



**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2009-2008**



**Mary Taylor, CPA**  
Auditor of State



**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2009 and 2008 .....	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 Findings.....	15
Schedule of Prior Audit Findings .....	18

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Mary Taylor, CPA  
Auditor of State

Summit County Agricultural Society of Ohio  
Summit County  
P.O. Box 89  
Tallmadge, Ohio 44278

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*

**Mary Taylor, CPA**  
Auditor of State

March 19, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Summit County Agricultural Society  
Summit County  
P.O. Box 89  
Tallmadge, Ohio 44278

To the Board of Directors:

We have audited the accompanying financial statements of the Summit County Agricultural Society, Summit County, Ohio, (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. The Society has not fully paid the Auditor of State for services provided more than one year prior to our opinion date. AICPA Code of Professional Conduct, ET Section 191 considers this circumstance to impair an auditor's independence. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Ohio Revised Code § 117.13 also includes provisions to collect unpaid audit fees including negotiating a schedule for payment of the amount due, seeking payment through the office of budget and management or through the county auditor of the county in which the local public office is located. 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 the Summit County Agricultural Society, Summit County, as of November 30, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has incurred late fees, overdraft charges, and as described in Note 7 has failed to remit certain payroll taxes to the appropriate authorities for the last two years. Additionally, the net indebtedness exceeds the amount allowed by the Ohio Revised Code. Management's plans to raise additional revenues and control certain disbursements are described in Note 9.

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 19, 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.



**Mary Taylor, CPA**  
Auditor of State

March 19, 2010



**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>Operating Receipts:</b>		
Admissions	\$ 139,126	\$ 148,735
Privilege Fees	71,310	71,795
Rentals	146,843	128,170
Sustaining and Entry Fees	80,800	91,500
Parimutuel Wagering Commission	19,017	21,945
Utilities	17,304	17,810
Other Operating Receipts	68,878	58,210
 Total Operating Receipts	 543,278	 538,165
 <b>Operating Disbursements:</b>		
Wages and Benefits	123,735	109,578
Utilities	37,807	39,393
Professional Services	50,528	48,455
Equipment and Grounds Maintenance	111,533	127,726
Race Purse	107,088	112,908
Senior Fair	51,858	54,866
Junior Fair	15,603	12,582
Capital Outlay	864	-
Advertising	17,834	22,840
Other Operating Disbursements	57,638	66,008
 Total Operating Disbursements	 574,488	 594,356
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (31,210)	 (56,191)
 <b>Non-Operating Receipts (Disbursements):</b>		
State Support	23,704	26,148
Donations/Contributions	11,473	18,897
Investment Income	14	168
Sale of Assets	-	2,346
 Net Non-Operating Receipts (Disbursements)	 35,191	 47,559
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 3,981	 (8,632)
 Cash Balance, Beginning of Year	 12,963	 21,595
 <b>Cash Balance, End of Year</b>	 <b>\$ 16,944</b>	 <b>\$ 12,963</b>

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

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**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
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 Summit County Agricultural Society, Summit 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 1957 to operate an annual agricultural fair. The Society sponsors the week-long Summit County Fair during July. During the fair, harness races are held. Summit County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Summit 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, stall rental, and community events including horse shows. The reporting entity does not include any other activities or entities of Summit County, Ohio.

Notes 8 summarize the Junior Fair Board'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. 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.

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

**C. Cash and Investments**

All cash received by the Society is maintained in demand deposit accounts.

**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. 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.

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Race Purse**

Stake races are held during the Summit County Fair. The Society pays all Sustaining and Entry fees, the required portion of the cash received from the Ohio Fairs Fund, and amounts contributed by Northfield Park and the Society as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and Buckeye Super Stakes 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. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2009 and 2008 was \$16,944 and \$12,963, respectively, and was covered by Federal Depository Insurance Corporation (FDIC). In addition, the Society maintained \$2,150 in undeposited cash on hand at November 30, 2009 and 2008.

