



Mary Taylor, CPA
Auditor of State

**AGRICULTURAL SOCIETY
HOCKING COUNTY**

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Mary Taylor, CPA
Auditor of State

Agricultural Society
Hocking County
P.O. Box 142
Logan, Ohio 43138

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 statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare a financial statement pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 22, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Hocking County
P.O. Box 142
Logan, Ohio 43138

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Hocking County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007. 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require agricultural societies to reformat their statement. 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, 2008 and 2007 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, 2008 and 2007, 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, Hocking County, Ohio, 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 22, 2009

**AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

| | 2008 | 2007 |
|---|------------------|------------------|
| Operating Receipts: | | |
| Admissions | \$ 137,228 | \$ 153,681 |
| Privilege Fees | 23,309 | 23,188 |
| Rentals | 23,155 | 22,435 |
| Sustaining and Entry Fees | 11,561 | 10,866 |
| Utilities Reimbursement | 4,268 | 4,697 |
| Other Operating Receipts | 2,443 | 2,337 |
| Total Operating Receipts | 201,964 | 217,204 |
| Operating Disbursements: | | |
| Wages and Benefits | 19,039 | 19,076 |
| Utilities | 15,080 | 14,471 |
| Contractual Services | 121,066 | 129,833 |
| Administrative Supplies | 37,242 | 27,724 |
| Senior Fair | 2,852 | 3,972 |
| Junior Fair | 15,703 | 16,164 |
| Capital Outlay | 186,383 | 8,066 |
| Other Operating Disbursements | 3,877 | 5,108 |
| Total Operating Disbursements | 401,242 | 224,414 |
| Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements | (199,278) | (7,210) |
| Non-Operating Receipts (Disbursements): | | |
| State Support | 7,300 | 6,348 |
| County Support | 4,000 | 4,000 |
| Unrestricted Support | 19,908 | 23,523 |
| Restricted Support | 8,294 | 8,226 |
| Investment Income | 867 | 1,189 |
| Loan Proceeds | 140,000 | |
| Debt Service | (10,940) | |
| Net Non-Operating Receipts (Disbursements) | 169,429 | 43,286 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (29,849) | 36,076 |
| Cash Balance, Beginning of Year | 85,694 | 49,618 |
| Cash Balance, End of Year | \$ 55,845 | \$ 85,694 |

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

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**AGRICULTURAL SOCIETY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 Agricultural Society, Hocking County, Ohio (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 1853 to operate an annual agricultural fair. The Society sponsors the week-long Hocking County Fair during September. Athens County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hocking 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, and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as demolition derbies. The reporting entity does not include any other activities or entities of Hocking 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

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. Deposits and Investments

The Society's accounting basis includes investments in its cash balances. This basis does not record investment purchases as disbursements or investment sales as receipts. 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 statement does not report these items as assets.

**AGRICULTURAL SOCIETY
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(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.

2. DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2008 and 2007 was as follows:

| | 2008 | 2007 |
|-----------------|-----------|-----------|
| Demand deposits | \$ 10,659 | \$ 18,873 |
| Money Market | 45,186 | 66,821 |
| Total deposits | \$ 55,845 | \$ 85,694 |

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

3. DEBT

Debt outstanding at November 30, 2008 was as follows:

| | Principal | Interest Rate |
|---------------------------|------------|---------------|
| Loan for Restroom Project | \$ 130,667 | variable |

The \$140,000 Restroom Project Loan bears a variable interest rate and is due to the Citizen's Bank. The loan was entered into on May 8, 2008 and matures October 1, 2022. Proceeds of the loan were used to construct a restroom building and are collateralized by the restroom building.

Amortization of the above debt is scheduled as follows:

| Year ending | Principal | Interest | Total |
|--------------|------------|-----------|------------|
| November 30: | | | |
| 2009 | \$ 9,333 | \$ 8,280 | \$ 17,613 |
| 2010 | 9,333 | 7,689 | 17,022 |
| 2011 | 9,333 | 7,097 | 16,430 |
| 2012 | 9,333 | 6,524 | 15,857 |
| 2013 | 9,333 | 5,914 | 15,247 |
| 2014-2018 | 46,665 | 20,712 | 67,377 |
| 2019-2022 | 37,337 | 5,919 | 43,256 |
| Total | \$ 130,667 | \$ 62,135 | \$ 192,802 |

**AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

4. RISK MANAGEMENT

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability insurance, with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$10,000.

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.

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 Hocking County Fair. The Society disbursed \$15,703 in 2008 and \$16,164 in 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Hocking County paid the Society \$500 in 2008 and \$500 in 2007 to support Junior Club work. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does 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 | \$ 3,107 | \$ 2,981 |
| Receipts | 498 | 231 |
| Disbursements | (1,112) | (105) |
| Ending Cash Balance | \$ 2,493 | \$ 3,107 |

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 the Hocking County Junior Livestock 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 years ended November 30, 2008 and 2007, follows:

| | 2008 | 2007 |
|------------------------|-----------|-----------|
| Beginning Cash Balance | \$ 8,057 | \$ 692 |
| Receipts | 204,053 | 202,195 |
| Disbursements | (199,989) | (194,830) |
| Ending Cash Balance | \$ 12,121 | \$ 8,057 |

The activity in the prior audit report reported beginning and ending bank balances, rather than book balance, which was used in this report. This resulted in a difference in beginning cash balance for 2007.

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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
Hocking County
P.O. Box 142
Logan, Ohio 43138

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Hocking County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated October 22, 2009, wherein we noted the Society prepared its financial statement using accounting practices the Auditor of State prescribes or permits 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 statement, 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 also noted certain internal control matters that we reported to the Society's management in a separate letter dated October 22, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is 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 also noted certain noncompliance or other matters that we reported to the Society's management in a separate letter dated October 22, 2009.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one 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

October 22, 2009



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

HOCKING 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
NOVEMBER 10, 2009**