



Mary Taylor, CPA
Auditor of State

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance For the Years Ended November 30, 2006 and 2005.....	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>	11
Schedule of Findings.....	13

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Mary Taylor, CPA

Auditor of State

Tuscarawas County Agricultural Society
Tuscarawas County
259 S. Tuscarawas Avenue
Dover, Ohio 44622

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 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 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 19, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas County Agricultural Society
Tuscarawas County
259 S. Tuscarawas Avenue
Dover, Ohio 44622

To the Board of Directors:

We have audited the accompanying financial statements of the Tuscarawas County Agricultural Society, Tuscarawas County, Ohio, (the Society) as of and for the years ended November 30, 2006 and 2005. 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005, 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 Tuscarawas County Agricultural Society, Tuscarawas County, Ohio, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the years ended November 30, 2006 and 2005. 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 October 19, 2007, 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.



Mary Taylor, CPA
Auditor of State

October 19, 2007

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$317,283	\$337,692
Privilege Fees	62,114	65,536
Rentals	73,870	75,219
Sustaining and Entry Fees	47,790	51,585
Parimutuel Wagering Commission	3,365	4,086
Other Operating Receipts	49,141	48,562
 Total Operating Receipts	 553,563	 582,680
Operating Disbursements:		
Wages and Benefits	48,004	42,735
Utilities	52,326	51,072
Professional Services	144,433	161,648
Equipment and Grounds Maintenance	96,811	95,463
Race Purse	74,703	80,543
Senior Fair	92,181	64,999
Junior Fair	17,032	19,517
Capital Outlay	46,383	21,872
Other Operating Disbursements	62,645	53,229
 Total Operating Disbursements	 634,518	 591,078
Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	(80,955)	(8,398)
Non-Operating Receipts (Disbursements):		
State Support	29,154	32,044
County Support	5,000	5,000
Debt Proceeds	10,000	5,000
Donations/Contributions	28,224	16,891
Investment Income	305	112
Debt Service	(34,442)	(29,342)
 Net Non-Operating Receipts (Disbursements)	 38,241	 29,705
Excess (Deficiency) of Receipts Over (Under) Disbursements	(42,714)	21,307
Cash Balance, Beginning of Year	61,124	39,817
Cash Balance, End of Year	\$18,410	\$61,124

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

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**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 Tuscarawas County Agricultural Society, Tuscarawas 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 Tuscarawas County Fair during September. During the fair, harness races are held. Tuscarawas County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 13 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Tuscarawas County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and Junior Fair Board activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows and swap meets. The reporting entity does not include any other activities or entities of Tuscarawas County, Ohio.

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 Tuscarawas County Fair. The accompanying financial statements include the activities of the Junior Fair Board.

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

B. Basis of Accounting

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Cash and Investments

The Society did not have any investments during the audit period.

D. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(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

Stake races are held during the Tuscarawas County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses. In addition, the Society contributes to each race purse.

Sustaining and Entry Fees

Horse owners and Home Talent Colt Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

H. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$18,410	\$61,124

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

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, 2006 and 2005 was \$21,704 and \$24,304 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.

	2006	2005
Total Amount Bet (Handle)	\$16,569	\$20,071
Less: Payoff to Bettors	(13,204)	(15,985)
Parimutuel Wagering Commission	3,365	4,086
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(1,381)	(1,766)
State Tax	(463)	(543)
Society Portion	\$921	\$1,177

4. DEBT

Debt outstanding at November 30, 2006 was as follows:

	Principal	Interest Rate
County Loan	\$ 315,250	0.00%

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT (Continued)

The Tuscarawas County loaned the Society \$485,000 on January 27, 1999 for the purchase of land. The Society must repay the loan to the County at a rate of twenty-four thousand two-hundred-fifty dollars (\$24,250) per year.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	County Loan
2007	\$24,250
2008	24,250
2009	24,250
2010	24,250
2011	24,250
2012 - 2016	121,250
2017 - 2019	72,750
Total	<u><u>\$315,250</u></u>

Also, during 2006 and 2005, the Society drew \$10,000 and \$5,000, respectively on their First National Bank of Dennison line of credit. The debt was repaid in full within the same year.

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2006.

6. RISK MANAGEMENT

The Tuscarawas County Commissioners provide health insurance coverage for one full-time employee. The Commissioners also provide general insurance coverage for all the buildings on the Tuscarawas County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society has its own employee dishonesty bonds with limits of liability for the Secretary/Treasurer and Board Member handling the Fair's gate admissions with limit of \$15,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through December 2006.

7. RELATED PARTY TRANSACTIONS

A Board member is manager of Buehler's Food Markets, Inc. The Society made purchases to the establishment during fiscal years 2005 and 2006 in the amount of \$819.68 and \$2,097.55 respectively. Another Board Member is employed by Stocker Trucking. The Society made purchases to the establishment during both fiscal year 2005 and 2006 in the amount of \$151.05 and \$442.17 respectively.



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*

Tuscarawas County Agricultural Society
Tuscarawas County
259 S. Tuscarawas Avenue
Dover, Ohio 44622

To the Board of Directors:

We have audited the financial statements of the Tuscarawas County Agricultural Society, Tuscarawas County, Ohio, (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated October 19, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes or permits 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 opinions 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 Number 2006-001 described in the 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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, the significant deficiency described above is also a material weakness.

We also noted certain matters related to internal control over financial reporting that we reported to the Society's management in a separate letter dated October 19, 2007.

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 did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated October 19, 2007.

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 19, 2007

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, an error was noted in the financial statements that required audit adjustment.

During 2006 and 2005, the Society's Fair Premium Bank Account was initially excluded from the monthly bank reconciliations and financial statement activity. The Society typically writes a check from the general checking account to the Fair Premium Bank Account for awards and prizes. To account for this activity in 2006 and 2005, the Donations and Contributions receipt line-item and the Operating Disbursement, Senior Fair expenditure line-item, respectively, was adjusted by \$37,866 and \$37,229.

Sound financial reporting is the responsibility of the Secretary/Treasurer and Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Society's financial statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the statements by the Secretary/Treasurer and Board of Directors, to identify and correct errors and omissions. The Society should include the Fair Premium Bank Account and monthly receipt/expenditure activity in the Annual Financial Report. This will help ensure the Society's financial statements are complete and accurate.

Officials' Response: The Society has elected not to respond.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

TUSCARAWAS 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
DECEMBER 18, 2007**