



Dave Yost • Auditor of State



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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# Dave Yost • Auditor of State

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

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.

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

**Dave Yost**  
Auditor of State

September 28, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the accompanying financial statements of the Coshocton County Agricultural Society, Coshocton County, Ohio (the Society) as of and for the years ended November 30, 2010 and 2009. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 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 statements referred to above present fairly, in all material respects, the combined cash balances of the Coshocton County Agricultural Society, Coshocton County, Ohio as of November 30, 2010 and 2009, and its combined 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 September 28, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "S".

**Dave Yost**  
Auditor of State

September 28, 2011



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, 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	\$367,782	\$357,758
Privilege Fees	106,632	104,452
Rentals	39,375	43,728
Sustaining and Entry Fees	28,093	35,350
Parimutuel Wagering Commission	780	869
Other Operating Receipts	26,619	19,754
 Total Operating Receipts	 569,281	 561,911
<b>Operating Disbursements:</b>		
Wages and Benefits	82,772	103,169
Utilities	44,900	48,227
Professional Services	161,529	128,100
Equipment and Grounds Maintenance	90,335	83,281
Race Purse	47,447	56,567
Senior Fair	67,142	65,072
Junior Fair	29,492	29,638
Capital Outlay	3,300	18,450
Other Operating Disbursements	63,793	74,997
 Total Operating Disbursements	 590,710	 607,501
(Deficiency) of Operating Receipts (Under) Operating Disbursements	 (21,429)	 (45,590)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	22,192	23,704
County Support	5,600	
Sale of Assets	300	500
Donations/Contributions	10,663	50,899
Investment Income	439	877
Reduction of Prior Year Disbursement		2,635
Debt Service		
Principal	(9,480)	(8,929)
Interest and Other Fiscal Charges	(6,615)	(7,131)
 Net Non-Operating Receipts (Disbursements)	 23,099	 62,555
 Excess of Receipts Over Disbursements	 1,670	 16,965
 Cash Balance, Beginning of Year	 231,171	 214,206
 Cash Balance, End of Year	 \$232,841	 \$231,171

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

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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 Coshocton County Agricultural Society, Coshocton 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 1851 to operate an annual agricultural fair. The Society sponsors the week-long Coshocton County Fair during September and October. During the fair, harness races are held, culminating in the running of the Home Talent harness racing event. Coshocton 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 Coshocton 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 including facility rental, track and stall rental, and community events including the 4<sup>th</sup> of July celebration, horse shows, and relay for life events. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

Notes 6 summarize the Junior Fair financial activity.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Society 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 statements do not report these items as assets.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

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

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**F. Income Tax Status**

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**G. Race Purse**

Speed program stake races are held during the Coshocton 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 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.

**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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**2. DEPOSITS AND INVESTMENTS**

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	\$232,841	\$231,171

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**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, 2010 and 2009 was \$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. 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)	\$ 14,573	\$ 15,620
Less: Payoff to Bettors	(11,607)	(12,470)
Parimutuel Wagering Commission	2,966	3,150
Tote Service Set Up Fee	(600)	(800)
Tote Service Commission	(1,173)	(1,062)
State Tax	(413)	(419)
Society Portion	\$ 780	\$ 869

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**4. DEBT**

Debt outstanding at November 30, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Heritage Bank Loan	\$102,811	6.00%

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65%. The loan was entered into on June 24, 1999 and matures November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 26, 2004 the Society refinanced the loan in the amount of \$157,553 at an interest rate of 6.00% and maturity date of January 2019.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Ohio Heritage Loan	Interest	Total
2011	10,064	5,894	\$15,958
2012	10,669	5,288	15,957
2013	11,343	4,615	15,958
2014	12,042	3,915	15,957
2015	12,785	3,173	15,958
2016-2019	45,908	4,617	50,525
Total	\$102,811	\$27,502	\$130,313

**5. RISK MANAGEMENT**

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

The Coshocton County Commissioners provide general insurance coverage for all the buildings on the Coshocton County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 aggregate each. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000, though the coverage has a limit of \$60,000 during the Coshocton County Fair.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 2012.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**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 (Name of County) County Fair. The Society disbursed \$750 and \$1,431 directly to the Junior Fair Board, in 2010 and 2009 respectively. The Society disbursed \$28,742 and \$25,507 directly to vendors to support Junior Fair activities in 2010 and 2009, respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 5,322	\$ 5,018
Receipts	5,243	6,660
Disbursements	(10,042)	(6,356)
Ending Cash Balance	\$ 523	\$ 5,322

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# Dave Yost • Auditor of State

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

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the financial statements of the Coshocton County Agricultural Society, Coshocton County, Ohio (the Society) as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated September 28, 2011 wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America.. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 described in the accompanying Schedule of Findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated September 28, 2011.