**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, 2009 and 2008 of \$16,144 and \$17,848, respectively, as State Support.

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

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

**3. HORSE RACING (Continued)**

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.

	2009	2008
Total Amount Bet (Handle)	\$ 89,495	\$ 103,644
Less: Payoff to Bettors	(70,478)	(81,699)
Parimutuel Wagering Commission	19,017	21,945
Tote Service Breakage	168	210
Tote Service	(7,930)	(9,175)
State Tax	(3,157)	(3,595)
Society Portion	\$ 8,098	\$ 9,385

**4. DEBT AND RELATED PARTY TRANSACTIONS**

Debt outstanding at November 30, 2009 was as follows:

	2009
Summit County Loan	\$1,297,786
Personal Loan	4,984
Total	\$1,302,770

The Summit County Loan originated in 1993 and was for the construction of an Arena Complex in the principal amount of \$906,000. The County of Summit entered into an agreement with the Society on December 19, 2007. As part of the agreement, the County agreed to forgive the outstanding debt owed by the Society at the rate of one-tenth of the debt per year provided the Society is in compliance with the terms and conditions of the agreement, which in addition to conducting an annual fair includes the Society's participation in a process for developing a Summit County Fairgrounds Operational Plan conducted by and under the supervision of the Ohio State University Extension Service and participation in reviews of operations and implementation of policies, procedures and recommendations by the Summit County Internal Audit Department. For the years ended 2009 and 2008, the County forgave \$162,223.26 each year. These amounts are not reflected as disbursements on the financial statements based on the Society's accounting basis.

The \$4,984 personal loan relates to a \$17,000 loan the Society received from its Board President on January 11, 2000 to pay a certain vendor. At its inception, the loan carried an interest rate of 9.5% and was expected to be repaid within two years, although no additional interest was to be accrued for delinquent payments beyond the original term of the loan. No payment was made on this loan during the audit period.

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

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

**5. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2009 and 2008, employees contributed 6.2% of their gross salaries. The Society was responsible for contributing an amount equal to 6.2% of participant's gross salaries through November 30, 2009 and 2008.

**6. RISK MANAGEMENT**

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

Summit County provides general insurance coverage for all the buildings on the Summit County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Public Entities Pool of Ohio provides general liability and vehicle insurance, with limits of \$2,000,000 aggregate each. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000 with no deductible and wrongful acts coverage with limits of liability of \$2,000,000 with a \$2,500 deductible.

**7. NONCOMPLIANCE**

Contrary to 26 U.S.C. Sections 3402 and 3102(a), the Society did not remit all federal payroll taxes and Medicare taxes collected during tax years 2009 and 2008. These procedures may subject the Society to certain interest and penalties. As of December 31, 2009 and 2008, the Society collected and did not remit federal payroll taxes of approximately \$17,075 and \$15,747, respectively, including Medicare and Social Security.

Contrary to Ohio Rev. Code Section 5747.07(B)(3) the Society did not remit all state payroll taxes collected during tax years 2009 and 2008. These procedures may subject the Society to certain interest and penalties. As of December 31, 2009 and 2008, the Society collected and did not remit state payroll taxes of approximately \$2,468 and \$1,834, respectively.

Contrary to Tallmadge City Ordinance #38-1999 and #92-003, the Society did not remit all local payroll taxes collected during tax years 2009 and 2008. These procedures may subject the Society to certain interest and penalties. As of December 31, 2009 and 2008, the Society collected and did not remit local payroll taxes of approximately \$1,563 and \$550, respectively.

Contrary to Ohio Rev. Code Section 1711.13(B), the Society's total net indebtedness at November 30, 2009 and 2008 exceeded an amount equal to twenty-five percent of its annual revenues.

**8. 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 Summit County Fair. The Society disbursed \$15,603 and \$12,582 for fiscal years 2009 and 2008, 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.

