



**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY

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Mary Taylor, CPA Auditor of State

Marion County Agricultural Society
Marion County
220 East Fairground Street
Marion, Ohio 43302

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 23, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Marion County Agricultural Society
Marion County
220 East Fairground Street
Marion, Ohio 43302

To the Board of Directors:

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

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2006, and November 30, 2005. 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, 2006, and November 30, 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 November 30, 2005, 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 Marion County Agricultural Society, Marion County, Ohio, as of November 30, 2006, and November 30, 2005, 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 23, 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

April 23, 2007

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

	2006
Operating Receipts:	
Admissions	\$192,306
Taxes	1,000
Privilege Fees	74,958
Sales	6,007
Rentals	147,305
Sustaining and Entry Fees	67,844
Other Racing Fees and Charges	26,942
Parimutuel Wagering Commission	5,856
Other Operating Receipts	51,185
Total Operating Receipts	573,403
Operating Disbursements:	
Wages and Benefits	108,093
Administrative	7,404
Utilities	116,548
Advertising	23,687
Professional Services	60,049
Equipment and Grounds Maintenance	94,591
Rent and Lease	14,452
Race Purse	96,649
Other Race Expenses	16,548
Senior Fair	26,883
Junior Fair	22,579
Capital Outlay	14,657
Other Operating Disbursements	32,080
Total Operating Disbursements	634,220
Deficiency of Operating Receipts Under Operating Disbursements	(60,817)
Non-Operating Receipts (Disbursements):	
State Support	29,154
County Support	3,300
Restricted Donations/Contributions	22,281
Unrestricted Donations/Contributions	4,376
Investment Income	1,401
Debt Service	(985)
Net Non-Operating Receipts (Disbursements)	59,527
Deficiency of Receipts Under Disbursements	(1,290)
Cash Balance, Beginning of Year	74,854
Cash Balance, End of Year	\$73,564

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

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

	2005
Operating Receipts:	
Admissions	\$191,458
Taxes	530
Privilege Fees	82,467
Sales	7,512
Rentals	132,468
Sustaining and Entry Fees	66,598
Other Racing Fees and Charges	23,377
Parimutuel Wagering Commission	2,997
Other Operating Receipts	68,182
Total Operating Receipts	575,589
Operating Disbursements:	
Wages and Benefits	99,822
Administrative	9,225
Utilities	111,969
Advertising	31,125
Professional Services	67,080
Equipment and Grounds Maintenance	81,492
Rent and Lease	18,340
Race Purse	90,502
Other Race Expenses	14,904
Senior Fair	24,955
Junior Fair	19,372
Capital Outlay	387
Other Operating Disbursements	49,460
Total Operating Disbursements	618,633
Deficiency of Operating Receipts Under Operating Disbursements	(43,044)
Non-Operating Receipts (Disbursements):	
State Support	32,044
County Support	3,300
Restricted Donations/Contributions	24,174
Unrestricted Donations/Contributions	1,776
Investment Income	727
Debt Service	(2,216)
Net Non-Operating Receipts (Disbursements)	59,805
Excess of Receipts Over Disbursements	16,761
Cash Balance, Beginning of Year	58,093
Cash Balance, End of Year	\$74,854

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

**MARION COUNTY AGRICULTURAL SOCIETY
MARION 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 Marion County Agricultural Society, Marion 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 Marion County Fair during July. During the fair, harness races are held. Marion County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Marion 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 arena football, Christmas by Candlelight, motocross, and a Toughman Contest. The reporting entity does not include any other activities or entities of Marion County, Ohio.

Notes 7 and 8, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Budgetary Process

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

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

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

Harness stake races are held during the Marion 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 Home Talent Colt Stakes 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 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.

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 4 for additional information.

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2006, the Society had budgeted receipts of \$631,899 and actual receipts of \$633,915, resulting in a variance of \$2,016. Additionally, the Society had budgeted disbursements of \$641,989 and actual disbursements of \$635,205, resulting in a variance of \$6,784.

For the year ended November 30, 2005, the Society had budgeted receipts of \$619,685 and actual receipts of \$637,610, resulting in a variance of \$17,925. Additionally, the Society had budgeted disbursements of \$639,361 and actual disbursements of \$620,849, resulting in a variance of \$18,512.

3. CASH AND INVESTMENTS

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

	<u>2006</u>	<u>2005</u>
Deposits	\$64,339	\$74,854
Certificates of deposit	9,225	0
Total deposits	<u>\$73,564</u>	<u>\$74,854</u>

Deposits: The bank balance was covered by the Federal Depository Insurance Corporation.

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, 2006 and 2005, in amounts of \$17,704 and \$20,304, 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 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 Other Race Expenses. State taxes, which are also paid from Pari-mutuel Wagering Commission, are also reflected in Other Race Expenses, and the amount remaining is the Society's net portion.

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

4. HORSE RACING (Continued)

	2006	2005
Total Amount Bet (Handle)	\$ 18,379	\$ 14,833
Less: Payoff to Bettors	(12,523)	(11,836)
Parimutuel Wagering Commission	5,856	2,997
Tote Service Set Up Fee/Commission	(2,810)	(1,427)
State Tax	(765)	(403)
Society Portion	\$ 2,281	\$ 1,167

5. DEBT

Debt outstanding at November 30, 2006, was as follows:

	Principal	Interest Rate
Note Payable for Tractor	\$9,537	0.00%

The Tractor Note bears no interest and is due to John Deere Credit. The note was entered into in the amount of \$11,075 on June 20, 2006, and matures June 20, 2009. Proceeds of the note were used to purchase a tractor with loader and deck.

Amortization of the above debt is scheduled as follows:

Year ending	Tractor Note	Interest	Total
November 30:			
2007	3,692	\$0	\$3,692
2008	3,692	0	3,692
2009	2,153	0	2,153
Total	\$9,537	\$0	\$9,537

6. RISK MANAGEMENT

The Marion County Commissioners provide general insurance coverage for all the buildings on the Marion County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability, equipment and vehicle insurance. This policy also includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Secretary/Treasurer 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 August 2007.

**MARION COUNTY AGRICULTURAL SOCIETY
MARION COUNTY**

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

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Marion County Fair. In 2006 and 2005, the Society disbursed \$22,579 and \$19,372, 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. The Junior Fair Board does not collect any fees or registrations.

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 Marion County's auction. 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 follows:

	2006	2005
Beginning Cash Balance	\$ 4,541	\$ 5,191
Receipts	279,435	264,972
Disbursements	(274,704)	(265,622)
Ending Cash Balance	\$ 9,272	\$ 4,541

9. RETIREMENT SYSTEM

In January 2002, the Society established a 403(b) plan in which the Secretary/Treasurer may participate. This plan is entirely funded by employee contributions.

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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

Marion County Agricultural Society
Marion County
220 East Fairground Street
Marion, Ohio 43302

To the Board of Directors:

We have audited the financial statements of the Marion County Agricultural Society, Marion County, Ohio, (the Society) as of and for the years ended November 30, 2006, and November 30, 2005, and have issued our report thereon dated April 23, 2007, wherein we noted the Society follows 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated April 23, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Society's management dated April 23, 2007, we reported an other matter related to noncompliance we deemed immaterial.

Marion County Agricultural Society
Marion County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

April 23, 2007



Mary Taylor, CPA
Auditor of State

AGRCULTURAL SOCIETY

MARION 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
JULY 12, 2007**