



**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

REGULAR AUDIT

FOR THE PERIOD ENDED NOVEMBER 30, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balance - For the Years Ended November 30, 2007 and 2006.....	5
Notes to the Financial Statements	6
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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Mary Taylor, CPA Auditor of State

Henry County Agricultural Society
P.O. Box 387
Napoleon, Ohio 43545-0387

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.

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Mary Taylor, CPA
Auditor of State

May 30, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Henry County Agricultural Society
P.O. Box 387
Napoleon, Ohio 43545-0387

To the Board of Directors:

We have audited the accompanying financial statements of Henry County Agricultural Society, Henry County, (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.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. 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 fund cash balance of Henry County Agricultural Society, Henry County, 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 May 30, 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.



Mary Taylor, CPA
Auditor of State

May 30, 2008

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	2007	2006
Operating Receipts:		
Admissions	\$170,028	\$168,932
Privilege Fees	69,067	68,305
Rentals	49,144	48,687
Sustaining and Entry Fees	20,250	22,730
Parimutuel Wagering Commission	3,559	3,531
Other Operating Receipts	20,768	18,326
 Total Operating Receipts	 332,816	 330,511
Operating Disbursements:		
Wages and Benefits	23,885	19,146
Utilities	32,225	25,461
Professional Services	56,006	52,772
Equipment and Grounds Maintenance	62,799	61,460
Race Purse	45,231	48,139
Senior Fair	29,016	26,471
Junior Fair	16,384	22,223
Capital Outlay	24,385	31,968
Other Operating Disbursements	55,129	53,182
 Total Operating Disbursements	 345,060	 340,822
 Excess of Operating Disbursements Over Operating Receipts	 (12,244)	 (10,311)
Non-Operating Receipts (Disbursements):		
State Support	29,044	29,154
County Support	2,800	2,800
Sale of Capital Assets	1,440	3,143
Donations/Contributions	28,410	27,997
Investment Income	668	434
Debt Service	(20,424)	(17,832)
 Net Non-Operating Receipts (Disbursements)	 41,938	 45,696
 Excess of Receipts Over Disbursements	 29,694	 35,385
 Cash Balance, Beginning of Year	 89,725	 54,340
 Cash Balance, End of Year	 \$119,419	 \$89,725

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

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY 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 Henry County Agricultural Society, Henry 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 1852 to operate an annual agricultural fair. The Society sponsors the week-long Henry County Fair during August. During the fair, harness races are held. Henry County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Henry 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. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Henry County, Ohio.

Notes 8 and 9, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's and Henry Fair Foundation's 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. Cash

The Society values certificates of deposit.

D. Budgetary Process

The Board of Directors prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form in November for each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

E. 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.

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Income Tax Status

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

G. Race Purse

Harness races are held during the Henry 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 Northwestern Ohio Colt Racing Association and Henry County Harness Horseman pay fees to the Society to qualify horses for entry into harness races. They must make payment before a horse can participate in a harness 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 4 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 4 for additional information.

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending November 30, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$404,450	\$395,178	(\$9,272)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$465,850	\$365,484	\$100,366

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$387,050	\$394,039	\$6,989

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$410,695	\$358,654	\$52,041

3. CASH

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

	2007	2006
Demand deposits	\$116,452	\$86,906
Certificates of deposit	2,967	2,819
Total deposits	\$119,419	\$89,725

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

4. 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, 2007 and 2006, was \$17,696 and \$17,704, respectively and is included within State Support on the accompany financial statements.

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

4. HORSE RACING – (Continued)

State Support Portion of Non Stake

The financial statements report Ohio Fairs Fund money, received to supplement non stake for the years ended November 30, 2007 and 2006, was \$4,000 each year and is included within State Support on the accompany financial statements.

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.

