



**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**



**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

November 17, 2009

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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 statement of the Marion County Agricultural Society, Marion County, Ohio, (the Society) as of and for the years ended November 30, 2008 and 2007. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 this financial statement 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 statement 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 statement referred to above for the years ended November 30, 2008 and 2007 does 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 statement referred to above presents fairly, in all material respects, the cash balances of the Marion County Agricultural Society, Marion County, Ohio, as of November 30, 2008 and 2007, 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009, 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

November 17, 2009

**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating Receipts:</b>		
Taxes	\$917	\$776
Admissions	175,052	188,331
Privilege Fees	70,383	77,335
Sales	9,818	11,677
Rentals	103,963	111,292
Sustaining and Entry Fees	53,189	61,565
Other Fees and Charges	22,156	25,694
Parimutuel Wagering Commission	5,238	5,814
Other Operating Receipts	<u>64,109</u>	<u>74,078</u>
 Total Operating Receipts	 <u>504,825</u>	 <u>556,562</u>
<b>Operating Disbursements:</b>		
Wages and Benefits	116,702	107,813
Administrative	7,752	10,963
Utilities	114,648	125,126
Advertising	20,106	25,575
Professional Services	68,845	59,962
Equipment and Grounds Maintenance	93,915	91,780
Rent and Lease	10,905	7,754
Race Purse	71,226	82,830
Other Race Expenses	10,132	14,525
Senior Fair	13,608	23,552
Junior Fair	20,917	28,029
Capital Outlay	13,313	26,856
Other Operating Disbursements	<u>36,735</u>	<u>46,556</u>
 Total Operating Disbursements	 <u>598,804</u>	 <u>651,321</u>
Deficiency of Operating Receipts Under Operating Disbursements	 <u>(93,979)</u>	 <u>(94,759)</u>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	26,148	29,044
County Support	33,300	3,300
Restricted Donations/Contributions	24,822	22,649
Unrestricted Donations/Contributions	20,957	17,164
Investment Income	606	1,885
Debt Service	<u>(3,987)</u>	<u>(3,076)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>101,846</u>	 <u>70,966</u>
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 7,867	 (23,793)
 Cash Balance, Beginning of Year	 <u>49,771</u>	 <u>73,564</u>
 <b>Cash Balance, End of Year</b>	 <b><u><u>\$57,638</u></u></b>	 <b><u><u>\$49,771</u></u></b>

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

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**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007**

**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.

Note 6 summarizes the Junior Fair Board's financial activity.

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

**B. Accounting Basis**

This financial statement follows 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.

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

**C. Deposits 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.

**D. Property, Plant, and Equipment**

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(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 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 reports 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 3 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 3 for additional information.

**I. 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.

**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2008 and 2007 was \$57,638 and \$49,771, respectively.

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2008 and 2007, in amounts of \$13,848 and \$17,696, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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 reflected in Other Race Expenses, and the amount remaining is the Society's net portion.

	2008	2007
Total Amount Bet (Handle)	\$ 25,963	\$ 28,817
Less: Payoff to Bettors	(20,725)	(23,003)
Parimutuel Wagering Commission	5,238	5,814
Tote Service Set Up Fee/Commission	(2,556)	(2,771)
State Tax	(699)	(776)
Society Portion	\$ 1,983	\$ 2,267

**4. DEBT**

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Note Payable for Tractor	\$2,153	0.00%

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

**MARION COUNTY AGRICULTURAL SOCIETY  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**4. DEBT (Continued)**

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Tractor Note	Interest	Total
2009	<u>\$2,153</u>	<u>\$0</u>	<u>\$2,153</u>

**5. RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

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 and vehicle insurance, with limits of \$5,000,000 and \$1,000,000 aggregate. This policy 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 December 31, 2008.

**6. 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 Marion County Fair. The Society disbursed \$20,917 and \$28,029, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board does not collect any fees or registrations.

**7. 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.



# 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 statement of the Marion County Agricultural Society, Marion County, Ohio, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated November 17, 2009, 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 certain internal control matters that we reported to the Society's management in a separate letter dated November 17, 2009.

### **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 certain noncompliance or other matters that we reported to the Society's management in a separate letter dated November 17, 2009.

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 17, 2009



**Mary Taylor, CPA**  
Auditor of State

**MARION COUNTY AGRICULTURAL 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  
JANUARY 5, 2010**