



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 a February 2, 2005 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 30, 2007

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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 fiscal years ended November 30, 2006 and 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 fiscal years ended November 30, 2006 and 2005. While the Society does not follow GAAP, generally accepted auditing standards require 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, 2006 and 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 2005, 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 Hardin County Agricultural Society, Hardin County, as of November 30, 2006 and 2005, and its cash receipts and disbursements 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 fiscal years ended November 30, 2006 and 2005. 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 July 30, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 30, 2007

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

Operating Receipts:

Taxes	\$676
Admissions	180,594
Privilege Fees	88,104
Sustaining and Entry Fees	64,200
Parimutuel Wagering Commission	4,702
Racing	327
Sales by Fairboard	2,876
Sales Activities	3,993
Utilities	305
Fees	16,893
Rentals	27,974
Restricted	49,778
Unrestricted	21,127
Total Operating Receipts	461,549

Operating Disbursements:

Wages	55,090
Benefits	5,655
Administrative Expenses	5,729
Race Expenses	3,435
Supplies	28,333
Utilities	48,980
Racing Expenses	94,253
Services	40,724
Property Expenses	29,212
Advertising	16,343
Repairs	65,948
Insurance	16,938
Rent/Lease Expense	14,439
Senior Fair	26,072
Contests	2,440
Junior Fair	21,841
Capital Outlay	23,929
Other Fair Expenses	3,603
Miscellaneous Expenses	18,434
Total Operating Disbursements	521,398

Deficiency) of Operating Receipts (Under) Operating Disbursements	(59,849)
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Non-Operating Receipts (Disbursements):

State Support	29,155
County Support	43,300
Sale of Personal Property	7,734
Investment Income	1,227
Debt Service	(115)
Net Non-Operating Receipts (Disbursements)	81,301

Excess of Receipts Over Disbursements	21,452
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Cash Balance, Beginning of Year	106,869
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Cash Balance, End of Year	\$128,321
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The notes to the financial statement are an integral part of this statement.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

	2005
Operating Receipts:	
Taxes	\$629
Admissions	161,065
Privilege Fees	77,410
Sustaining and Entry Fees	65,770
Parimutuel Wagering Commission	4,455
Racing	627
Sales by Fairboard	3,331
Sales Activities	4,754
Utilities	247
Fees	13,689
Rentals	31,852
Restricted	34,706
Unrestricted	18,523
Total Operating Receipts	417,058
Operating Disbursements:	
Wages	62,255
Benefits	5,360
Administrative Expenses	7,761
Race Expenses	3,244
Supplies	28,134
Utilities	40,396
Racing Expenses	98,053
Services	47,197
Property Expenses	28,144
Advertising	15,103
Repairs	53,693
Insurance	16,042
Rent/Lease Expense	14,104
Senior Fair	20,442
Contests	2,065
Junior Fair	23,119
Capital Outlay	17,713
Other Fair Expenses	3,968
Miscellaneous Expenses	20,783
Total Operating Disbursements	507,576
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(90,518)
Non-Operating Receipts (Disbursements):	
State Support	32,044
County Support	18,300
Sale of Personal Property	15,064
Investment Income	1,152
Debt Service	(129)
Net Non-Operating Receipts (Disbursements)	66,431
(Deficiency) of Receipts Over (Under) Disbursements	(24,087)
Cash Balance, Beginning of Year	130,956
Cash Balance, End of Year	\$106,869

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

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN 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 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.

The financial activity of the Junior Fair Board, the Junior Livestock Sale Committee, and the annual consignment auction is summarized in Notes 7, 8 and 9, 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 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 fund, function level is their legal level of control in 2006 and fund, function, object level in 2005. The Board reviews the budget throughout the year and compares it with actual results.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN 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

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.

1. 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.

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 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.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

2. BUDGETARY ACTIVITY

For the year ended November 30, 2006, the Society had budgeted receipts of \$524,785, actual receipts of \$542,965, resulting in a variance of \$18,180. Additionally, the Society had budgeted disbursements of \$524,785, actual disbursements of \$521,513, resulting in a variance of \$3,272. For the year ended November 30, 2005, the Society had budgeted receipts of \$494,965, actual receipts of \$483,618, resulting in a variance of (\$11,347). Additionally, the Society had budgeted disbursements of \$494,965, actual disbursements of \$507,705, resulting in a variance of (\$12,740).

3. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$110,713	\$89,261
Certificates of deposit	17,608	17,608
Total deposits	\$128,321	\$106,869

Deposits: At November 30, 2006, \$125,801 of the balance was covered by the Federal Depository Insurance Corporation (FDIC), and \$2,520 was covered by the National Credit Union Share Insurance Fund (NCUSIF). At November 30, 2005, \$104,368 of the balance was covered by the Federal Depository Insurance Corporation (FDIC), and \$2,501 was covered by the National Credit Union Share Insurance Fund (NCUSIF).

4. 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, 2006 and 2005 was \$22,704, and \$25,304 and is included within 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.

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

4. HORSE RACING (Continued)

	2006	2005
Total Amount Bet (Handle)	\$22,934	\$21,572
Less: Payoff to Bettors	(18,232)	(17,117)
Parimutuel Wagering Commission	4,702	4,455
Tote Service Commission	(2,335)	(2,219)
State Tax	(676)	(629)
Society Portion	\$1,691	\$1,607

5. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005, 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, 2006.

6. RISK MANAGEMENT

The Hardin County Commissioners provide general liability 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/Treasurer 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 2007.

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, Art, 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 \$4,345 during 2006 and \$4,352 during 2005 to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement in the line item Junior Fair Disbursement. The Society was reimbursed \$500 during 2006 and \$500 during 2005 by Hardin 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. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$2,910	\$3,436
Receipts	5,661	6,052
Disbursements	(6,513)	(6,578)
Ending Cash Balance	\$2,058	\$2,910

**HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN COUNTY**

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

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 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 2006 and 2005. During 2005 deductions were the same as during 2006 except only 50 cents per animal was deducted to cover the cost of ear tags. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$2,394	\$502
Receipts	306,545	275,308
Disbursements	(305,663)	(273,416)
Ending Cash Balance	\$3,276	\$2,394

9. 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 \$17,500 during 2006 and \$15,000 during 2005 from the sale. The Consignment Sale account activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$1,072	\$483
Receipts	321,207	340,615
Disbursements	(321,778)	(340,026)
Ending Cash Balance	\$501	\$1,072

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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 fiscal years ended November 30, 2006 and 2005, and have issued our report thereon dated July 30, 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 July 30, 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 July 30, 2007, we reported other matters related to noncompliance we deemed immaterial.

Hardin County Agricultural Society
Hardin 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 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

July 30, 2007



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 4, 2007**