



Dave Yost • Auditor of State

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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Dave Yost • 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.

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

Dave Yost
Auditor of State

July 29, 2011

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Dave Yost • 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, 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 the Richland County Agricultural Society, Richland County, Ohio, as of November 30, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As further described in Note 2, the Society restated its December 1, 2008 cash balance due to the exclusion of an investment account in the prior period.

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 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.



Dave Yost
Auditor of State

July 29, 2011

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

	2010	2009
Operating Receipts:		
Admissions	\$171,678	\$189,632
Privilege Fees	84,848	96,450
Rentals	243,574	218,607
Sustaining and Entry Fees	28,370	39,145
Pari-mutuel Wagering Commission	5,467	4,611
Other Operating Receipts	39,811	29,294
Total Operating Receipts	573,748	577,739
Operating Disbursements:		
Wages and Benefits	136,792	124,763
Utilities	111,815	122,739
Professional Services	99,919	113,717
Equipment and Grounds Maintenance	96,613	107,116
Race Purse	43,748	55,728
Senior Fair	24,411	26,732
Junior Fair	5,609	14,963
Capital Outlay	656	17,722
Other Operating Disbursements	120,583	116,858
Total Operating Disbursements	640,146	700,338
Deficiency of Operating Receipts Under Operating Disbursements	(66,398)	(122,599)
Non-Operating Receipts (Disbursements):		
State Support	22,192	23,704
County Support	3,300	3,300
Donations/Contributions	84,634	134,415
Investment Income	4,769	6,202
Debt Service	(19,654)	(19,816)
Net Non-Operating Receipts (Disbursements)	95,241	147,805
Excess of Receipts Over Disbursements	28,843	25,206
Cash Balance, Beginning of Year (Restated)	49,080	23,874
Cash Balance, End of Year	\$77,923	\$49,080

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

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**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND 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 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 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.

The Society's mutual fund investment is recorded at the fair market value.

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, 2010 AND 2009
(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 4 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 4 for additional information.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

2. RESTATEMENT OF PRIOR CASH FUND BALANCE

The Society's cash fund balance as previously reported at November 30, 2009 was understated \$18,271 due to the exclusion of a mutual fund investment account which was donated to the Society for scholarships. As such, the December 1, 2008 cash fund balance was adjusted from \$5,603 to \$23,874.

3. DEPOSITS AND INVESTMENTS

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

	2010	2009
Demand deposits	\$26,874	(\$4,894)
Cash on hand	5,320	3,260
Other time deposits (savings account)	16,764	26,480
Total deposits	48,958	24,846
Investment (mutual fund)	28,965	24,234
Total deposits and investments	\$77,923	\$49,080

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

Noncompliance: The mutual fund investment is uncollateralized includes investments in common stock of corporations which are not in accordance with Ohio Rev. Code Section 135.14(B).

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2010 and 2009 was \$22,192 and 23,704, 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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

4. HORSE RACING (Continued)

	2010	2009
Total Amount Bet (Handle)	\$ 26,392	\$ 22,578
Less: Payoff to Bettors	(20,925)	(17,967)
Pari-mutuel Wagering Commission	5,467	4,611
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(2,760)	(2,136)
State Tax	(821)	(651)
Society Portion	\$ 1,486	\$ 1,424

5. DEBT

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
County Loan	\$350,000	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 plus 4% interest.

Amortization of the above debt is scheduled as follows:

Year ending	County Loan	Interest	Total
November 30:			
2011	\$100,000	\$12,167	\$112,167
2012	100,000	8,167	108,167
2013	100,000	4,166	104,166
2014	50,000	583	50,583
Total	\$350,000	\$25,083	\$375,083

6. 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, 2011.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

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 2010 and 2009, the Society disbursed \$0 and \$10,000, 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 during 2010 and 2009 to support Junior Club work. 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 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 9,806	\$ 5,222
Receipts	11,897	11,287
Disbursements	(11,897)	(6,703)
Ending Cash Balance	\$ 9,806	\$ 9,806

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, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 34,649	\$ 33,552
Receipts	330,911	315,125
Disbursements	(351,645)	(314,028)
Ending Cash Balance	\$ 13,915	\$ 34,649

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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, 2010 and 2009, and have issued our report thereon dated July 29, 2011, wherein we noted the Society followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and wherein we noted the Society restated its December 1, 2008 cash fund balance. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-002 described in the accompanying schedule of findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated July 29, 2011.

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

July 29, 2011

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness/Noncompliance Finding:

Ohio Rev. Code Section 135.14(B) indicates the treasurer or governing board may invest or deposit any part or all of the interim moneys. The following classifications of obligations shall be eligible for such investment or deposit:

1. United States treasury bills, notes, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section.

In prior years, the Society invested a donation of \$7,000 in a mutual fund investment account which invests in, among other things, common stock of corporations. As of November 30, 2010, this investment account was still open and valued at \$28,965. However, this activity was never recorded on the Society's books. Therefore, an adjustment was made to the December 1, 2008 beginning cash balance in the amount of \$18,271, to record the activity on the Society's financial statements and accounting records. For 2010 and 2009, adjustments of \$4,731 and \$5,962 were made to the financial statements and Society's accounting records to record interest earnings. In addition to not recording the investment, a mutual fund which invests in corporate common stock is not an eligible investment for the Society, based on the Revised Code Section noted above.

The Society should include all cash and investment account activity and balances in their accounting records and on their financial statements. This will help management better monitor the Society's financial position and will aid in more accurate financial reporting. Additionally, since the mutual fund investment does not comply with Ohio Revised Code requirements, the Society should divest themselves of the mutual fund investment account when it is economically feasible and place these funds in eligible investments.

Officials' Response: We still are not sure how this donation came to the Society, whether it was a cash donation or as a donation of the investment. At the present time we will leave this money in the investment account. We realize the potential loss in value with this type of investment, but the initial investment of \$7,000 has grown to \$28,965.

FINDING NUMBER 2010-002

Significant Deficiency/Noncompliance Finding:

Ohio Admin Code Section 117-2-02(A) requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and record its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements.

Failure to maintain accounting records sufficient to identify, assemble, analyze, classify, record and report its transaction could result in the Society not having accurate reconciliations, which could lead to overspending and other accounting errors.

Our testing noted the following:

- For admissions and other receipts, 31 percent of the receipts tested had either incorrectly completed or partially completed ticket sale tally sheets. This does not allow the Society to ensure the correct amount of cash is being collected at each gate.
- For privilege fees, credit card receipts do not have a duplicate receipt issued. This does not allow management to easily ensure credit card receipts are being entered correctly in the revenue ledger.

The Society should ensure the ticket sale tally sheets are correctly completed in their entirety. For ticket sales online, the Society should print out a report or maintain documentation to support the receipt amount. For other credit card receipts, the Society should issue duplicate receipts. This will help ensure proper accountability and verify the existence of all receipts.

Officials' Response: Admission receipts has been and will continue to be an area of concern. We will continue to monitor the situation. Duplicate receipts are now being issued for credit card receipts.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND 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 – Cash Reconciliation – The Society did not sufficiently reconcile its cash balances on a monthly basis during fiscal years 2008 and 2007.	Yes	Finding No Longer Valid.

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Dave Yost • Auditor of State

RICHLAND 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 18, 2011**