



Mary Taylor, CPA
Auditor of State

STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2008 and 2007	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Prior Audit Findings.....	15

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Stark County Agricultural Society
Stark County
P.O. Box 80279
Canton, Ohio 44708-0279

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

November 3, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Stark County Agricultural Society
Stark County
P.O. Box 80279
Canton, Ohio 44708-0279

To the Board of Directors:

We have audited the accompanying financial statements of the Stark County Agricultural Society, Stark County, Ohio, (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 the Stark County Agricultural Society, Stark 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 November 3, 2009, 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

November 3, 2009

**STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$572,829	\$615,332
Privilege Fees	197,063	191,018
Rentals	191,254	183,368
Sustaining and Entry Fees	32,740	35,920
Parimutuel Wagering Commission	3,572	4,492
Other Operating Receipts	67,481	70,659
Total Operating Receipts	1,064,939	1,100,789
Operating Disbursements:		
Wages and Benefits	216,678	196,468
Utilities	98,768	97,070
Professional Services	266,955	256,457
Equipment and Grounds Maintenance	192,246	182,144
Race Purse	54,625	62,143
Senior Fair	103,681	91,215
Junior Fair	64,031	55,693
Capital Outlay	290,130	28,781
Other Operating Disbursements	150,679	121,971
Total Operating Disbursements	1,437,793	1,091,942
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(372,854)	8,847
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	44,900	45,000
Donations/Contributions	309,070	129,453
Investment Income	4,976	1,540
Debt Service	(47,403)	(46,962)
Net Non-Operating Receipts (Disbursements)	337,691	158,075
Excess (Deficiency) of Receipts Over (Under) Disbursements	(35,163)	166,922
Cash Balance, Beginning of Year	196,626	29,704
Cash Balance, End of Year	\$161,463	\$196,626

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

This page intentionally left blank.

**STARK COUNTY AGRICULTURAL SOCIETY
STARK 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 Stark County Agricultural Society, Stark 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 1849 to operate an annual agricultural fair. The Society sponsors the week-long Stark County Fair during August/September. Stark County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Stark 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 and community events including the Stark County Italian-American Festival and the Pro Football Hall of Fame Ribs Burn Off. The reporting entity does not include any other activities or entities of Stark 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. Cash

The Society maintains monies in a checking account, money market savings, and certificate of deposit.

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.

**STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

F. Race Purse

Home Talent Colt stake races are held during the Stark County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund, and the Society also contributes an additional amount for the Race Purse to winning horses.

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.

2. DEPOSITS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$41,291	\$41,829
Certificates of deposit	100,000	
Money Market	20,172	154,797
Total deposits	<u>\$161,463</u>	<u>\$196,626</u>

**STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY**

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

2. DEPOSITS (Continued)

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

At November 30, 2007, \$106,512 of deposits were not insured or collateralized. All of the 2008 balance was insured.

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 were \$13,848 and \$17,696, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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)	\$17,816	\$22,332
Less: Payoff to Bettors	(14,244)	(17,840)
Parimutuel Wagering Commission	3,572	4,492
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(1,761)	(2,276)
State Tax	(462)	(591)
Society Portion	\$949	\$1,225

4. DEBT

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Note Payable for Office Building	\$14,817	6.79%

The \$182,284 Office Building Note bears a variable interest rate of 6.79% and is due to the Key Bank National Association. The note, which is secured by an open-end mortgage, was entered into on May 21, 2004 and matures March 23, 2009. Proceeds of the note were used to construct an office building and are collateralized by the building.

**STARK COUNTY AGRICULTURAL SOCIETY
STARK 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:	Building Note
<u>2009</u>	<u>\$14,817</u>

5. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through McKinley Life insurance company.

The Stark County Commissioners provide general insurance coverage for all the buildings on the Stark County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability with limits of \$5,000,000 in the aggregate and \$1,000,000 per each occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Office and Grounds Administrator and Treasurer are bonded with coverage of \$20,000 each.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 28, 2010.

6. RELATED PARTY TRANSACTIONS

Caretaker owns a company which sold concessions at the fairgrounds during the fair. The Caretaker paid the Society \$1,204 and \$400, during 2008 and 2007, respectively for that right.

The Caretaker Owns a company which received \$1,700 in 2007 from the Society for cleaning the grandstands during the 2007 fair week.

The Caretaker and a Board member also rent horse stables from the Society

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 Stark County Fair. The Society disbursed no monies directly to the Junior Fair Board and \$64,031 and \$55,693 for 2008 and 2007, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Stark County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$21,502	\$17,350
Receipts	28,687	22,695
Disbursements	<u>(33,362)</u>	<u>(18,543)</u>
Ending Cash Balance	<u><u>\$16,827</u></u>	<u><u>\$21,502</u></u>

**STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY**

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

8. JUNIOR LIVESTOCK SALE COMMITTEE

The individual Junior Livestock Committees (i.e. the Beef Committee, the Swine Committee, etc.) are separate committees 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 Stark County Agricultural Society's auction. A commission on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include this activity. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$46,471	\$42,796
Receipts	708,324	715,089
Disbursements	<u>(707,265)</u>	<u>(711,414)</u>
Ending Cash Balance	<u><u>\$47,530</u></u>	<u><u>\$46,471</u></u>

This page intentionally left blank.



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*

Stark County Agricultural Society
Stark County
P.O. Box 80279
Canton, Ohio 44708-0279

To the Board of Directors:

We have audited the financial statements of the Stark County Agricultural Society, Stark County, Ohio, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated November 3, 2009, 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. 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 November 3, 2009.

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 November 3, 2009.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 3, 2009

**STARK COUNTY AGRICULTURAL SOCIETY
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Significant Deficiency - Numerous errors in the various Jr. Fair Livestock Committee bank reconciliations and financial reports	Yes	Finding No Longer Valid
2006-002	Material Weakness - The Society's yearend report did not reconcile to the bank statements for the year ended November 30, 2005	No	Partially Corrected; The Society still had immaterial differences between the yearend reconciliation and the report for years ended November 30, 2008 and 2007. A verbal comment was made.
2006-003	Material Weakness - Documentation was not maintained for the accountability of the ticket seller, Documentation was not maintained for the total number of complimentary tickets issued. Documentation was not maintained to properly account for grandstand tickets.	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

STARK 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 10, 2009**