



Mary Taylor, CPA
Auditor of State

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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Mary Taylor, CPA
Auditor of State

Carroll County Agricultural Society
Carroll County
P. O. Box 263
Carrollton, Ohio 44615

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.

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Mary Taylor, CPA
Auditor of State

January 5, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Carroll County Agricultural Society
Carroll County
P. O. Box 263
Carrollton, Ohio 44615

To the Board of Directors:

We have audited the accompanying financial statements of Carroll County Agricultural Society, Carroll County, (the Society) as of and for the years ended November 30, 2008 and 2007. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Carroll County Agricultural Society, Carroll County, as of November 30, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2010, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 5, 2010

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$139,330	\$158,072
Privilege Fees	59,865	61,278
Rentals	10,305	7,764
Sustaining and Entry Fees	21,981	25,622
Parimutuel Wagering Commission	374	332
Other Operating Receipts	33,804	23,381
 Total Operating Receipts	 265,659	 276,449
Operating Disbursements:		
Wages and Benefits	47,490	41,496
Utilities	26,420	25,239
Professional Services	74,926	88,096
Equipment and Grounds Maintenance	20,769	31,045
Race Purse	41,280	48,299
Senior Fair	7,616	10,646
Junior Fair	12,261	12,486
Capital Outlay		8,507
Other Operating Disbursements	85,040	78,069
 Total Operating Disbursements	 315,802	 343,883
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (50,143)	 (67,434)
Non-Operating Receipts (Disbursements):		
State Support	26,348	29,044
County Support	20,000	20,000
Donations/Contributions	61,836	37,947
Investment Income	804	194
Debt Service	(14,304)	(15,802)
 Net Non-Operating Receipts (Disbursements)	 94,684	 71,383
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 44,541	 3,949
 Cash Balance, Beginning of Year	 41,596	 37,647
 Cash Balance, End of Year	 \$86,137	 \$41,596

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

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**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll County Agricultural Society, Carroll 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 Carroll County Fair during July. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Carroll County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 14 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Carroll 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 simulcast relating to harness racing. 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 Carroll 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

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 prescribes or permits.

C. Deposits and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. 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.

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Home Talent Colt Stakes stake races are held during the Carroll 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 Home Talent Colt Stakes 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.

G. 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.

2. DEPOSITS AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$86,137	\$41,596

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

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2008 and 2007 was \$26,348 and \$29,044, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2008	2007
Total Amount Bet (Handle)	\$ 9,987	\$ 10,109
Less: Payoff to Bettors	(7,973)	(8,127)
Parimutuel Wagering Commission	2,014	1,982
Tote Service Set Up Fee	(500)	(600)
Tote Service Commission	(872)	(808)
Refunds		(14)
State Tax	(268)	(228)
Society Portion	\$ 374	\$ 332

4. DEBT

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Note Payable for Land Purchase	\$99,030	variable

The Land Purchase Loan bears a variable interest rate and is due to Sky Bank Corporation. The note was entered into on May 28, 2002 and matures June 28, 2017. Proceeds of the note were used to purchase additional property and payoff old debt. The rate at November 30, 2006 was 7.25%, therefore the amortization schedule will be based on that rate.

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

4. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Property Note
2009	13,538
2010	13,538
2011	13,538
2012	13,538
2013	13,538
2014 - 2017	40,614
Total	<u><u>\$108,304</u></u>

5. RISK MANAGEMENT

The Carroll County Commissioners provide general insurance coverage for all the buildings on the Carroll County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's employees are bonded with coverage of \$10,000.

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

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FHA, Boy Scout, and Girl Scout organization representatives, is responsible for the Junior Fair Division activities of the Carroll County Fair. The Junior Fair Board activity is accounted for within the accounting records of the Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair Division to the extent necessary each year.

7. 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 Carroll County's auction. A commission of 2% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$ 5,014	\$ 4,870
Receipts	169,181	178,417
Disbursements	<u>(168,254)</u>	<u>(178,273)</u>
Ending Cash Balance	\$ 5,941	\$ 5,014

**CARROLL COUNTY AGRICULTURAL SOCIETY
CARROLL COUNTY**

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

8. SUBRECIPIENT AGREEMENT

On September 22, 2008, the Society entered into a sub-recipient agreement with Carroll County Commissioners as the County has received a \$294,000 Housing and Urban Development (HUD) Community Development Block Grant (CDBG) to provide assistance to the Society for the development of a community center at the grandstand area of the Carroll County Fairgrounds.

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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*

Carroll County Agricultural Society
Carroll County
P. O. Box 263
Carrollton, Ohio 44615

To the Board of Directors:

We have audited the financial statements of the Carroll County Agricultural Society, Carroll County, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated January 5, 2010, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

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.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Society's management in a separate letter dated January 5, 2010.

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 a certain noncompliance or other matter that we reported to the Society's management in a separate letter dated January 5, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 5, 2010



Mary Taylor, CPA
Auditor of State

CARROLL COUNTY AGRICULTURAL SOCIETY

CARROLL 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
FEBRUARY 18, 2010**