



**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2007-2006



Mary Taylor, CPA
Auditor of State

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

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Mary Taylor, CPA
Auditor of State

Fairfield County Agricultural Society
Fairfield County
P.O. Box 945
Lancaster, Ohio 43130

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 Society 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.

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Mary Taylor, CPA
Auditor of State

April 3, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fairfield County Agricultural Society
Fairfield County
P.O. Box 945
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the accompanying financial statements of the Fairfield County Agricultural Society, Fairfield County, Ohio (the Society) as of and for the years ended November 30, 2007 and 2006. 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, 2007 and 2006 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, 2007 and 2006 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 cash balances of the Fairfield County Agricultural Society, Fairfield County, Ohio, as of November 30, 2007 and 2006, 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 April 3, 2008, 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

April 3, 2008

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2007**

	Operating	State and Local	Totals (Memorandum Only)
Operating Receipts:			
Taxes	\$ 2,826	\$ -	\$ 2,826
Admissions	370,971	-	370,971
Privilege Fees	169,109	-	169,109
Sales	4,344	-	4,344
Racing Fees and Charges	40,775	-	40,775
Parimutuel Wagering Commission	4,042	-	4,042
Utilities	34,072	-	34,072
Fees	8,692	-	8,692
Rentals	135,808	-	135,808
	<u>770,639</u>	<u>-</u>	<u>770,639</u>
Total Operating Receipts			
Operating Disbursements:			
Wages and Benefits	198,128	-	198,128
Administrative	13,692	-	13,692
Racing Supplies	4,008	1,000	5,008
Supplies	31,515	-	31,515
Utilities	70,236	-	70,236
Race Purse	57,805	21,696	79,501
Professional Services	86,709	-	86,709
Property Services	55,353	2,537	57,890
Advertising	32,185	-	32,185
Repairs	27,147	2,000	29,147
Insurance	27,964	-	27,964
Rent and Leases	15,360	-	15,360
Capital Outlay	9,598	1,200	10,798
Senior Fair	26,957	800	27,757
Contest Expenses	19,424	-	19,424
Junior Fair	38,726	4,311	43,037
Other Operating Disbursements	14,122	-	14,122
	<u>728,929</u>	<u>33,544</u>	<u>762,473</u>
Total Operating Disbursements			
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>41,710</u>	<u>(33,544)</u>	<u>8,166</u>
Non-Operating Receipts:			
State Support	-	29,044	29,044
Local Support	-	4,500	4,500
Restricted	90,471	-	90,471
Unrestricted	7,851	-	7,851
Investment Income	17,823	-	17,823
Sale of Assets	5,006	-	5,006
	<u>121,151</u>	<u>33,544</u>	<u>154,695</u>
Net Non-Operating Receipts			
Excess of Receipts Over Disbursements	162,861	-	162,861
Cash Balances, Beginning of Year	<u>523,634</u>	<u>-</u>	<u>523,634</u>
Cash Balances, End of Year	<u>\$ 686,495</u>	<u>\$ -</u>	<u>\$ 686,495</u>

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

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

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

	Operating	State and Local	Totals (Memorandum Only)
Operating Receipts:			
Taxes	\$ 3,465	\$ -	\$ 3,465
Admissions	321,929	-	321,929
Privilege Fees	164,011	-	164,011
Sales	17,837	-	17,837
Racing Fees and Charges	43,618	-	43,618
Parimutuel Wagering Commission	4,182	-	4,182
Utilities	32,650	-	32,650
Fees	8,857	-	8,857
Rentals	124,372	-	124,372
	<u>720,921</u>	<u>-</u>	<u>720,921</u>
Total Operating Receipts			
Operating Disbursements:			
Wages and Benefits	202,352	-	202,352
Administrative	14,044	-	14,044
Racing Supplies	6,764	1,000	7,764
Supplies	49,583	-	49,583
Utilities	66,090	2,000	68,090
Race Purse	62,069	21,704	83,773
Professional Services	102,961	-	102,961
Property Services	49,765	2,606	52,371
Advertising	38,862	-	38,862
Repairs	42,308	1,200	43,508
Insurance	29,762	-	29,762
Rent and Leases	15,496	-	15,496
Capital Outlay	31,850	-	31,850
Senior Fair	26,595	800	27,395
Contest Expenses	13,412	-	13,412
Junior Fair	41,866	4,345	46,211
Other Operating Disbursements	14,512	-	14,512
	<u>808,291</u>	<u>33,655</u>	<u>841,946</u>
Total Operating Disbursements			
Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	<u>(87,370)</u>	<u>(33,655)</u>	<u>(121,025)</u>
Non-Operating Receipts:			
State Support	-	29,155	29,155
Local Support	-	4,500	4,500
Restricted	58,233	-	58,233
Unrestricted	4,865	-	4,865
Investment Income	13,054	-	13,054
Sale of Assets	100	-	100
	<u>76,252</u>	<u>33,655</u>	<u>109,907</u>
Net Non-Operating Receipts			
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(11,118)</u>	<u>-</u>	<u>(11,118)</u>
Cash Balances, Beginning of Year	<u>534,752</u>	<u>-</u>	<u>534,752</u>
Cash Balances, End of Year	<u>\$ 523,634</u>	<u>\$ -</u>	<u>\$ 523,634</u>

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

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006**

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 Fairfield County Agricultural Society, Fairfield County, Ohio, (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 1850 to operate an annual agricultural fair. The Society sponsors the week-long Fairfield County Fair during October. Fairfield County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of sixteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fairfield 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 and storage rental, and community events including trade shows, horse shows and classic car shows.