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

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

**9. MANAGEMENT PLANS**

The Society has incurred late charges and fees; as discussed in Note 7, has failed to remit federal, state, and local payroll taxes to the respective taxing authorities; has a total net indebtedness in excess of twenty-five percent of its annual revenues; and has payables older than 90 days totaling \$40,249 and \$53,441 for fiscal years 2009 and 2008, respectively.

In response, the Society continues to investigate ways in order to increase revenues and decrease expenditures, including participation in the development of a Summit County Fairgrounds Operational Plan conducted by and under the supervision of the Ohio State University Extension Service, which was completed in September 2009. In addition, the Society will participate in reviews of operations and will implement the policies, procedures and recommendations by the Summit County Internal Audit Department as required by the operating agreement with Summit County as discussed in Note 4. Additionally, the Society continues to investigate the possibility of applying for grants for programs related to the Society's pursuits.

Additionally, as discussed in Note 4, the Society continues to receive assistance from various related parties who support the Society's purpose and goals.

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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*

Summit County Agricultural Society of Ohio  
Summit County  
P.O. Box 89  
Tallmadge, Ohio 44278

To the Board of Directors:

We have audited the financial statements of the Summit County Agricultural Society, Summit County, Ohio, (the Society) as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated March 19, 2010, 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. The Society has not fully paid the Auditor of State for services provided more than one year prior to our opinion date. AICPA Code of Professional Conduct, ET Section 191 considers this circumstance to impair an auditor's independence. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Ohio Revised Code § 117.13 also includes provisions to collect unpaid audit fees including negotiating a schedule for payment of the amount due, seeking payment through the office of budget and management or through the county auditor of the county in which the local public office is located. We also noted the Society incurred late fees and overdraft charges, and failed to remit payroll taxes. 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.

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 March 19, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-004.

We did note a certain noncompliance or other matter that we reported to the Society's management in a separate letter dated March 19, 2010.

The Society's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

March 19, 2010

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Material Noncompliance**

**26 U.S.C. Section 3402**, requires an employer is to deduct and withhold federal income tax from the salaries and wages of their employees. Such withholdings are to be remitted to the Internal Revenue Service.

**26 U.S.C. Section 3102(a)** requires employers to withhold a Medicare tax from an employee's wages if the employee was hired after April 1, 1986.

During fiscal year 2009 and 2008, the Society withheld federal payroll taxes from employees; however, the Society did not remit all of these taxes to the Internal Revenue Service. For the tax years ended December 31, 2009 and 2008, the Society had a cumulative outstanding balance of \$17,075 and \$15,747, respectively, including Medicare and Social Security. These payroll taxes are not assets of the Society and all unpaid taxes should be forwarded to the Internal Revenue Service. This matter will be referred to the IRS.

**Officials' Response:** The Society recognizes 26 U.S.C. Section 3402 and 3102(a) and is currently working with the IRS regarding the delinquent taxes. The Society, at this time, has paid all taxes due for the fiscal year 2009 and has paid a portion of the taxes due for fiscal year 2008. We will have the remainder of the taxes due for 2008 paid before the fiscal year 2010 ends.

**FINDING NUMBER 2009-002**

**Material Noncompliance**

**Ohio Rev. Code Section 1711.13-(B)** requires the total net indebtedness incurred by a county agricultural society pursuant to this division (B) shall not exceed an amount equal to twenty-five percent of its annual revenues.

For fiscal years 2009 and 2008, the total net indebtedness for the Society exceeded twenty-five percent of its annual revenues by more than \$724,000. Additionally, the Society did not maintain a debt ledger which includes key information relating to the Society's debt. This does not provide for adequate information to monitor the Society's long-term obligations.

Although the Society has entered into an agreement with the County of Summit (to whom the majority of the Society's debt is owed) in which the County agreed to forgive the debt over a ten year period, the Society should create and maintain a debt ledger documenting all pertinent information for all Society debt such as the terms and conditions of each loan, debt outstanding, any payments paid on principal and interest, and any amounts forgiven. Maintaining this information will assist in tracking debt obligations of the Society and in keeping management apprised of debt activity.

