



ROSS COUNTY AGRICULTURAL SOCIETY

ANNUAL FINANCIAL REPORT

For the Years Ended November 30, 2008 and 2007

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Directors
Ross County Agricultural Society
P.O. Box 614
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Agricultural Society, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period December 1, 2006 through November 30, 2008. 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 Auditor's 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 Auditor's 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 Ross County Agricultural Society is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

May 11, 2009

This Page is Intentionally Left Blank.

ROSS COUNTY AGRICULTURAL SOCIETY
Table of Contents
For the Years Ended November 30, 2008 and 2007

Independent Auditor's Report	1
Financial Statements:	
Statement of Receipts, Disbursements and Changes in Cash Balances For the Year Ended November 30, 2008	3
Statement of Receipts, Disbursements and Changes in Cash Balances For the Year Ended November 30, 2007	4
Notes to the Financial Statements	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	10
Schedule of Findings	12
Schedule of Prior Audit Findings	13

Independent Auditor's Report

Board of Directors
Ross County Agricultural Society
P.O. Box 614
Chillicothe, OH 45601

We have audited the accompanying financial statements of the Ross County Agricultural Society (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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2008 and 2007. Instead of the combined funds the accompanying financial statements present 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since this Society does not use GAAP to measure financial statement amounts, 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.

Board of Directors
Ross County Agricultural Society
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the combined fund cash balances of the Society, 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 aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2008 and 2007. 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 a report dated April 16, 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 grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

April 16, 2009

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2008

	2008
<u>Operating Receipts</u>	
Admissions	\$260,301
Privilege Fees	119,302
Rentals	453,521
Sustaining and Entry Fees	14,600
Pari-mutuel Wagering Commission	984
Other Operating Receipts	77,507
	926,215
 <u>Operating Disbursements</u>	
Wages and Benefits	56,103
Utilities	135,295
Professional Services	179,418
Equipment and Grounds Maintenance	82,058
Race Purse	37,099
Senior Fair	19,636
Junior Fair	28,725
Advertising	20,985
Rent/Lease	24,609
Capital Outlay	107,477
Other Operating Disbursements	170,896
Total Cash Disbursements	862,301
Total Cash Receipts Over/(Under) Cash Disbursements	63,914
 <u>Non-Operating Receipts and Disbursements</u>	
State Support	26,148
County Support	50,000
Restricted Donations, Sponsorships, & Promotions	400
Unrestricted Donations, Sponsorships, & Promotions	23,889
Debt Services	(62,922)
Interest Income	1,222
Total Non-Operating Receipts (Disbursements)	38,737
Net Change in Cash Balance	102,651
Cash Balance - Beginning of the Year	134,148
Cash Balance - End of the Year	\$236,799

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

ROSS COUNTY AGRICULTURAL SOCIETY
Statement of Receipts, Disbursements, and
Changes in Fund Cash Balances
For the Year Ended November 30, 2007

	2007
<u>Operating Receipts</u>	
Admissions	\$213,150
Privilege Fees	116,179
Rentals	496,147
Sustaining and Entry Fees	17,050
Pari-mutuel Wagering Commission	390
Other Operating Receipts	78,576
	921,492
<u>Operating Disbursements</u>	
Wages and Benefits	50,033
Utilities	123,297
Professional Services	191,004
Equipment and Grounds Maintenance	88,481
Race Purse	47,124
Senior Fair	22,183
Junior Fair	26,587
Advertising	22,589
Rent/Lease	23,438
Capital Outlay	31,415
Other Operating Disbursements	195,958
Total Cash Disbursements	822,109
Total Cash Receipts Over/(Under) Cash Disbursements	99,383
<u>Non-Operating Receipts and Disbursements</u>	
State Support	29,044
County Support	48,800
Sale of Inventory	1,120
Restricted Donations, Sponsorships, & Promotions	1,144
Unrestricted Donations, Sponsorships, & Promotions	35,450
Debt Services	(157,738)
Interest Income	1,491
Total Non-Operating Receipts (Disbursements)	(40,689)
Net Change in Cash Balance	58,694
Cash Balance - Beginning of the Year	75,454
Cash Balance - End of the Year	\$134,148

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

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross County Agricultural Society, Ross 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 1944 to operate an annual agricultural fair. The Society sponsors the week-long Ross County Fair during August. During the fair, harness races are held, culminating in the running of the Ross County Harness Racing Program. Ross County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ross County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all the activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the Easyrider Rodeo, Blue Grass Festival, and Home Show. The reporting entity does not include any other activities or entities of Ross County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribe or permits.

Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of the sale are recorded as receipts or disbursements, respectively.

Property, Plant and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

Restricted Support

Restricted support includes amounts that donors restrict for specific uses. These include building fund, trophies, race blankets and entertainment donations.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007

Note 1 – Summary of Significant Accounting Policies – (Continued)

Income Tax Status

This 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.

Race Purse

Ross County Harness stake races are held during the Ross 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.

Sustaining and Entry Fees – Horse owners and Ohio Colt Racing 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 statements 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 4 for additional information.

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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

Note 2- Debt

Debt outstanding at November 30, 2008 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Principal Balance 11-30-07</u>	<u>Issued in 2008</u>	<u>Retired in 2008</u>	<u>Principal Balance 11-30-08</u>
Real Estate Loan - Land	2004	\$109,530	\$0	\$60,000	\$49,530
Total		<u>\$109,530</u>	<u>\$0</u>	<u>\$60,000</u>	<u>\$49,530</u>

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007

Note 2- Debt – (Continued)

Debt outstanding at November 30, 2007 was as follows:

Description of Issue	Issue Date	Principal Balance 11-30-06	Issued in 2007	Retired In 2007	Principal Balance 11-30-07
Line of Credit	2005	\$113,291	\$0	\$113,291	\$0
Real Estate Loan - Land	2004	139,530	0	30,000	109,530
Total		<u>\$252,821</u>	<u>\$0</u>	<u>\$143,291</u>	<u>\$109,530</u>

The Society obtained an advance in their line of credit in 2005. The remainder of the note will be repaid in annual installments of \$21,560 including interest at 5.5%. This loan was paid in full during 2007.