As discussed in Note 7, Junior Fair Board activity is reflected in the accompanying financial statements.

The reporting entity does not include any other activities or entities of Fairfield County, Ohio. The financial activity of the Junior Livestock Sale is summarized in Note 8.

The Society's management believes these financial statements present 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. Cash and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society values certificates of deposit at cost.

D. Fund Accounting

The Society uses fund accounting to segregate cash and investments that are restricted as to use. The Society classifies its funds into the following types:

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Operating Fund

The Operating Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

State and Local Grant Fund

This fund is used to account for proceeds from specific sources (other than from trusts), i.e. stake racing monies, that are restricted to expenditure for specific purposes.

E. Budgetary Process

An operating budget is prepared annually by the Fair Manager and Board of Directors, including estimated revenues and expenses. The budget is approved by the Board during the first two months of each fiscal year. The Fair Manager and Treasurer review the budget throughout the year and compared with actual results. Significant variances with the budget are discussed with the Board, if considered necessary by the Fair Manager and Treasurer.

F. 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.

G. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

H. 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.

I. Race Purse

Harness races are conducted during the Fairfield 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.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Race Purse (Continued)

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.

J. 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 4 for additional information.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2007, the Society had budgeted receipts of \$792,550, actual receipts of \$925,334, resulting in a favorable variance of \$132,784. Additionally, the Society had budgeted disbursements of \$810,220, actual disbursements of \$762,473, resulting in a favorable variance of \$47,746.

For the year ended November 30, 2006, the Society had budgeted receipts of \$785,200, actual receipts of \$830,828, resulting in a favorable variance of \$45,628. Additionally, the Society had budgeted disbursements of \$859,800, actual disbursements of \$841,946, resulting in a favorable variance of \$17,854.

3. CASH AND INVESTMENTS

The carrying amount of cash at November 30, 2007 and 2006 follows:

	2007	2006
Demand deposits	\$187,025	\$92,438
Total deposits	187,025	92,438
Certificates of deposit	499,740	431,196
Total investments	499,470	431,196
Total deposits and investments	\$686,495	523,634

Deposits and Investments: Deposits and investments are insured by the Federal Depository Insurance Corporation up to \$100,000 of the Society's bank balances. The remainder is collateralized by securities specifically pledged by the financial institution to the Society.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purses for the year ended November 30, 2007 and November 30, 2006 was \$17,696 and \$17,704, 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 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, 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.

	2007	2006
Total Amount Bet (Handle)	\$ 41,754	\$ 43,351
Less: Payoff to Bettors	(32,940)	(34,229)
Parimutuel Wagering Commission	8,814	9,122
Tote Service Set Up Fee	0	0
Tote Service Commission	(4,016)	(4,170)
State Tax	(756)	(770)
Society Portion	\$ 4,042	\$ 4,182

5. BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2007 and 2006, 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, 2007.

6. RISK MANAGEMENT

The Fairfield County Commissioners provide general insurance coverage for all the buildings on the Fairfield County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's general manager is bonded with coverage of \$30,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through December 31, 2007.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2007 AND 2006
(Continued)**

7. JUNIOR FAIR BOARD

A member of the Board of Directors also serves as a member of the Junior Fair Board. The Junior Fair Board discusses activities and makes recommendations to the Society's Board of Directors. All decisions about Junior Fair activities must be approved by the Society. The financial activities of the Junior Fair are included in the Society's financial statements

8. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale, an auction held during fair week, is managed by Ohio Fair Services, Inc. Children may sell their animals directly to market or through auction. Monies to cover the cost of the auction are generated through a 3.5% commission assessed on the auction price and are retained by the Ohio Fair Services, Inc. The accompanying financial statements do not include the activities of Ohio Fair Services, Inc. The Junior Livestock Committee's financial activity for the years ended November 30, 2007 and November 30, 2006 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance:	\$88,202	\$78,389
Receipts:	340,045	360,209
Disbursements:	<u>(358,827)</u>	<u>(350,396)</u>
Ending Cash Balance:	<u>\$69,420</u>	<u>\$88,202</u>

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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*

Fairfield County Agricultural Society
Fairfield County
P.O. Box 945
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the financial statements of the Fairfield County Agricultural Society, Fairfield County, Ohio, (the Society) as of and for the years ended November 30, 2007 and 2006 and have issued our report thereon dated April 3, 2008, 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 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.

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.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Society's management in a separate letter dated April 3, 2008.

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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 did note a certain noncompliance or other matter that we reported to the Society's management in a separate letter dated April 3, 2008.

We intend this report solely for the information and use of the audit committee, management, and Board of Directors. We intend it for no one 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

April 3, 2008



Mary Taylor, CPA
Auditor of State

FAIRFIELD COUNTY AGRICULTURAL SOCIETY

FAIRFIELD 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
AUGUST 21, 2008