



Mary Taylor, CPA
Auditor of State

LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY

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Mary Taylor, CPA
Auditor of State

Logan County Agricultural Society
Logan County
301 East Lake Street
Bellefontaine, Ohio 43311

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 a February 2, 2005 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 3, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan County Agricultural Society
Logan County
301 East Lake Street
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the accompanying financial statements of the Logan County Agricultural Society, Logan County, (the Society) as of and for the fiscal years ended November 30, 2006 and 2005. 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.

Instead of the fund the accompanying financial statement presents, GAAP requires presenting entity wide statements. While the Society does not follow GAAP, generally accepted auditing standards require 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 the 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 fiscal years ended November 30, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the fiscal years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Logan County Agricultural Society, Logan County, as of November 30, 2006 and 2005, and its 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 fiscal years ended November 30, 2006 and 2005. 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 October 3, 2007, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 3, 2007

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2006**

Operating Receipts:	
Admissions	\$159,300
Privilege Fees	41,921
Sales	3,390
Utilities	58
Racing Fees and Charges	20,716
Fees	4,607
Rentals	35,740
Restricted	245,396
Unrestricted	10,503
Other Taxes	1,901
Total Operating Receipts	<u>523,532</u>
Operating Disbursements:	
Salaries and Wages	28,382
Benefits	10,630
Administrative	4,661
Race Supplies	2,967
Supplies	12,932
Utilities	40,581
Racing	50,483
Professional Services	64,003
Property Expenses	48,427
Advertising	12,803
Repairs	3,978
Insurance	15,078
Rent and Lease	18,722
Capital Outlay	1,950
Senior Fair	11,788
Contest	563
Junior Fair	27,920
Other Fair	240,977
Miscellaneous	2,481
Total Operating Disbursements	<u>599,326</u>
Deficiency of Operating Receipts (Under) Operating Disbursements	<u>(75,794)</u>
Non-Operating Receipts (Disbursements):	
State Support	31,155
County Support	10,000
Investment Income	109
Debt Service	(5,193)
Net Non-Operating Receipts (Disbursements)	<u>36,071</u>
Deficiency of Receipts (Under) Disbursements	(39,723)
Cash Balance, Beginning of Year	<u>43,829</u>
Cash Balance, End of Year	<u><u>\$4,106</u></u>

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

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2005**

Operating Receipts:	
Admissions	\$146,616
Privilege Fees	56,987
Sales	1,659
Racing Fees and Charges	21,672
Fees	295
Rentals	34,379
Restricted	251,500
Unrestricted	7,891
Other Taxes	773
Total Operating Receipts	<u>521,772</u>
Operating Disbursements:	
Salaries and Wages	30,564
Benefits	8,523
Administrative	3,073
Race Supplies	3,054
Supplies	15,451
Utilities	35,630
Racing	53,080
Professional Services	60,465
Property Expenses	40,299
Advertising	13,991
Repairs	23,470
Insurance	13,384
Rent and Lease	14,829
Capital Outlay	19,180
Senior Fair	145
Contest	15,008
Junior Fair	25,480
Other Fair	236,520
Miscellaneous	3,788
Total Operating Disbursements	<u>615,934</u>
Deficiency of Operating Receipts (Under) Operating Disbursements	<u>(94,162)</u>
Non-Operating Receipts (Disbursements):	
State Support	32,844
County Support	39,452
Debt Proceeds	14,000
Sale of Fixed Assets	15
Investment Income	172
Net Non-Operating Receipts (Disbursements)	<u>86,483</u>
Deficiency of Receipts (Under) Disbursements	(7,679)
Cash Balance, Beginning of Year	<u>51,508</u>
Cash Balance, End of Year	<u><u>\$43,829</u></u>

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

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005**

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 Logan County Agricultural Society, Logan 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 1849 to operate an annual agricultural fair. The Society sponsors the week-long Logan County Fair during July. During the fair, harness races are held, culminating in the running of the Logan County Standard Bred races. Logan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Logan County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including homecomings and auctions. The reporting entity does not include any other activities or entities of Logan County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee are summarized in Notes 7 and 8, respectively.

