



Mary Taylor, CPA
Auditor of State

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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Mary Taylor, CPA
Auditor of State

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

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.

Mary Taylor

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Auditor of State

October 8, 2010

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the accompanying financial statements of Mahoning County Agricultural Society, Mahoning County, (the Society) as of and for the years ended November 30, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, 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 Mahoning County Agricultural Society, Mahoning County, as of November 30, 2009 and 2008, 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 October 8, 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.

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Mary Taylor, CPA
Auditor of State

October 8, 2010

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

	2009	2008
Operating Receipts:		
Admissions	\$1,578,470	\$1,723,414
Privilege Fees	817,950	827,665
Rentals	335,399	355,710
Sustaining and Entry Fees	22,723	26,718
Parimutuel Wagering Commission	6,458	5,670
Other Operating Receipts	202,459	211,658
 Total Operating Receipts	 2,963,459	 3,150,835
Operating Disbursements:		
Wages and Benefits	877,910	898,111
Utilities	252,520	249,941
Professional Services	670,331	801,224
Equipment and Grounds Maintenance	76,288	76,532
Race Purse	70,403	73,336
Senior Fair	131,748	122,743
Junior Fair	51,096	52,793
Capital Outlay	204,892	204,019
Other Operating Disbursements	551,833	593,745
 Total Operating Disbursements	 2,887,021	 3,072,444
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 76,438	 78,391
Non-Operating Receipts (Disbursements):		
State Support	23,704	26,148
Investment Income	32,507	47,424
Debt Service	(753)	(4,595)
 Net Non-Operating Receipts (Disbursements)	 55,458	 68,977
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 131,896	 147,368
 Cash Balance, Beginning of Year	 1,769,736	 1,622,368
 Cash Balance, End of Year	 \$1,901,632	 \$1,769,736

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

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**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008**

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 Mahoning County Agricultural Society, Mahoning 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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August/September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Mahoning County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 17 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mahoning 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. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including Joe and Ed's Swap Meet and horse shows. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth Organization representative, is responsible for the Junior Fair Division activities of the Society. All Junior Fair Board activity is included in the Society's financial statements.

Note 6 summarize the 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 values certificates of deposit at cost.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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

Home Talent Colt stake races are held during the Canfield 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 Canfield Horseman's 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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

2. DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2009 and 2008 was as follows:

	2009	2008
Demand deposits	\$1,541,863	\$1,421,082
Certificates of deposit	359,769	348,654
Total deposits	1,901,632	1,769,736

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. 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, 2009 and 2008 was \$16,144 and \$17,848, 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.

	2009	2008
Total Amount Bet (Handle)	\$ 36,962	\$ 32,477
Less: Payoff to Bettors	(29,523)	(25,959)
Parimutuel Wagering Commission	7,439	6,518
Tote Service Set Up Fee	(600)	(800)
Tote Service Commission	(3,515)	(2,922)
Refund of Admission	(14)	(77)
State Tax	(981)	(848)
Society Portion	\$ 2,329	\$ 1,871

4. RETIREMENT SYSTEM

In December 1998 the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is entirely funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3% of their compensation for the year, not to exceed \$6,000.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

5. RISK MANAGEMENT

The Mahoning County Commissioners provide general insurance coverage for all the buildings on the Canfield Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$5,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$9,000,000. The Society's fair manager is bonded with coverage of \$12,400.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2010.

6. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Mahoning County's auction. A commission of 1 percent on auction sales per head for steer and 2 percent per head for all other animals 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, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$ 29,241	\$ 18,968
Receipts	256,068	629,657
Disbursements	(255,300)	(619,384)
Ending Cash Balance	\$ 30,009	\$ 29,241

7. WESTERN RESERVE VILLAGE

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the Agricultural Society. However, maintenance and improvements of these structures are performed by the Western Reserve Village Board. This Board receives donations from people visiting the Village to help with maintenance and improvement of these structures. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the years ended November 30, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$ 50,077	\$ 52,244
Receipts	5,280	6,805
Disbursements	(19,295)	(8,972)
Ending Cash Balance	\$ 36,062	\$ 50,077

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

8. VETERANS MEMORIAL BUILDING

The Veterans Memorial Building is also located on the fairgrounds. The building is owned by the Agricultural Society. However, the maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters into with various branches of the U.S. Armed Services and veterans groups to set up displays, encampments and exhibits on the grounds around the building. The accompanying financial statements do not include the activities of the Veterans Memorial Building.

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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*

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the financial statements of the Mahoning County Agricultural Society, Mahoning County, (the Society) as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated October 8, 2010. 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*.

Mahoning County Agricultural Society
Mahoning County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, and Board of Directors. We intend it for no one other than these specified parties.

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Mary Taylor, CPA
Auditor of State

October 8, 2010



Mary Taylor, CPA
Auditor of State

MAHONING COUNTY AGRICULTURAL SOCIETY

MAHONING 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
NOVEMBER 4, 2010**