

***MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Directors
Madison County Agricultural Society
205 Elm Street
P.O. Box 30
London, Ohio 43140

We have reviewed the *Report of Independent Accountants* of the Madison County Agricultural Society, Madison County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2006 through November 30, 2008. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Madison County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 28, 2010

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MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Audit Report
For the Years Ended November 30, 2008 and 2007

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Madison County Agricultural Society
Madison County
205 Elm Street, P.O. Box 30
London, Ohio 43140

To the Board of Directors:

We have audited the accompanying financial statements of the Madison County Agricultural Society, Madison County (the Society), as of and for the years ended November 30, 2008 and 2007. 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 that 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2008 and 2007. 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 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 years ended November 30, 2008 and 2007, 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Society, as of November 30, 2008 and 2007, and its cash receipts and disbursements and changes in fund cash balances 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 years ended November 30, 2008 and 2007. 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 August 23, 2010, 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 do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.

August 23, 2010

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
For the Year Ended November 30, 2008**

	2008
Operating Receipts:	
Admissions	\$ 125,536
Privilege Fees	42,831
Rentals	53,183
Sustaining and Entry Fees	53,424
Parimutuel Wagering Commission	1,825
Other Operating Receipts	32,720
Total Operating Receipts	309,519
Operating Disbursements:	
Wages and Benefits	16,101
Utilities	52,307
Professional Services	80,703
Equipment and Grounds Maintenance	78,499
Race Purse	71,959
Senior Fare	13,940
Junior Fare	22,210
Capital Outlay	50,042
Other Operating Disbursements	24,222
Total Operating Disbursements	409,983
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(100,464)
Non-Operating Receipts (Disbursements):	
State Support	118,738
County Support	3,500
Donations/Contributions	9,146
Interest	1,194
Bank Fees	(580)
Net Non-Operating Receipts (Disbursements)	131,998
Excess (Deficiency) of Receipts Over (Under) Disbursements	31,534
Cash Balance December 1, 2007	29,021
Cash Balance November 30, 2008	\$ 60,555

See accompanying notes to the financial statements.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
For the Year Ended November 30, 2007**

	2007
Operating Receipts:	
Admissions	\$ 134,393
Privilege Fees	43,890
Rentals	54,125
Sustaining and Entry Fees	67,222
Parimutuel Wagering Commission	1,680
Other Operating Receipts	37,379
Total Operating Receipts	338,689
Operating Disbursements:	
Wages and Benefits	16,607
Utilities	47,388
Professional Services	76,900
Equipment and Grounds Maintenance	77,269
Race Purse	89,551
Senior Fare	13,828
Junior Fare	17,482
Capital Outlay	7,912
Other Operating Disbursements	27,233
Total Operating Disbursements	374,170
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(35,481)
Non-Operating Receipts (Disbursements):	
State Support	29,044
County Support	3,500
Donations/Contributions	8,446
Interest	58
Bank Fees	(648)
Net Non-Operating Receipts (Disbursements)	40,400
Excess (Deficiency) of Receipts Over (Under) Disbursements	4,919
Cash Balance December 1, 2006	24,102
Cash Balance November 30, 2007	\$ 29,021

See accompanying notes to the financial statements.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Madison County Agricultural Society, Madison County, Ohio, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1947 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Madison County Fair during July. During the fair, harness races are held. Madison County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors (the Board). The Board is made up of 18 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Madison County and pay an annual membership fee to the Society.

Reporting Entity

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

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

E. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

F. Race Purse

Stake races are conducted during the Madison 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 purses to winning horses.

Sustaining and Entry Fees

Horse owners and the U.S. Trotting Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement the race purse. See Note 3 for additional information.

G. Pari-mutuel Wagering

A pari-mutuel wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses at various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as determined by the pari-mutuel wagering system.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Pari-mutuel Wagering (Continued)

The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (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 3 for additional information.

2. CASH

The carrying amount of cash and investments at November 30, 2008 and November 30, 2007 are as follows:

	2008	2007
Demand Deposits	\$ 49,578	\$ 18,255
Money Markets	10,977	10,766
Total Deposits and Investments	\$ 60,555	\$ 29,021

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Society, or (3) collateralized by the financial institution's public entity deposit pool.

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement the race purse for the years ended November 30, 2008 and 2007 was \$13,848 and \$17,696, respectively. These amounts are included within State Support on the accompanying financial statements.

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 and taxes which include the Society's share after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services. State taxes are also paid from Pari-mutuel wagering commissions and the amount remaining is the Society's net portion.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

3. HORSE RACING (Continued)

Pari-mutuel Wagering

	2008	2007
Total Amount Bet (Handle)	\$ 24,204	\$ 22,471
Less:		
Payoff to Bettors	(16,791)	(15,621)
Pari-mutuel Wagering Commission	(4,987)	(4,552)
State Tax	(732)	(619)
Society Portion	\$ 1,694	\$ 1,679

4. DEBT

On January 7, 2008 the Madison County Commissioners passed a resolution relieving the Society of \$7,000 of debt which was outstanding at November 30, 2006 for a loan issued February 2000. The Society had no debt outstanding at November 30, 2008.

5. SOCIAL SECURITY

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, employees contributed 7.65% of their gross salaries. The Society contributed an amount equal to 7.65% of participant's gross salaries through November 30, 2008.

6. RISK MANAGEMENT

The Madison County Commissioners provide general insurance coverage for all the buildings on the Madison County Fairgrounds pursuant to Ohio Revised Code §1711. 24. The Society has obtained general liability and vehicle insurance, with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$50,000.

Workers' compensation benefits are provided through the State Bureau of Worker's Compensation. The premium is calculated based upon accident history and administrative costs.

There has been no significant reduction in insurance coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$22,210 for the year ended November 30, 2008 and \$17,482 for the year ended November 30, 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. The Society was reimbursed \$1,000 for the years ended November 30, 2008 and 2007 by Madison County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statements do not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the years ended November 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$2,365	\$6,644
Receipts	12,298	5,691
Disbursements	<u>(6,306)</u>	<u>(9,970)</u>
Ending Cash Balance	<u>\$ 8,357</u>	<u>\$2,365</u>

8. 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 the Madison County's auction. Monies to cover the cost of the auction are generated through a 3% commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$15,040	\$17,821
Receipts	241,349	217,456
Disbursements	<u>(245,209)</u>	<u>(220,237)</u>
Ending Cash Balance	<u>\$ 11,180</u>	<u>\$15,040</u>

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended November 30, 2008 and 2007**

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Madison County Agricultural Society
Madison County
205 Elm Street, P.O. Box 30
London, Ohio 43140

To the Board of Directors:

We have audited the financial statements of the Madison County Agricultural Society, Madison County (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated August 23, 2010, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Society'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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

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 grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

August 23, 2010

MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid:
2006-001	Material Weakness-Bank reconciliations not accurate	Yes	
2006-002	Reportable Condition-Entry fees not collected	Yes	
2006-003	Reportable Condition/Material Weakness-Receipts not properly documented	Yes	
2006-004	Reportable Condition/Material Weakness-Junior Fair Activity not reported	Yes	
2006-005	Finding for Recovery-Fee not collected	Yes	



Mary Taylor, CPA
Auditor of State

MADISON COUNTY AGRICULTURAL SOCIETY

MADISON 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 9, 2010**