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

B. Basis of Accounting

The 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Cash and Investments

The Society's kept all cash in demand deposits and held no investments.

D. 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.

F. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. Race Purse

Stake races are held during the Logan 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.

1. Sustaining and Entry Fees

Horse owners and the N.C.O.C. 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 revenues in the line items Racing Fees and Charges.

2. 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 A for additional information.

I. 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 B for additional information.

2. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$4,106</u>	<u>\$43,829</u>

Deposits: The Society's bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005
(Continued)**

3. HORSE RACING

A. State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2006 and 2005 was \$17,704 and \$20,304 and is included within the line item State Support on the accompanying financial statements.

B. Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statements, 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, which are included in the line item Race Expenses. State taxes, which are also paid from Pari-mutuel Wagering Commission, are also reflected in the line item Race Expenses, and the amount remaining is the Society's net portion.

	2006	2005
Total Amount Bet (Handle)	\$9,795	\$11,907
Less: Payoff to Bettors	(7,849)	(9,559)
Parimutuel Wagering Commission	1,946	2,348
Tote Service Commission	(1,183)	(1,409)
State Tax	(240)	(267)
Society Portion	\$523	\$672

4. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2006.

5. RISK MANAGEMENT

The Logan County Commissioners provide general liability insurance coverage for all the buildings on the Logan County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and automobile coverage is provided by the Public Entities Pool of Ohio with limit of \$6,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Logan County Fair. The Society disbursed \$27,920 and \$25,480 for fiscal year 2006 and 2005, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement.

The Society received from the State of Ohio, \$3,845 and \$3,852 during the fiscal years ended November 30, 2006 and November 30, 2005, respectively, for support of the Junior Fair Division activities. These amounts have been reported in the accompanying financials statements in the line item State Support under non-operating revenues.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005
(Continued)**

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale is held during fair week at which 4-H members may sell their animals directly to market through auction. Monies to cover the cost of the auction are generated through a 2.0% commission assessed on the auction price and are retained by the Society. Total receipts from the livestock sale during the fair were, \$221,852 for fiscal year 2006 and \$235,500 for fiscal year 2005. The Society disbursed \$218,341 and \$231,224 for fiscal year 2006 and 2005, respectively, directly to the 4H members for Junior Livestock Sale activities. These revenues and expenses are included in the accompanying financial statement in the line items Restricted Revenue and Other Fair Expense Disbursements, respectively.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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*

Logan County Agricultural Society
Logan County
301 East Lake Street
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the financial statements of Logan County Agricultural Society, Logan County, (the Society) as of and for the fiscal years ended November 30, 2006 and 2005, and have issued our report thereon dated October 3, 2007 wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A Reportable condition is described in the accompanying schedule of findings as 2007-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Society's management dated October 3, 2007, we reported another matter involving internal control over financial reporting which we did not deem a reportable condition.

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.

We intend this report solely for the information and use of the management and the Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 3, 2007

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

REPORTABLE CONDITION

The Society did not adopt an annual budget for the fiscal years ended November 30, 2006 and 2005. The lack of an annual budget could result in the Society incurring obligations beyond its financial resources. In addition, the lack of annual budget may result in Society spending its resources in a manner that does not comply with the intentions of the Board of Directors.

The Society should follow procedures below as outlined in the *Uniform Agricultural Society Accounting System User Manual*:

Each agricultural society shall prepare an annual budget of revenues and expenses. The budget shall cover the period December 1st through November 30.

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.

Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended. The distributed monthly budget should be integrated into the society's accounting system.

Actual revenues and expenses shall be compared to budgeted amounts each month, and reported to and reviewed by the board of directors. The board of directors shall determine the reasons why actual expenses exceed or are less than budgeted expenditures by make inquiries to fair management about the reasons.

The Society's Board of Directors should work with the Treasurer to provide that annual budgets are adopted in accordance with the *Uniform Agricultural Society Accounting System User Manual*. The Board should then periodically formally review financial reports that present budgeted versus actual receipts and expenditures as a means of monitoring financial activity.

OFFICIALS' RESPONSE

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

LOGAN 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
NOVEMBER 8, 2007**