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 management, the Board of Directors, and others within the Society. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

September 28, 2011

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**1. Annual Budget**

*Finding Number 2010-001*

Material Weakness

The "Uniform System of Accounting for Agricultural Societies" requires each agricultural society to prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1st through November 30th. The budget shall be considered and approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of the accounts from the chart of accounts which are used by the Society. The Board did not formally approve a budget for either 2010 or 2009.

The Board should review the budgetary requirements under the "Uniform System of Accounting for Agricultural Societies" and formally approve a budget annually. The budget should be approved at the same level as the chart of accounts used by the Society, which is the object level. Budgetary amounts should be integrated, if possible, into the Society's computer system and monthly budget versus actual reports should be reviewed and approved by the Board. This will help ensure the Board is aware of all the Society's financial activity, as well as provide useful information to make informed decisions.

**Official's Response:** The client has elected not to respond.

**2. Financial Statement Reporting and Reconciliation**

*Finding Number 2010-002*

MATERIAL WEAKNESS

The financial statement presented for 2009 did not correctly report all financial activity as revenues less expenditures plus the beginning balance did not reconcile to the reported ending balance by \$3,033. The following errors contributed to this un-reconciled difference: This resulted in the overstatement of receipts and expenditures.

- The "Account Quick Report" statements used to compile the financial statements are set to include accrual activity and report receivables and liabilities, though the Society reports activity using the cash basis method of accounting. For example, payroll activity reported in the financial statements included State and Local income taxes withheld prior to year end but not paid until after year end totaling \$3,529 because the Secretary inappropriately had Quick Books set up to recognize accruals at month end;
- When stale-dated checks initially written and reported as expenditures in prior fiscal years were voided, the activity was back-posted to the original year the expenditure was reported. This impacted the beginning balance without the Society tracking the impact of the voided checks to adjust current year financial reporting;

- November 2009 interest earned was attempted to be recorded in the month earned; however, the Secretary did not generate a receipt until after the monthly financial statement was generated. Consequently, the monthly financial statement presented for audit did not contain the interest earned because the Secretary did not re-print the monthly financial statement with the interest that was posted for the month;
- The Society contracts with A-Bar Rodeo annually for \$6,500. This amount is paid in cash to the rodeo. Typically, the Society will write a check to a Society Board Member who in turn cashes the check and pays the vendor with the cash. For 2009, the \$6,500 check that was written was voided and the Society paid the vendor through a separate cash payment made to A-Bar Rodeo. As a result, the Secretary felt that in order to show the activity on the financial statements another check for \$6,500 would need written and subsequently deposit the amount back into the same bank account. On the November 2009 bank reconciliation a deposit in transit was reported when in fact no true deposit in transit existed. This error was subsequently corrected by the Secretary in March 2010.
- While this error did not contribute to the un-reconciled difference identified above, it was discovered in 2010 that the Society initially overstated receipts and expenditures by reporting \$18,000 in cash used to make change as an expenditure when withdrawn and as a receipt when returned.

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

The Society should review financial statements and ensure activity is properly reported and ending cash balances are properly reconciled. Additionally, cash and interest received should be posted in the year received and the Society should track the amounts of all voided stale dated checks in order to properly adjust the financial statements. Also, the Society should consider consulting a QuickBooks expert in order to ensure the software is set to properly report activity on a cash basis and determine if financial reporting can be closed out after fiscal year end. This will help ensure the Society properly reports activity in the correct year and that prior year financial statements cannot be incorrectly adjusted. The financial statements have been adjusted accordingly.

**Official's Response:** The client has elected not to respond.

COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2010 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>
2008-001	Errors were noted in the financial statements that required audit adjustments	No	Not Corrected, See Finding 2010-002

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# Dave Yost • Auditor of State

**COSHOCTON COUNTY AGRICULTURAL SOCIETY**

**COSHOCTON 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  
OCTOBER 25, 2011**