



***ROSS COUNTY AGRICULTURAL SOCIETY***

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**ANNUAL FINANCIAL REPORT**

**For the Years Ended November 30, 2010 and 2009**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Directors  
Ross County Agricultural Society  
PO 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, 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 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 "Dave Yost".

Dave Yost  
Auditor of State

May 20, 2011

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**ROSS COUNTY AGRICULTURAL SOCIETY**  
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**For the Years Ended November 30, 2010 and 2009**

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## 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, 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 *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, 2010 and 2009. Instead of the combined funds the accompanying financial statements present 2010 And 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. 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, 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.

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, 2010 and 2009, 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, 2010 and 2009. 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 1, 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 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 1, 2011



**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Cash Balances**  
**For the Year Ended November 30, 2010**

	<b>2010</b>
<b><u>Operating Receipts</u></b>	
Admissions	\$224,277
Privilege Fees	111,538
Rentals	494,706
Sustaining and Entry Fees	10,525
Pari-mutuel Wagering Commission	568
Other Operating Receipts	68,851
	910,465
 <b><u>Operating Disbursements</u></b>	
Wages and Benefits	62,328
Utilities	166,090
Professional Services	193,943
Equipment and Grounds Maintenance	81,119
Race Purse	28,565
Senior Fair	17,637
Junior Fair	25,128
Advertising	20,469
Rent/Lease	25,634
Capital Outlay	166,000
Other Operating Disbursements	186,254
Total Cash Disbursements	973,167
Total Cash Receipts Over/(Under) Cash Disbursements	(62,702)
 <b><u>Non-Operating Receipts and Disbursements</u></b>	
State Support	22,192
County Support	53,300
Restricted Donations, Sponsorships, & Promotions	100
Unrestricted Donations, Sponsorships, & Promotions	21,990
Interest Income	673
Total Non-Operating Receipts (Disbursements)	98,255
Net Change in Cash Balance	35,553
Cash Balance - Beginning of the Year	281,669
Cash Balance - End of the Year	\$317,222

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, 2009**

	<b>2009</b>
<b><u>Operating Receipts</u></b>	
Admissions	\$245,681
Privilege Fees	116,525
Rentals	516,571
Sustaining and Entry Fees	15,075
Pari-mutuel Wagering Commission	815
Other Operating Receipts	66,275
	960,942
 <b><u>Operating Disbursements</u></b>	
Wages and Benefits	59,037
Utilities	140,626
Professional Services	211,533
Equipment and Grounds Maintenance	70,612
Race Purse	34,771
Senior Fair	20,386
Junior Fair	30,339
Advertising	20,972
Rent/Lease	25,786
Capital Outlay	120,246
Other Operating Disbursements	205,505
Total Cash Disbursements	939,813
Total Cash Receipts Over/(Under) Cash Disbursements	21,129
 <b><u>Non-Operating Receipts and Disbursements</u></b>	
State Support	23,704
County Support	3,300
Restricted Donations, Sponsorships, & Promotions	550
Unrestricted Donations, Sponsorships, & Promotions	49,438
Debt Services	(54,495)
Interest Income	1,244
Total Non-Operating Receipts (Disbursements)	23,741
Net Change in Cash Balance	44,870
Cash Balance - Beginning of the Year	236,799
Cash Balance - End of the Year	\$281,669

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, 2010 and 2009*

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**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, 2010 and 2009**

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**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, 2009 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Principal Balance 11-30-08</u>	<u>Issued in 2009</u>	<u>Retired In 2009</u>	<u>Principal Balance 11-30-09</u>
Real Estate Loan - Land	2004	\$49,530	\$0	\$49,530	\$0
Total		<u>\$49,530</u>	<u>\$0</u>	<u>\$49,530</u>	<u>\$0</u>

The Society obtained a note in order to purchase land in 2004. The total amount of the note was \$150,000. The note is to be repaid in semi-annual payments of \$9,940 plus interest at 6.75%. This loan was paid in full during 2009.

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2010 and 2009**

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**Note 3 – Cash and Investments**

The carrying amount of cash and investments at November 30, 2010, and November 30, 2009, follows:

	November 30 2010	November 30 2009
Demand Deposits	\$200	\$200
Total Deposits	200	200
Repurchase Agreement	317,022	281,469
Total Investments	317,022	281,469
Total Deposits and Investments	\$317,222	\$281,669

*Deposits:* The Federal Depository Insurance Corporation insures up to \$250,000 of the Society's bank balance. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to 250,000 until December 2013. The Society's financial institution transfers securities to the Society's agent to collateralize repurchase agreements.

**Note 4 – Horse Racing**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$16,040 for the year ended 2010, as State Support.

The financial statements report Ohio Fairs Fund money, received to supplement purse of \$17,144 for the year ended 2009, 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.

	<b>2010</b>	<b>2009</b>
Total Amount Bet (Handle)	\$7,928	\$11,206
Less: Payoff to Bettors	6,310	8,973
Pari-mutuel Wagering Commission	1,618	2,233
Tote Service Set Up Fee	100	100
Total Service Commission	722	1,038
State Tax	228	280
Society Portion	\$568	\$815

**ROSS COUNTY AGRICULTURAL SOCIETY**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2010 and 2009**

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**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 2010 and 2009. Insurance coverage for the years 2010 and 2009 follows:

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

**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 \$25,128 in 2010 and \$30,339 in 2009 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, 2010 and November 30, 2009 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$11,693	\$11,974
Receipts	18,221	13,550
Disbursements	12,276	13,831
Ending Cash Balance	<u>\$17,638</u>	<u>\$11,693</u>

**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, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$37,076	\$34,225
Receipts	662,228	637,270
Disbursements	637,966	634,419
Ending Cash Balance	<u>\$61,338</u>	<u>\$37,076</u>

**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, 2010 and November 30, 2009 and have issued our report thereon dated April 1, 2011, 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 Government's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government'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 to be a significant deficiency in internal control over financial reporting. We consider finding 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 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*.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated April 1, 2011.

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 1, 2011



**ROSS COUNTY AGRICULTURAL SOCIETY**  
*Schedule of Findings*  
*For the Year Ended December 31, 2010 and 2009*

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

***Finding Number 2010-01***

The society had ground rental contracts with the Easyrider Rodeo and Cruisefest during 2010 and 2009. 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 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.

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. Further, the Society may want to consider providing the armbands for the events as a control method for the number of wristbands sold. 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, 2010 and 2009

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2008-001	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 2009-01.



# Dave Yost • Auditor of State

ROSS COUNTY 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  
JUNE 2, 2011