



Mary Taylor, CPA
Auditor of State

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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Mary Taylor, CPA Auditor of State

Logan County Agricultural Society
Logan County
301 East Lake Street
P.O. Box 738
Bellefontaine, Ohio 43311

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 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 6, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan County Agricultural Society
Logan County
301 East Lake Street
P.O. Box 758
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the accompanying financial statements of the Logan County Agricultural Society (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 fiscal 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 fiscal years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Logan County Agricultural Society, 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 6, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 6, 2009

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$138,049	\$142,441
Privilege Fees	51,624	49,322
Sales	8,791	8,467
Utilities	50	50
Racing Fees and Charges	28,349	25,976
Fees	3,162	3,288
Rentals	25,121	38,048
Restricted	260,968	254,677
Unrestricted	9,605	10,065
Other Taxes	1,079	1,141
Total Operating Receipts	526,798	533,475
Operating Disbursements:		
Salaries and Wages	25,928	26,839
Benefits	10,368	10,460
Administrative	781	1,991
Race Supplies	2,495	2,775
Supplies	7,706	7,886
Utilities	36,226	38,061
Racing	55,368	52,820
Professional Services	49,759	74,011
Property Expenses	31,502	44,380
Advertising	11,206	17,383
Repairs	5,213	5,724
Insurance	17,172	15,326
Rent and Lease	19,709	22,816
Capital Outlay		5,287
Senior Fair	7,711	10,397
Contest	225	304
Junior Fair	26,687	27,258
Other Fair	253,291	244,782
Miscellaneous	3,415	3,180
Total Operating Disbursements	564,762	611,680
Deficiency of Operating Receipts (Under) Operating Disbursements	(37,964)	(78,205)
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	15,000	15,000
Debt Proceeds	16,000	34,899
Investment Income	8	81
Debt Service	(19,326)	(3,808)
Net Non-Operating Receipts (Disbursements)	37,830	75,216
Excess of Receipts (Under) Disbursements	(134)	(2,989)
Cash Balance, Beginning of Year	1,117	4,106
Cash Balance, End of Year	\$983	\$1,117

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

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**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN 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 Logan County Agricultural Society, Logan 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 1849 to operate an annual agricultural fair. The Society sponsors the week-long Logan County Fair during July. During the fair, harness races are held, culminating in the running of the Logan County Standard Bred races. Logan County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Logan 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 including homecomings and auctions. The reporting entity does not include any other activities or entities of Logan County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee are summarized in Notes 7 and 8, respectively.

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

B. Basis of Accounting

This financial statement follows 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.

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

C. Cash 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. The Society maintained all money in demand deposits and held no investments.

D. 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.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN 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 Logan 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.

1. Sustaining and Entry Fees

Horse owners and the N.C.O.C. 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 statements report these revenues in the line items Racing Fees and Charges.

2. 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 A 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 B for additional information.

2. CASH

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	<u>\$983</u>	<u>\$1,117</u>

Deposits: The Society's bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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

3. HORSE RACING

A. 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 \$13,848 and \$17,696 and is included within the line item State Support on the accompanying financial statements.

B. 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 (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, which are included in the line item Race 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.

	2008	2007
Total Amount Bet (Handle)	\$12,490	\$15,365
Less: Payoff to Bettors	(10,020)	(12,323)
Parimutuel Wagering Commission	2,470	3,042
Tote Service Commission	(1,463)	(1,764)
State Tax	(298)	(369)
Society Portion	\$ 709	\$ 909

4. DEBT

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Line of Credit	\$39,800	10.25%
Credit Card	5,467	9.80%
Total	\$45,267	

In December 2006, the Society obtained a line of credit with National City Bank to meet obligations of the Society. Interest payments are due monthly but principle payments are not required. Total principle payments of \$10,880 and \$1,720 were made during 2008 and 2007, respectively, by the Society. Interest payments amounted to \$2,857 and \$1,908 during 2008 and 2007.

The Society has a Visa Credit Card with National City Bank. Minimum payments are due each month. The Society incurred finance charges of \$589 and \$180, in 2008 and 2007, respectively, on the unpaid balances. In addition, during 2008, the Society took a cash advance of \$5,000 on this credit card for use as start up cash. The repayment of the cash advance and interest costs is reflected as Debt Service expenditures on the financial statements.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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

5. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2008.

6. RISK MANAGEMENT

The Logan County Commissioners provide general liability insurance coverage for all the buildings on the Logan 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 \$6,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Logan County Fair. The Society disbursed \$26,687 and \$27,258 for fiscal year 2008 and 2007, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as Junior Fair disbursements in the accompanying financial statements.

The Society received from the State of Ohio, \$5,141 and \$3,811 during the fiscal years ended November 30, 2008 and November 30, 2007, respectively, for support of the Junior Fair Division activities. These amounts have been reported in the accompanying financial statements in the line item State Support under non-operating revenues.

8. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale is held during fair week at which 4-H members may sell their animals directly to market through auction. Monies to cover the cost of the auction are generated through a 3.0% commission assessed on the auction price and are retained by the Society. Total receipts from the livestock sale during the fair were, \$247,122 for fiscal year 2008 and \$241,040 for fiscal year 2007. The Society disbursed \$239,594 and \$234,773 for fiscal year 2008 and 2007, respectively, directly to the 4H members for Junior Livestock Sale activities. These revenues and expenses are included in the accompanying financial statement in the line items Restricted Revenue and Other Fair Expense Disbursements, respectively.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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*

Logan County Agricultural Society
Logan County
301 East Lake Street
P.O. Box 738
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the financial statements of the Logan County Agricultural Society (the Society), as of and for the fiscal years ended November 30, 2008 and 2007, and have issued our report thereon dated May 6, 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 auditing 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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.

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 matter that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and the Board of Directors. It is not intended for anyone other than these specified parties.

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Mary Taylor, CPA
Auditor of State

May 6, 2009

LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN 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; <i>Explain</i>
2006-001	The Society did not adopt an annual budget	Yes	



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

LOGAN 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 2, 2009**