



Mary Taylor, CPA
Auditor of State

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

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Mary Taylor, CPA
Auditor of State

Agricultural Society
Noble County
43739 S. Acres Road
Caldwell, Ohio 43724

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

August 8, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Noble County
43739 S. Acres Road
Caldwell, Ohio 43724

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006. 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 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 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 agricultural 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, 2007 and 2006 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, 2007 and 2006, 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 balance of the Agricultural Society, Noble County, Ohio, as of November 30, 2007 and 2006, 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 August 8, 2008, 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

August 8, 2008

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	2007	2006
Operating Receipts:		
Admissions	\$89,208	\$85,182
Taxes	581	471
Privilege Fees	15,853	16,448
Rentals	29,904	29,189
Sustaining and Entry Fees	49,308	46,366
Parimutuel Wagering Commission	222	169
Other Operating Receipts	565	1,920
Total Operating Receipts	185,641	179,745
Operating Disbursements:		
Wages and Benefits	15,495	13,636
Utilities	16,188	19,429
Professional Services	47,765	59,763
Equipment and Grounds Maintenance	12,908	11,440
Race Purse	51,232	47,854
Senior Fair	6,005	7,663
Junior Fair	9,597	8,988
Contests	15,625	15,601
Supplies	14,319	14,678
Capital Outlay	16,781	13,578
Administrative	2,330	1,270
Other Operating Disbursements	34,023	37,213
Total Operating Disbursements	242,268	251,113
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(56,627)	(71,368)
Non-Operating Receipts (Disbursements):		
State Support	29,044	29,155
County Support	2,800	2,800
Donations/Contributions	34,315	46,037
Investment Income	1,618	1,666
Debt Service	(11,084)	(11,084)
Net Non-Operating Receipts (Disbursements)	56,693	68,574
Excess (Deficiency) of Receipts Over (Under) Disbursements	66	(2,794)
Cash Balance, Beginning of Year	54,985	57,779
Cash Balance, End of Year	\$55,051	\$54,985

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

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**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006**

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 Agricultural Society, Noble 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 1952 to operate an annual agricultural fair. The Society sponsors the week-long Noble County Fair during August. During the fair, harness races are held. Noble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Noble 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 simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Noble County, Ohio.

Notes 7 and 8, 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

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. 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 values certificates of deposit at cost.

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.

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. Race Purse

The Harness Program stake races are held during the Noble 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 US Trotting 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.

G. 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. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$30,417	\$31,201
Certificates of deposit	24,634	23,784
Total deposits	<u>\$55,051</u>	<u>\$54,985</u>

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

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006
(Continued)**

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2007 and 2006 in the amount of \$29,044 and \$29,155, 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 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.

4. DEBT

Debt outstanding at November 30, 2007 and 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Shafer Hall	\$52,055	6.125%

The Schafer Hall note is due to the Community Savings and Loan. The note was entered into on February 1, 1994 and matures February 1, 2014. Proceeds of the note were used for the construction of a new fair office. The building is pledged as collateral.

Amortization provided by the lender of the above debt is scheduled as follows:

Year ending	
<u>November 30:</u>	<u>Shafer Hall</u>
2008	\$11,084
2009	11,084
2010	11,084
2011	11,084
2012	11,084
2013-2014	13,853
Total	<u><u>\$69,273</u></u>

The Society has made extra monthly payments in prior periods which will reduce future payments included in the amortization schedule. These extra payments have not been deducted from the amortization schedule provided by the lender.

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT

The Noble County Commissioners provide general insurance coverage for all the buildings on the Noble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Society obtained insurance coverage from a private company for general liability, contents of buildings, injury liability to event volunteers and participants, and damage to owned or rented equipment. The general liability coverage has limits of \$1,000,000 per occurrence and \$5,000,000 in aggregate. The Society's Secretary and Treasurer are bonded with coverage of \$10,000 each.

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, 2007.

6. SOCIAL SECURITY

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2007 and 2006, 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, 2007.

7. 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 Noble County Fair. The Society disbursed \$9,597 in 2007 and \$8,988 in 2006 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Noble County paid the Society \$500 in 2007 and 2006 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2007 and 2006 was as follows:

	2007	2006
Beginning Cash Balance	\$1,284	\$1,870
Receipts	5,806	7,566
Disbursements	(5,119)	(8,152)
Ending Cash Balance	\$ 1,971	\$ 1,284

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 Noble County's auction. A commission of three percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2007 and 2006 follows:

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2007 AND 2006
(Continued)**

8. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 9,326	\$ 4,210
Receipts	16,124	10,413
Disbursements	<u>(23,359)</u>	<u>(5,297)</u>
Ending Cash Balance	<u>\$ 2,091</u>	<u>\$ 9,326</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*

Agricultural Society
Noble County
43739 S. Acres Road
Caldwell, Ohio 43724

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006, and have issued our report thereon dated August 8, 2008, 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 August 8, 2008.

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 August 8, 2008.

We intend this report solely for the information and use of the management and the 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

August 8, 2008



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

NOBLE 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
AUGUST 28, 2008**