	2007	2006
Total Amount Bet (Handle)	\$ 17,670	\$ 17,493
Less: Payoff to Bettors	(14,110)	(13,962)
Parimutuel Wagering Commission	3,559	3,531
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(1,881)	(1,861)
State Tax	(471)	(473)
Society Portion	\$ 807	\$ 797

5. DEBT

Debt outstanding at November 30, 2007 was as follows:

	Principal	Interest Rate
House	\$29,753	5.50%
Saddle Horse Barn	40,581	4.77%
Total	\$70,334	

The House loan bears an interest rate of 5.50 percent and is due to the Henry County Bank. The loan was entered into April 8, 1997 and matures April 8, 2012. Proceeds of the loan were used to purchase a house and are collateralized by the house.

The Saddle Horse Barn loan bears an interest rate of 4.77 percent and is due to the Henry County Bank. The loan was entered into March 29, 2002 and matures on March 29, 2012. Proceeds of the loan were used to construct a saddle horse barn.

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

5. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

Year ending November 30:	House	Saddle Horse Barn	Interest	Total
2008	\$6,122	\$10,881	\$3,421	\$20,424
2009	6,467	11,400	2,557	20,424
2010	6,832	11,944	1,648	20,424
2011	7,218	6,356	692	14,266
2012	3,114		43	3,157
Total	<u>\$29,753</u>	<u>\$40,581</u>	<u>\$8,361</u>	<u>\$78,695</u>

6. RETIREMENT SYSTEM

All employees contribute to Social Security. The plan provides retirement benefits, including survivor and disability benefits to participants. Employees contribute 6.2 percent of gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2007.

7. RISK MANAGEMENT

The Henry County Commissioners provide general insurance coverage for all the buildings on the Henry County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society's Secretary and Treasurer are bonded through Auto-Owners (Mutual) Insurance Company with coverage of \$36,000 and \$10,000 respectively.

Risk Pool Membership

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

7. RISK MANAGEMENT – (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

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

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

7. RISK MANAGEMENT – (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$13,059 and \$11,948. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

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

<u>Contributions to PEP</u>	
2005	\$11,467
2006	\$11,948
2007	\$13,059

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

7. RISK MANAGEMENT – (Continued)

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

8. 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 Henry County Fair. For the years ended November 30, 2007 and 2006 the Society disbursed \$4,148 and \$4,524, respectively directly to the Junior Fair Board and \$12,236 and \$17,699, respectively directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. Henry County paid the Society \$500 each fiscal year to support Junior Club work. 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, 2007 and 2006 follows:

	2007	2006
Beginning Cash Balance	\$ 586	\$ 1,120
Receipts	5,658	3,760
Disbursements	(4,366)	(4,294)
Ending Cash Balance	\$ 1,878	\$ 586

9. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through Henry County's auction. Monies to cover the cost of an auction are generated through a \$7.00 per head fee. 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 years ended November 30, 2007 and 2006 follows:

	2007	2006
Beginning Cash Balance	\$ 806	\$ 8,619
Receipts	137,031	144,139
Disbursements	(139,435)	(151,952)
Ending Cash Balance	\$ (1,598)	\$ 806

**HENRY COUNTY AGRICULTURAL SOCIETY
HENRY COUNTY**

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

10. HENRY COUNTY FAIR FOUNDATION

The Henry County Fair Foundation was established in May 2000, and is governed by nine trustees. The purpose of the Henry County Fair Foundation is to operate exclusively for the benefit of the Society. The Henry County Fair Foundation shall have the power to do everything and anything reasonably and lawfully necessary, proper, suitable or convenient for the achievement of the foregoing statement of purpose, including the power to raise, receive, manage and distribute funds and property of every kind and nature exclusively for the benefit of the Society, thereby promoting and supporting the Society. The accompanying financial statement does not include the activities of the Henry County Fair Foundation. The Henry County Fair Foundation's financial activity for the years ended November 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 6,715	\$ 20,693
Receipts	2,299	11,324
Disbursements	<u>(1,560)</u>	<u>(25,302)</u>
Ending Cash Balance	<u>\$ 7,454</u>	<u>\$ 6,715</u>



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*

Henry County Agricultural Society
P. O. Box 387
Napoleon, Ohio 43545-0387

To the Board of Directors:

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

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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 intend this report solely for the information and use of the audit committee, management, and the 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

May 30, 2008



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

HENRY 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 19, 2008**