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*ALGER & ASSOCIATES, LLC*



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TUSCARAWAS COUNTY AGRICULTURAL SOCIETY

TUSCARAWAS COUNTY

**REGULAR AUDIT**

*A&A*

FOR THE YEARS ENDED

NOVEMBER 30, 2010 & 2009





# Dave Yost • Auditor of State

Board of Directors  
Tuscarawas County Agricultural Society  
259 S. Tuscarawas Avenue  
Dover, Ohio 44622

We have reviewed the *Independent Accountants' Report* of the Tuscarawas County Agricultural Society, Tuscarawas County, prepared by Alger & Associates, LLC, for the audit period December 1, 2008 through November 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tuscarawas County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 16, 2011



**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

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# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas County Agricultural Society  
Tuscarawas County  
259 S. Tuscarawas Avenue  
Dover, Ohio 44622

To the Board of Directors:

We have audited the accompanying financial statement of Tuscarawas County Agricultural Society, Tuscarawas County, (the Society) as of and for the years ended November 30, 2010 and 2009. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. 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 statement referred to above for the years ended November 30, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the cash balances of Tuscarawas County Agricultural Society, Tuscarawas County, as of November 30, 2010 and 2009, 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2011, 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.

**Alger & Associates, LLC**  
May 4, 2011



**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Admissions Fees	\$ 260,571	\$ 229,340
Privilege Fees	70,399	67,560
Rentals Fees	72,095	86,589
Sustaining and Entry Fees	26,830	31,420
Parimutuel Wagering Commission	1,322	677
Other Operating Fees	31,611	32,283
Other Operating Receipts	51,027	57,868
Total Operating Receipts	513,855	505,737
<b>Operating Disbursements:</b>		
Wages and Benefits	47,483	50,515
Utilities	51,803	59,783
Professional Services	104,557	87,664
Equipment and Grounds Maintenance	80,990	99,080
Race Purse	48,480	53,321
Senior Fair	77,503	94,705
Junior Fair	17,832	19,839
Capital Outlay	4,863	23,172
Other Operating Disbursement	62,424	75,098
Total Operating Disbursement	495,935	563,177
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	17,920	(57,440)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	22,192	23,704
County Support	5,000	5,000
Certificate of Deposit	5,000	25,000
Investment Income	18	682
Debt Service	(29,825)	(49,612)
Net Non-Operating Receipts (Disbursements)	2,385	4,774
Excess (Deficiency) of Receipts Over (Under) Disbursements	20,305	(52,666)
<b>Cash Balance, Beginning of Year</b>	29,845	82,511
<b>Cash Balance, End of Year - (See Note 2)</b>	\$ 50,150	\$ 29,845

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

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009**

**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 Tuscarawas County Agricultural Society, Tuscarawas County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the week-long Tuscarawas County Fair during September. During the fair, harness races are held. Tuscarawas County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 12 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Tuscarawas County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows and swap meets. The reporting entity does not include any other activities or entities of Tuscarawas County, Ohio.

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 Tuscarawas County Fair. The accompanying financial statements include the activities of the Junior Fair Board.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Accounting Basis**

These financial statement 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.

TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**C. Deposits**

The Society did not have any investments during the audit period.

**D. Property, Plant, and Equipment**

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement 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**

Stake races are held during the Tuscarawas County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses. In addition, the Society contributes to each race purse.

Sustaining and Entry Fees

Horse owners and the 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.

TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

**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 Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	<u>\$50,150</u>	<u>\$29,845</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Society.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2010 and 2009 were \$17,778 and \$19,069 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.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**3. HORSE RACING – (continued)**

Pari-mutuel Wagering – (continued)

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.

	2010	2009
Total Amount Bet (Handle)	\$15,215	\$9,553
Less: Payoff to Bettors	(12,096)	(7,635)
Parimutuel Wagering Commission	3,119	1,918
Total Service Set Up Fee	(600)	(600)
Total Service Commission	(1346)	(641)
State Tax	(448)	(250)
Society Portion	\$725	\$427

**4. DEBT**

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
County Loan	\$218,250	0%

Tuscarawas County loaned the Society \$485,000 on January 27, 1999 for the purchase of land. The Society must repay the loan to the County at a rate of twenty-four thousand two-hundred-fifty dollars (\$24,250) per year.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**4. DEBT - (continued)**

Amortization of the above debt is scheduled as follows:

Year ending	County Loan
November 30:	<u>                    </u>
2011	\$24,250
2012	24,250
2013	24,250
2014	24,250
2015	24,250
2016-2020	97,000
Total	<u><u>\$218,250</u></u>

Also, during 2010 and 2009 the Society drew \$5,000 and \$25,000 respectively on their First National Bank of Dennison line of credit. The debt was repaid in full within the same year.

**5. RISK MANAGEMENT**

The Tuscarawas County Commissioners provide health insurance coverage for on full-time employee. The Tuscarawas County Commissioners provide general insurance coverage for all the buildings on the Tuscarawas County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability with limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's has its own employee dishonesty bonds with limits of liability for the Secretary/Treasurer and Board Member handling the Fair's gate admissions of \$15,000 and the Ground Caretaker with limit 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 December 2010.

**6. RELATED PARTY TRANSACTIONS**

A Board member is a manager of Buehler's Food Markets, Inc. The Society made purchases to the establishment during fiscal years 2010 and 2009 in the amount of \$1,179.59 and \$1,104.08 respectively. Another Board Member is employed by Stocker Trucking. The Society made purchases to the establishment during both fiscal years 2010 and 2009 in the amount of \$1,865.37 and \$1,029.34 respectively. The respective Board Members abstained from approving expenditures for which they are associated with.



# ALGER & ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Tuscarawas County Agricultural Society  
Tuscarawas County  
259 S. Tuscarawas Avenue  
Dover, Ohio 44622

To the Board of Directors:

We have audited the financial statement of Tuscarawas County Agricultural Society, Tuscarawas County, Ohio (the Society), as of and for the year ended November 30, 2010 and 2009, and have issued our report thereon dated May 4, 2011, wherein we noted the Society prepared its financial statement using 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 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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting.

We consider Finding Number 2010-01 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statement is 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 intend this report solely for the information and use of management, the Board of Directors and others within the Society. We intend it for no one other than these specified parties.

Alger & Associates, LLC  
May 4, 2011



**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDING  
NOVEMBER 30, 2010 AND 2009**

<b>FINDING RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

Significant Deficiency

Financial Reporting

During 2010 and 2009, the Society's Fair Premium Bank Account was initially excluded from the monthly bank reconciliations and financial statement activity. The Society typically writes a check from the general checking account to the Fair Premium Bank Account for awards and prizes. To account for this activity in 2010 and 2009, an audit adjustment was made to the Other Support (#3290) by \$2,750 and \$4,552 respectively. Also, the 2010 and 2009 pari-mutuel wagering commissions totaling \$3,119 and \$1,918, respectively, and various fees totaling \$2,394 and \$1,491 were not initially reflected on the financial statements.

Sound financial reporting is the responsibility of the Secretary/Treasurer and Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Society's financial statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the statements by the Secretary/Treasurer and Board of Directors, to identify and correct errors and omissions. The Society should include the Fair Premium Bank Account in the Annual Financial Report. This will help ensure the Society's financial statements are complete and accurate.

Officials' Response: The Society has elected not to respond.

TUSCARAWAS COUNTY AGRICULTURAL SOCIETY  
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2010 AND 2009

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2008-001	Financial Reporting	No	



# Dave Yost • Auditor of State

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY**

**TUSCARAWAS 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  
JUNE 28, 2011**