



Mary Taylor, CPA  
Auditor of State



**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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Mary Taylor, CPA  
Auditor of State

Scioto County Agricultural Society  
Scioto County  
P.O. Box 109  
Lucasville, Ohio 45648

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 statement presents is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

June 25, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Scioto County Agricultural Society  
Scioto County  
P.O. Box 109  
Lucasville, Ohio 45648

To the Board of Directors:

We have audited the accompanying financial statement of the Scioto County Agricultural Society, Scioto County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007. 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.

Except as described in the following paragraph, 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.

We were unable to obtain the necessary assurances concerning the completeness of the recorded other operating receipts and donations/contributions for the years ended 2008 and 2007. It was not practical to perform alternative procedures

As described more fully in Note 1, the Society has prepared this 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.

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, 2008 and 2007 does 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, except for such adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure the completeness of the recorded other operating receipts and contributions/donations for the years ended November 30, 2008 and 2007, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Scioto County Agricultural Society, Scioto 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 June 25, 2009, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

June 25, 2009



**SCIOTO COUNTY AGRICULTURAL SOCIETY  
JACKSON COUNTY**

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

	<b>2008</b>	<b>2007</b>
<b>Operating Receipts:</b>		
Admissions	\$373,805	\$336,627
Privilege Fees	77,221	82,510
Rentals	107,329	91,850
Other Operating Receipts	55,009	54,482
Total Operating Receipts	613,364	565,469
<b>Operating Disbursements:</b>		
Wages and Benefits	83,347	84,377
Utilities	43,146	41,474
Professional Services	270,006	264,957
Equipment and Grounds Maintenance	97,806	108,249
Senior Fair	11,035	12,114
Junior Fair	20,335	19,775
Capital Outlay	6,000	8,911
Other Operating Disbursements	9,521	15,556
Total Operating Disbursements	541,196	555,413
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	72,168	10,056
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	7,300	6,348
County Support	2,400	2,500
Donations/Contributions	44,489	67,388
Investment Income	2,665	5,292
Debt Service	(67,965)	(71,777)
Net Non-Operating Receipts (Disbursements)	(11,111)	9,751
Excess (Deficiency) of Receipts Over (Under) Disbursements	61,057	19,807
Cash Balance, Beginning of Year	137,390	117,583
<b>Cash Balance, End of Year</b>	<b>\$198,447</b>	<b>\$137,390</b>

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

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**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO 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 Agricultural Society, Scioto 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 1908 to operate an annual agricultural fair. The Society sponsors the week-long Scioto County Fair during August. Scioto County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Scioto 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 including facility rental, ground, track and stall rental, and community events including Swap Days and poultry shows. The reporting entity does not include any other activities or entities of Scioto 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 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. Deposits and Investments**

The Society had one checking account and certificates of deposit.

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

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

**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.

**2. DEPOSITS**

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	2008	2007
Demand deposits	\$122,831	\$44,725
Certificates of deposit	32,000	50,000
Money Market	43,616	42,665
Total deposits	\$198,447	\$137,390

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

**4. DEBT**

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
County Fair Facility Bonds	\$635,000	4.35-5.7%

Scioto County loaned the Society \$835,000 in 2000 as part of a various purpose bond issuance to provide funds for the construction of a Livestock Complex at the Scioto County Fairgrounds. The Society is responsible for payment to Scioto County for the bonds.

Amortization of the above debt is scheduled as follows:

Year ending	Fair Facilities	Interest	Total
November 30:	Bond		
2009	\$40,000	\$26,015	\$66,015
2010	45,000	24,030	69,030
2011	45,000	21,750	66,750
2012	50,000	19,950	69,950
2013	50,000	18,075	68,075
2014-2018	275,000	59,800	334,800
2019-2020	130,000	7,800	137,800
Total	\$635,000	\$177,420	\$812,420

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

**5. RISK MANAGEMENT**

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

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

**5. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$28,538. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2007	\$23,253
2008	\$24,816

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

**6. JUNIOR FAIR BOARD**

The Junior Fair consists of 4-H, FFA, VICA, Boy and Girl Scouts and local school participants. Its activities are overseen by a four member 4-H advisory committee. The Fair Board's mission is to promote the interest of Scioto County youth through their exhibits and activities at the County Fair. The Junior Fair Board helps to facilitate events prior to and during the annual fair. The Junior Fair Board does not receive, disburse or hold cash and they do not have a bank account.

