



Mary Taylor, CPA
Auditor of State

**PORTAGE COUNTY AGRICULTURAL SOCIETY
PORTAGE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balance - 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>	11

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Mary Taylor, CPA
Auditor of State

Portage County Agricultural Society
Portage County
PO Box 213
Randolph, Ohio 44265-0213

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

March 23, 2010

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Portage County Agricultural Society
Portage County
PO Box 213
Randolph, Ohio 44265-0213

To the Board of Directors:

We have audited the accompanying financial statements of Portage County Agricultural Society, Portage 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 Portage County Agricultural Society, Portage County, as of November 30, 2008 and 2007, and its 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 March 23, 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

March 23, 2010

**PORTAGE COUNTY AGRICULTURAL SOCIETY
PORTAGE COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$427,133	\$267,606
Privilege Fees	160,992	144,648
Rentals	117,689	109,674
Other Operating Receipts	148,231	166,596
Total Operating Receipts	854,045	688,524
Operating Disbursements:		
Wages and Benefits	148,199	126,356
Utilities	74,869	62,562
Professional Services	119,262	106,032
Equipment and Grounds Maintenance	90,235	90,082
Senior Fair	46,948	43,607
Junior Fair	19,645	17,985
Capital Outlay	191,791	122,333
Other Operating Disbursements	267,979	265,329
Total Operating Disbursements	958,928	834,286
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(104,883)	(145,762)
Non-Operating Receipts (Disbursements):		
State Support	7,300	6,348
County Support	3,300	3,300
Investment Income	17,685	36,695
Net Non-Operating Receipts (Disbursements)	28,285	46,343
Excess (Deficiency) of Receipts Over (Under) Disbursements	(76,598)	(99,419)
Cash Balance, Beginning of Year	752,163	851,582
Cash Balance, End of Year	\$675,565	\$752,163

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

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**PORTAGE COUNTY AGRICULTURAL SOCIETY
PORTAGE 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 Portage County Agricultural Society, Portage 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 1803 to operate an annual agricultural fair. The Society sponsors the week-long Randolph Fair during August. During the fair, Portage County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Portage 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. Other year-round activities at the fairgrounds include facility rentals, grounds rentals and storage rentals. The reporting entity does not include any other activities or entities of Portage County, Ohio.

Notes 4 and 5, 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 values certificates of deposit at cost.

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.

**PORTAGE COUNTY AGRICULTURAL SOCIETY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(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. Budgetary Process

The Board of Director annually prepares an operating budget of estimated disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

2. 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 and investments at November 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$520,707	\$602,462
Certificates of deposit	154,858	149,701
Total deposits	<u>675,565</u>	<u>752,163</u>

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

3. RISK MANAGEMENT

The Portage County Commissioners provide general insurance coverage for all the buildings on the Portage 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 \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's general manager is 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 August 2009.

**PORTAGE COUNTY AGRICULTURAL SOCIETY
PORTAGE COUNTY**

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

4. 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 Portage County Fair. The Society disbursed \$19,645 and \$17,985 in 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. Portage County paid the Society \$3,300 in 2008 and 2007 to support Junior Club work. All Junior Fair Board activity is accounted for in the Portage County Agricultural Society bank accounts.

5. 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 Portage County's auction. Monies to cover the cost of the auction are generated through a 1.5% commission per head for steer, 4% for pigs and lambs, and a 5% commission per head for all other animals, assessed on the auction price and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$ 23,639	\$ 29,662
Receipts	305,198	283,072
Disbursements	(288,702)	(289,095)
Ending Cash Balance	\$ 40,135	\$ 23,639

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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*

Portage County Agricultural Society
Portage County
PO Box 213
Randolph, Ohio 44047

To the Board of Directors:

We have audited the financial statements of the Portage County Agricultural Society, Portage County, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated March 23, 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.

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 March 23, 2010.

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.

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

Mary Taylor, CPA
Auditor of State

March 23, 2010



Mary Taylor, CPA
Auditor of State

PORTAGE COUNTY AGRICULTURAL SOCIETY

PORTAGE 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
MAY 6, 2010**