



**Auditor of State
Betty Montgomery**

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

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**Auditor of State
Betty Montgomery**

Logan County Agricultural Society
Logan County
301 East Lake Street
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 a February 2, 2005 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 23, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Logan County Agricultural Society
Logan County
301 East Lake Street
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the accompanying financial statements of the Logan County Agricultural Society, Logan County, (the "Society"), as of and for the years ended November 30, 2004 and 2003. 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 year ended November 30, 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require Societies to reformat their statements. The Society has elected not to reformat its statements. Since this 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 year ended November 30, 2004 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, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Society, as of November 30, 2004 and 2003, 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 year ended November 30, 2004. 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 23, 2004, 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.



Betty Montgomery
Auditor of State

May 23, 2005

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004**

Operating Receipts:	
Admissions	\$145,415
Privilege Fees	64,700
Sales	1,966
Racing Fees and Charges	25,670
Fees	455
Rentals	34,474
Restricted Support	271,610
Unrestricted Support	5,697
Other Taxes	510
	<hr/>
Total Cash Receipts	<u>550,497</u>
 Operating Disbursements:	
Salaries and Wages	28,666
Benefits	8,755
Administrative	3,189
Racing Supplies	2,191
Supplies	18,321
Utilities	31,325
Racing	62,304
Professional Services	34,650
Property Expenses	33,727
Advertising	7,715
Repairs	4,164
Insurance	14,386
Rent and Lease	9,942
Capital Outlay	17,152
Senior Fair	10,661
Contest	140
Junior Fair	22,464
Other Fair	249,832
Miscellaneous	2,960
Total Disbursements	<hr/> <u>562,544</u>
Total Receipts (Under) Disbursements	<hr/> <u>(12,047)</u>
 Non-Operating Receipts (Disbursements):	
State Support	34,081
County Support	15,304
Debt Proceeds	11,175
Sale of Fixed Assets	459
Investment Income	78
Debt Service	(11,362)
	<hr/>
Net Non-Operating Receipts (Disbursements)	<u>49,735</u>
Excess of Receipts Over Disbursements	37,688
Cash Balance, Beginning of Year	<hr/> <u>13,820</u>
Cash Balance, End of Year	<hr/> <u><u>\$51,508</u></u>

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

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2003**

Operating Receipts:	
Admissions	\$180,902
Privilege Fees	34,683
Sales	1,365
Racing Fees and Charges	27,480
Utilities	205
Fees	991
Rentals	37,403
Restricted Support	244,049
Unrestricted Support	4,021
Other Taxes	<u>2,366</u>
 Total Cash Receipts	 <u>533,465</u>
Operating Disbursements:	
Salaries and Wages	18,508
Benefits	4,748
Administrative	2,320
Racing Supplies	2,095
Supplies	6,904
Utilities	31,436
Racing	64,766
Professional Services	106,346
Property Expenses	22,309
Advertising	9,721
Repairs	3,058
Insurance	13,077
Rent and Lease	10,996
Capital Outlay	16,720
Senior Fair	9,309
Contest	175
Junior Fair	25,560
Other Fair	234,866
Miscellaneous	<u>4,069</u>
 Total Disbursements	 <u>586,983</u>
 Total Receipts (Under) Disbursements	 <u>(53,518)</u>
Non-Operating Receipts (Disbursements):	
State Support	36,925
County Support	15,000
Investment Income	<u>184</u>
 Net Non-Operating Receipts (Disbursements)	 <u>52,109</u>
 (Deficiency) of Receipts (Under) Disbursements	 (1,409)
 Cash Balance, Beginning of Year	 <u>15,229</u>
 Cash Balance, End of Year	 <u><u>\$13,820</u></u>

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

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004 AND 2004**

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 Junior Fair Board, Junior Livestock Sale Committee, annual fair, and harness racing during fair week. Other year round activities at the fairgrounds include facility rental, stall rental, and community events including homecomings and auctions. The reporting entity does not include any other activities or entities of Logan County, Ohio.

Notes 6 and 7 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. 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 kept all cash 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.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

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

Standard bred 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.

Sustaining and Entry Fees

Horse owners and 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 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.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

2. CASH

The carrying amount of cash at November 31, 2004 and 2003 follows:

Demand deposits	\$51,308	\$13,820
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Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2004 and 2003 was \$21,848 and \$24,384, 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 Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2004	2003
Total Amount Bet (Handle)	\$ 18,323	\$ 19,802
Less: Payoff to Bettors	(14,656)	(15,775)
Parimutuel Wagering Commission	3,667	4,027
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(1,612)	(1,722)
State Tax	(470)	(558)
Society Portion	\$ 985	\$ 1,147

4. RISK MANAGEMENT

The Logan County Commissioners provide general insurance coverage for all the buildings on the Logan County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability coverage is provided by Insurance Company with limits of \$6,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

**LOGAN COUNTY AGRICULTURAL SOCIETY
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

4. RISK MANAGEMENT (Continued)

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2005.

5. CONTINGENT LIABILITIES

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.

6. 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 \$22,463 and \$25,560 for fiscal year 2004 and 2003, 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 Society received from the State of Ohio and Logan County, \$4,078 and \$4,209 during the fiscal years ended November 30, 2004 and November 30, 2003, respectively, for support of the Junior Fair Division activities. These amounts have been reported in the accompanying financial statements as State and local grants under non-operating revenues.

7. JUNIOR LIVESTOCK SALE

The Junior Livestock Sale is held during fair week at which 4-H members may sell their animals directly to market or through auction. Monies to cover the cost of the auction are generated through a 2.0% commission assessed on the auction price and are retained by the Society. Total receipts from the livestock sale during the fair were, \$254,065 for fiscal year 2004 and \$234,090 for fiscal year 2003. The Society disbursed \$249,832 and \$233,631 for fiscal year 2004 and 2003, respectively, directly to the 4-H members for Junior Livestock Sale activities. These revenues and expenses are reflected in the accompanying financial statement as Restricted Revenue and Other Fair Expense Disbursements, respectively.



**Auditor of State
Betty Montgomery**

**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
Bellefontaine, Ohio 43311

To the Board of Directors:

We have audited the financial statements of the Logan County Agricultural Society, Logan County, (the "Society"), as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated May 30, 2005, wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures in order 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 May 23, 2005, 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 May 23, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, and the Board, and it is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 23, 2005



**Auditor of State
Betty Montgomery**

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LOGAN COUNTY 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
JULY 7, 2005**