The Society obtained a note in order to purchase land in 2004. The total amount of the note is \$150,000. The note is to be repaid in semi-annual payments of \$9,940 plus interest at 6.75%.

Amortization of the above debt including interest is as follows:

Year Ending December 31:	Real Estate Loan
2009	\$19,881
2010	19,881
2011	9,768
Total	<u>\$49,530</u>

Note 3 – Cash and Investments

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

	November 30 2008	November 30 2007
Demand Deposits	\$300	\$300
Total Deposits	300	300
Repurchase Agreement	236,499	133,848
Total Investments	236,499	133,848
Total Deposits and Investments	<u>\$236,799</u>	<u>\$134,148</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The Society's financial institution transfers securities to the Society's agent to collateralize repurchase agreements.

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$18,848 for the year ended 2008, as State Support.

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$22,696 for the year ended 2007, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society’s share of total pari-mutuel wagering system called Tote Services, and these expenses are included in Professional Services 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)	\$13,961	\$5,534
Less: Payoff to Bettors	11,166	4,419
Pari-mutuel Wagering Commission	2,795	1,115
Tote Service Set Up Fee	200	100
Total Service Commission	1,252	477
State Tax	359	148
Society Portion	\$984	\$390

Note 5– Risk Management

The Society does not provide any employee benefits to its employees, other than Workers Compensation through the State of Ohio workers compensation fund.

The Ross County Commissioners provide general insurance coverage for all the buildings on the Ross County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Society used HAAS & Wilkerson Insurance for 2008 & 2007. Insurance coverage for the years 2008 & 2007 follows:

Company	Type of Coverage	Amount of Coverage
HAAS & Wilkerson Insurance	General Liability	\$5,000,000
	Each Occurrence	1,000,000
	Auto Liability	1,000,000

ROSS COUNTY AGRICULTURAL SOCIETY
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007

Note 6 – 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 Ross County Fair. The Society disbursed \$28,725 in 2008 and \$26,587 in 2007 directly on behalf of the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursements. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2008 and November 30, 2007 follows:

	2008	2007
Beginning Cash Balance	\$12,842	\$26,642
Receipts	16,744	14,784
Disbursements	(17,612)	(28,584)
Ending Cash Balance	\$11,974	\$12,842

Note 7 – Junior Livestock Sale Committee

The Junior Livestock Sale 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 the market or through the Ross County's auction. A commission is charged to cover auction expenses. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$41,591	\$51,165
Receipts	706,419	640,288
Disbursements	(713,786)	(649,862)
Ending Cash Balance	\$34,225	\$41,591

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Directors
Ross County Agricultural Society
P.O. Box 614
Chillicothe, OH 45601

We have audited the accompanying financial statements of the Ross County Agricultural Society (the Society), as of and for the years ended November 30, 2008 and November 30, 2007 have issued our report thereon dated April 16, 2009 wherein we noted that the Society followed accounting practices the Auditor of State prescribes that differ from 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as finding number 2008-01, to be a significant deficiency in internal control over financial reporting.

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 weakness. We believe that the significant deficiency in internal control over financial reporting that was previously mentioned is not considered a material weakness, as defined above.

Board of Directors
Ross County Agricultural Society
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated April 16, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Society's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

April 16, 2009

ROSS COUNTY AGRICULTURAL SOCIETY
Schedule of Findings
For the Year Ended December 31, 2008 and 2007

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2008-01

The society had ground rental contracts with the Easyrider Rodeo and Cruisefest during 2008 and 2007. The rental contracts set the agreement to rent the land based on a percentage of the number of tickets sold. The only documentation to show the the number of tickets sold and gross amount collected each day was a hand written sheet.

No supporting documentation was provided on the summary reports for the Cruisefest and Easyrider Rodeo. Additionally, no procedures are in place by the Society to verify the completeness and accuracy of these summary forms. These weaknesses could result in lost revenues or errors or irregularities to occur and not be detected by the Society in a timely manner.

Free fair passes are given to board members to pass out during the fair. No count documentation or listing is maintained for the free fair passes issued. This weakness could result in lost revenues to the Society.

We recommend the Society consider adopting a set value when renewing the rental contracts mentioned above. If the board decides not to set a value then it should consider implementing controls to independently verify the beginning and ending tickets and/or armbands issued, sold, or given at each event on a daily basis. A review of the number issued, sold, or given should be compared to the documentation provided to the Society.

Officials' Response

The Society is currently setting up procedures to verify the completeness and accuracy of the summary forms.

ROSS COUNTY AGRICULTURAL SOCIETY
Schedule of Prior Audit Findings
For the Years Ended November 30, 2008 and 2007

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2006-001	The society had ground rental contracts with vendors that had an agreement to rent the land based on a percentage of the number of tickets sold. The only documentation to show the number of tickets sold and gross amount collected each day was a hand written sheet provided by the vendors. Additionally, no procedures are in place by the Society to verify the completeness and accuracy of these summary forms. These weaknesses could result in lost revenues or errors or irregularities to occur and not be detected by the Society in a timely manner.	Not Corrected	Re-issued as finding 2008-01.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

ROSS 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 21, 2009**