Fees	38,924	41,558
Rentals	119,387	154,713
Sustaining and Entry Fees	19,440	23,675
Parimutuel Wagering Commission	1,058	1,592
Other Operating Receipts	21,262	25,934
Total Operating Receipts	289,462	340,357
<b>Operating Disbursements:</b>		
Wages and Benefits	35,019	38,184
Utilities	50,764	55,713
Professional Services	14,820	19,350
Equipment and Grounds Maintenance	58,311	62,731
Race Purse	36,094	43,665
Senior Fair	34,310	31,594
Junior Fair	7,780	8,755
Advertising	2,304	6,273
Rent/Lease	2,914	5,532
Capital Outlay	8,549	111,304
Other Operating Disbursements	51,480	58,418
Debt Retirement - Principal	7,600	7,600
Debt Retirement - Interest	1,085	1,428
Total Operating Disbursements	311,030	450,547
(Deficiency) of Operating Receipts Under Operating Disbursements	(21,568)	(110,190)
<b>Non-Operating Receipts (Disbursements) :</b>		
State Support	21,714	23,932
County Support	2,400	2,400
Other Restricted, Donations, Sponsorships & Promotions	9,622	29,524
Interest Income	187	579
Sale of Personal Property	-	850
Net Non-Operating Receipts (Disbursements)	33,923	57,285
Excess of Receipts Over (Under) Disbursements	12,355	(52,905)
Cash Balance, Beginning of Year	73,849	126,754
<b>Cash Balance, End of Year</b>	<b>\$ 86,204</b>	<b>\$ 73,849</b>

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

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**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Pickaway County Agricultural Society, Pickaway 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 1945 to operate an annual agricultural fair. The Society sponsors the week-long Pickaway County Fair during June. During the fair, harness races are held, culminating in the running of the Pickaway County Harness Racing Program. Pickaway County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Pickaway 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 the fair week. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events including flea markets. The reporting entity does not include any other activities or entities of Pickaway County, Ohio.

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

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

**B. Accounting Basis**

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

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. Accordingly, this basis does not record disbursements for investment purchases or receipts for investment sales. Gains or losses at the time of sale are recorded 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 statements do not report these items as assets.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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.

**G. Race Purse**

Pickaway County Harness stake races are held during the Pickaway 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports 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.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

**2. CASH**

The carrying amount of cash at November 30, 2010 and 2009 follows:

	2010	2009
Demand deposits	\$86,204	\$73,849
Total deposits	\$86,204	\$73,849

**Deposits:** The Federal Depository Insurance Corporation insures up to \$250,000 of the Society's bank balance.

**3. HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund to supplement the racing purse. The Society received \$21,714 and \$23,932 for fiscal year ended November 30, 2010 and 2009, respectively.

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.

	2010	2009
Total Amount Bet (Handle)	\$ 14,586	\$ 21,290
Less: Payoff to Bettors	(11,633)	(16,921)
Parimutuel Wagering Commission	2,953	4,369
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(1,294)	(1,946)
State Tax	(401)	(631)
Society Portion	\$ 1,058	\$ 1,592

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

**4. DEBT**

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
2007 Bank Note	\$15,200	4.50%
County Loan		
Total	\$15,200	

The Society received a loan through the Pickaway County Commissioners for \$38,000 with The Savings Bank in January 2007 for fairground improvements. This loan was originally received by the Commissioners Office and paid into the Capital Improvements fund and was subsequently paid out to the Society. The Society makes loan payments directly to The Savings Bank. The loan extends through January 2012 with an annual interest rate of 4.5 percent.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2011	7,600	684	\$8,968
2012	7,600	342	8,284
Total	\$15,200	\$1,026	\$17,252

**5. RISK MANAGEMENT**

The Society does not provide any benefits to its employees, other than workers compensation through the State of Ohio Workers Compensation Program.

The Pickaway County Commissioners provide general insurance coverage for all the buildings on the Pickaway County Fairgrounds pursuant to Ohio Revised Code § 1711.24. However, 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.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

**5. RISK MANAGEMENT (Continued)**

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 (latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
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 \$12,026.

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>2009</u>	<u>2008</u>
\$14,988	\$12,794

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.

**PICKAWAY COUNTY AGRICULTURAL SOCIETY  
PICKAWAY COUNTY**

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

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H and FFA, organization representatives, is responsible for the Junior Fair Division activities of the Pickaway County Fair. The Society disbursed \$7,780 in 2010 and \$8,755 in 2009 directly to the Junior Fair Board to support Junior Fair activities. These expenses are reflected as disbursements in the accompanying financial statements as Junior Fair operating disbursements. 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, 2010 and November 30, 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 558	\$ 1,195
Receipts	1,298	1,095
Disbursements	(1,159)	(1,732)
Ending Cash Balance	\$ 697	\$ 558

**7. JUNIOR LIVESTOCK 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 Pickaway County's auction. A commission is charged to cover 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, 2010 and November 30, 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 8,587	\$ 14,327
Receipts	263,132	255,696
Disbursements	(254,412)	(261,436)
Ending Cash Balance	\$ 17,307	\$ 8,587



# 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*

Pickaway County Agricultural Society  
Pickaway County  
415 Lancaster Pike  
Circleville, Ohio 43113

To the Board of Directors:

We have audited the financial statements of the Pickaway Agricultural Society, Pickaway County, Ohio (the Society) as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated June 29, 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 statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

June 29, 2011



# Dave Yost • Auditor of State

PICKAWAY COUNTY AGRICULTURAL SOCIETY

PICKAWAY 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  
JULY 21, 2011