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The 4-H Market and Breeding Animal 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 Scioto County's auction. Monies to cover the cost of the large livestock auction are generated through a \$10 fee per sale of animal and are retained by the Committee. Monies to cover the cost of the poultry auction are generated through a 5% commission paid to the auctioneer. The accompanying financial statement does not include the activities of the 4-H Market and Breeding Animal Committee. The 4-H Market and Breeding Animal Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 10,215	\$ 8,803
Receipts	32,105	19,727
Disbursements	<u>(27,322)</u>	<u>(18,315)</u>
Ending Cash Balance	<u>\$ 14,998</u>	<u>\$ 10,215</u>

**8. RELATED PARTY TRANSACTIONS**

A Board member rents and resides in the upstairs portion of the fairgrounds office building. The Society rents the facility to the Board member for \$30 per month.

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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*

Scioto County Agricultural Society  
Scioto County  
P.O. Box 109  
Lucasville, Ohio 45648

To the Board of Directors:

We have audited the financial statement of the Scioto County Agricultural Society, Scioto County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated June 25, 2009, 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 also noted that sufficient competent evidential matter was not available to obtain the necessary assurances over the completeness of the Society's recorded other operating receipts and contributions/donations for the years ended 2008 and 2007. Except as discussed in the preceding sentence, 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.

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 discussed below, we identified a certain deficiency in internal control over financial reporting that we consider 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 Finding 2008-001 described in the accompanying Schedule of Findings 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 Government's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated June 25, 2009.

#### **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 did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated June 25, 2009.

We intend this report solely for the information and use of management and the Board of Directors.



**Mary Taylor, CPA**  
Auditor of State

June 25, 2009

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Material Weakness**

The Agricultural Society should maintain an accounting system and accounting records sufficient to enable the Society to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Other operating receipts consist of the sale of supplies, other sales, electricity, water and sewer, gas, other utilities, class entry fees, membership fees and other fees.

The Agricultural Society utilized vending machines for the sale of pop. The total amount collected was \$24,088 and \$22,231, during 2007 and 2008 respectively. These items were purchased by the Society, and the vending machines were stocked and utilized during special events such as the annual fair, Swap Days, etc. Records were not maintained by the Society to document amount collected, quantity purchased, beginning inventory, ending inventory, quantity sold and profit from sales. The lack of accountability over these funds could result in an inability to account for items purchased for resale.

In addition, during 2007, no supporting documentation was maintained for \$13,736 of electric/other utility receipts tested; therefore, during 2007, 69% of other operating receipts had no supporting documentation. During 2008, no supporting documentation was maintained for \$15,371 of electric/other utility receipts tested; therefore, during 2008, 68% of other operating receipts had no supporting documentation.

Also, during 2007, 54% of contributions/donations tested had no supporting documentation. During 2008, 27% of contributions/donations tested had no supporting documentation. This resulted in the inability to verify the amounts collected and recorded to the Society's Receipt Ledger for 11.6% of total receipts during 2007 and 7.4% of total receipts during 2008.

We recommend the Agricultural Society establish control procedures that would allow them to determine the completeness and existence of revenues and require all supporting documentation to be maintained in order for the Society to ensure that all receipts are accurate and appropriate. In addition, we recommend that records be maintained to support amounts received from vending machine sales. These records should include the following: beginning inventories, purchases, ending inventories, cost of sales, profit from sales, machine collection summaries and summaries of amounts paid into the Asst. Secretary – Treasurer's Office.

**SCIOTO COUNTY AGRICULTURAL SOCIETY  
SCIOTO COUNTY**

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

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>
2006-001	Ticket accountability forms not utilized for admissions	Yes	
2006-002	Inadequate supporting documentation for vending machine receipts	No	Not corrected. Reissued in Finding 2008-001



**Mary Taylor, CPA**  
Auditor of State

**SCIOTO COUNTY AGRICULTURAL SOCIETY**

**SCIOTO 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 14, 2009**