



Mary Taylor, CPA
Auditor of State

HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY

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Mary Taylor, CPA
Auditor of State

Hardin County Agricultural Society
Hardin County
P.O. Box 317
14134 Fairground Road
Kenton, Ohio 43326

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 5, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Agricultural Society
Hardin County
P.O. Box 317
14134 Fairground Road
Kenton, Ohio 43326

To the Board of Directors:

We have audited the accompanying financial statements of the Hardin County Agricultural Society, Hardin 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 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 cash balances of the Hardin County Agricultural Society, Hardin County, 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 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.

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Mary Taylor, CPA
Auditor of State

May 5, 2009

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

	2008	2007
Operating Receipts:		
Taxes	\$448	\$590
Admissions	181,935	157,366
Privilege Fees	81,243	86,639
Sales by the Fairboard	3,200	3,137
Sales Activities	3,213	3,672
Utilities	364	312
Fees	19,873	17,776
Rentals	32,453	32,858
Sustaining and Entry Fees	46,540	58,500
Parimutuel Wagering Commission	2,924	3,972
Racing	256	303
Restricted	55,672	37,969
Unrestricted	18,137	26,603
Total Operating Receipts	446,258	429,697
Operating Disbursements:		
Wages	64,360	67,430
Benefits	5,824	5,898
Administrative Expenses	6,958	6,873
Race Expenses	2,455	3,098
Supplies	29,712	22,439
Utilities	50,324	49,269
Racing Expenses	72,437	87,798
Professional Services	37,811	39,493
Property Expenses	30,235	28,823
Advertising	15,636	13,780
Repairs	28,946	33,278
Insurance	17,014	18,379
Rent/Lease Expense	13,044	14,576
Contests	2,393	2,442
Senior Fair	25,561	24,353
Junior Fair	24,702	22,014
Capital Outlay	39,112	30,610
Miscellaneous	19,538	20,912
Other Fair Expenses	4,607	7,511
Total Operating Disbursements	490,669	498,976
 (Deficiency) of Operating Receipts (Under) Operating Disbursements	 (44,411)	 (69,279)
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	3,300	43,300
Investment Income	1,076	1,085
Sale of Personal Property	8,122	209
Net Non-Operating Receipts (Disbursements)	38,646	73,638
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (5,765)	 4,359
 Cash Balance, Beginning of Year	 132,680	 128,321
 Cash Balance, End of Year	 \$126,915	 \$132,680

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

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**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN 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 Hardin County Agricultural Society, Hardin 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 Hardin County Fair during September. During the fair, harness races are held. Hardin County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hardin 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as auctions. The reporting entity does not include any other activities or entities of Hardin County, Ohio.

Notes 5 and 6, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee'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. 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 statements do not report these items as assets.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN 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

Stake races are held during the Hardin 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 the Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial 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 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.

2. DEPOSITS

The Society maintains all money in deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 60,958	\$ 66,942
Certificates of deposit	17,608	17,608
Other time deposits (savings and NOW accounts)	48,349	48,130
Total deposits	<u>\$126,915</u>	<u>\$132,680</u>

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

2. DEPOSITS (Continued)

Deposits: At November 30, 2008, \$124,345 of the balance was covered by the Federal Depository Insurance Corporation (FDIC), and \$2,570 was covered by the National Credit Union Share Insurance Fund (NCUSIF). At November 30, 2007, \$130,132 of the balance was covered by the Federal Depository Insurance Corporation (FDIC), and \$2,548 was covered by the National Credit Union Share Insurance Fund (NCUSIF).

3. 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, 2008 and 2007 was \$18,848 and \$22,696, respectively, and is 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 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 the line item Racing Expenses, State taxes, which are also paid from Pari-mutuel Wagering Commission, are also reflected in the line item Race Expenses, and the amount remaining is the Society's net portion.

	<u>2008</u>	<u>2007</u>
Total Amount Bet (Handle)	\$14,050	\$19,227
Less: Payoff to Bettors	<u>(11,126)</u>	<u>(15,255)</u>
Parimutuel Wagering Commission	2,924	3,972
Tote Service Commission	(1,436)	(1,962)
State Tax	<u>(448)</u>	<u>(590)</u>
Society Portion	<u>\$ 1,040</u>	<u>\$ 1,420</u>

4. RISK MANAGEMENT

The Hardin County Commissioners provide general insurance coverage for all the buildings on the Hardin County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and automobile coverage is provided by the Public Entities Pool of Ohio with limit of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Secretary is bonded with coverage of \$110,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2009.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

5. 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 Hardin County Fair. The Society disbursed \$24,702 during 2008 and \$22,014 during 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement in the disbursement line item Junior Fair. Hardin County paid the Society \$500 during 2008 and 2007 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, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$3,248	\$2,058
Receipts	4,302	5,781
Disbursements	(4,573)	(4,591)
Ending Cash Balance	\$2,977	\$3,248

6. 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 Hardin County's auction. Monies to cover the cost of the auction are generated through deductions and are retained by the Junior Livestock Committee. A deduction of one dollar per head for market steers was made for the Ohio Beef Marketing program, a deduction of .0040 of the sale value of market hogs was made for the Ohio Pork Producers promotions, a deduction of .0050 of the sale value of market lambs was made for the Ohio Sheep check-off program, a deduction of .0050 per pound of market lambs was made for the American Lamb check-off program, and a deduction of one dollar per animal going through the sale was made to cover the cost of ear tags during 2008 and 2007. 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, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$ 1,544	\$ 3,276
Receipts	347,971	294,962
Disbursements	(347,061)	(296,694)
Ending Cash Balance	\$ 2,454	\$ 1,544

7. CONSIGNMENT SALE

The Society sponsors an annual farm machinery consignment sale. The Society collects the proceeds of the sale, withholds commission from the sale based on amounts approved by the Board of Directors and disburses an amount equal to the sale price less the Society's commission to sellers. The activity of the consignment sale is accounted for in a separate account maintained by the Society specifically for that purpose. The Society earned \$12,500 during 2008 and \$18,000 during 2007 from the sale and is included in the Unrestricted revenue line item on the financial statements. The Consignment Sale account activity for the years ended November 30, 2008 and 2007 follows:

HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY

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

7. CONSIGNMENT SALE (Continued)

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 833	\$ 501
Receipts	315,436	395,230
Disbursements	<u>(315,718)</u>	<u>(394,898)</u>
Ending Cash Balance	<u>\$ 551</u>	<u>\$ 833</u>

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Mary Taylor, CPA

Auditor of State

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

Hardin County Agricultural Society
Hardin County
P.O. Box 317
14134 Fairground Road
Kenton, Ohio 43326

To the Board of Directors:

We have audited the financial statements of the Hardin County Agricultural Society, Hardin County, (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated May 5, 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 matters that we reported to the Society's management in a separate letter dated May 5, 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 a certain noncompliance or other matter that we reported to the Society's management in a separate letter dated May 5, 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

May 5, 2009



Mary Taylor, CPA
Auditor of State

HARDIN COUNTY AGRICULTURAL SOCIETY

HARDIN 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
MAY 26, 2009**