**Officials' Response:** The Society maintains individual accounts payable ledger sheets for all of its accounts payables. These sheets accurately show each invoice, payment and balance for all individual vendors. The Society prepares, on a regular basis, but at minimum once each month, a cumulative aged accounts payable sheet for the Board of Directors to review.

### FINDING NUMBER 2009-002 (Continued)

#### Officials' Response: (Continued)

The indebtedness of the Society exceeds twenty-five percent of its annual revenues as allotted per Ohio Rev. Code Section 1711.14-(B) due to the amount due the County of Summit. This amount was agreed upon by the parties after a lengthy lawsuit. The parties have agreed to the amount owed, without further fees to the Society, and have agreed that one-tenth of the debt shall be retired each year over a ten year period. This debt is well documented through the signed legal agreement. The amount owed is no longer derived of principal and interest but a flat agreed upon fee.

While the Society may not have a labeled "Debt Ledger" describing this fee, the Society does have a file with the agreement terms.

This is a finding that will continually be made against the Society in all future audits for approximately a nine year span.

### FINDING NUMBER 2009-003

#### Material Noncompliance

**Ohio Rev. Code Section 5747.07-(B)(3)** requires that if an employer's actual or required state payroll tax withholding payments were more than \$2,000 during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of un-deposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of such month. The employer shall file the return prescribed by the tax commissioner with the payment.

During fiscal years 2009 and 2008 the Society withheld state payroll taxes from employees; however, the Society did not remit all of these taxes to the State of Ohio. For the tax years ended December 31, 2009 and 2008, the Society had accumulated an outstanding balance of \$2,468 and \$1,834, respectively. These payroll taxes are not assets of the Society and all unpaid taxes should be forwarded to the State of Ohio. The Society should remit state payroll withholding taxes to the State on a monthly basis. This matter will be referred to the Ohio Department of Taxation.

**Officials' Response:** The Society understands Ohio Rev. Code Section 5747.07-(B) (3). The Society has retired a portion of the fiscal year 2009 and 2008 taxes due the State of Ohio and will have the remaining balance paid before the fiscal year 2010 end.

### FINDING NUMBER 2009-004

#### Material Noncompliance

**Tallmadge City Ordinance #13-2007 and #17-2008** requires employers to deduct and withhold city income tax from the salaries and wages of their employees and remit these taxes to the city.

During fiscal years 2009 and 2008, the Society withheld local payroll taxes from employees; however, the Society did not remit all of these taxes to the local taxing authorities. For the tax years ended December 31, 2009 and 2008, the Society had accumulated an outstanding balance of \$1,563 and \$550, respectively. These payroll taxes are not assets of the Society and all unpaid taxes should be forwarded to the proper taxing authority. The Society should remit the city payroll withholding taxes to the City on a monthly basis. This matter will be referred to the City of Tallmadge.

**FINDING NUMBER 2009-004 (Continued)**

**Officials' Response:** The Society understands Tallmadge city Ordinance #13-2007 and #17-2008. The Society has retired a portion of the fiscal year 2009 and 2008 taxes due the City of Tallmadge and will have the remaining balance paid before the fiscal year 2010 end

**SUMMIT COUNTY AGRICULTURAL SOCIETY  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	26 U.S.C. Sections 3402 and 3102(a) – Failure to remit federal income and Medicare withholding taxes	No	Not Corrected. Reissued as Finding 2009-001
2007-002	Ohio Rev. Code Section 1711.13(B) – Debt exceeds 25% of annual revenue and debt agreements not in writing	No	Not Corrected. Reissued as Finding 2009-002
2007-003	Ohio Rev. Code Section 5747.07(B)(3) – Failure to remit State employment taxes	No	Not Corrected. Reissued as Finding 2009-003
2007-004	City of Tallmadge Ordinance #38-1999 – Failure to remit City income taxes	No	Not Corrected. Reissued as Finding 2009-004



Mary Taylor, CPA  
Auditor of State

**AGRICULTURAL SOCIETY**

**SUMMIT 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  
JULY 1, 2010**