



**Auditor of State
Betty Montgomery**

FULTON COUNTY AGRICULTURAL SOCIETY

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**Auditor of State
Betty Montgomery**

Fulton County Agricultural Society
18655 County Road RS
Fayette, Ohio 43521-9734

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.

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Betty Montgomery
Auditor of State

June 7, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Fulton County Agricultural Society
18655 County Road RS
Fayette, Ohio 43521-9734

To the Board of Directors:

We have audited the accompanying financial statements of the Fulton County Agricultural Society (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 governments 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 statement 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 years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Fulton County Agricultural 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 June 7, 2005, 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

June 7, 2005

FULTON COUNTY AGRICULTURAL SOCIETY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004

	2004
Operating Receipts:	
Admissions	\$ 585,936
Privilege Fees	195,701
Rentals	197,591
Sustaining and Entry Fees	20,540
Pari-mutuel Wagering Commission	5,453
Other Operating Receipts	33,487
Total Operating Receipts	1,038,708
Operating Disbursements:	
Wages and Benefits	88,211
Utilities	88,109
Professional Services	148,325
Equipment and Grounds Maintenance	232,998
Race Purse	53,245
Senior Fair	100,828
Junior Fair	29,360
Capital Outlay	218,038
Other Operating Disbursements	160,191
Total Operating Disbursements	1,119,305
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(80,597)
Non-Operating Receipts:	
State Support	33,982
County Support	3,300
Sale of Assets	14,625
Donations/Contributions	64,168
Investment Income	3,709
Net Non-Operating Receipts	119,784
Excess of Receipts Over Disbursements	39,187
Cash Balance, Beginning of Year	459,372
Cash Balance, End of Year	\$ 498,559

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FULTON COUNTY AGRICULTURAL SOCIETY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2003

	2003
Operating Receipts:	
Admissions	\$ 549,085
Privilege Fees	174,376
Rentals	198,062
Sustaining and Entry Fees	21,640
Pari-mutuel Wagering Commission	4,396
Other Operating Receipts	36,471
Total Operating Receipts	984,030
Operating Disbursements:	
Wages and Benefits	85,367
Utilities	74,376
Professional Services	155,725
Equipment and Grounds Maintenance	194,399
Race Purse	64,792
Senior Fair	100,163
Junior Fair	27,523
Capital Outlay	284,891
Other Operating Disbursements	154,031
Total Operating Disbursements	1,141,267
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(157,237)
Non-Operating Receipts:	
State Support	36,925
County Support	3,300
Sale of Assets	75
Donations/Contributions	78,073
Investment Income	15,046
Net Non-Operating Receipts	133,419
(Deficiency) of Receipts (Under) Disbursements	(23,818)
Cash Balance, Beginning of Year	483,190
Cash Balance, End of Year	\$ 459,372

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FULTON COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT NOVEMBER 30, 2004 AND 2003

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 Fulton County Agricultural Society (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 1857 to operate an annual agricultural fair. The Society sponsors the week-long Fulton County Fair during August or September. During the fair, harness races are held. Fulton County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen (15) directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fulton 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 harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including National Threshers Reunion, Black Swamp Benefit, Antique Motorcycle Show, Crosley Car Show, Relay for Life, Sara's Garden Benefit, and Wauseon Rotary Auction. The reporting entity does not include any other activities or entities of Fulton 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. 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 prescribes or permits.

C. Cash

The certificates of deposit are valued at cost.

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 Board reviews the budget throughout the year and compares it with actual results.

FULTON COUNTY AGRICULTURAL SOCIETY

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

Two Year Old Colt, Pace, Two Year Old Colt Trot, Three Year Old Colt Pace, Three Year Old Colt Trot, Two Year Old Filly Pace, Two year Old Filly Trot, Three Year Old Filly Pace, and Three Year Old Filly Trot stake races are held during the Fulton 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 Northwest 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.

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.

FULTON COUNTY AGRICULTURAL SOCIETY

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending November 30, 2004 and 2003 follows

	<u>2004</u>	<u>2003</u>
Budgeted Receipts	\$ 1,087,744	\$ 1,055,044
Actual Receipts	<u>1,158,492</u>	<u>1,117,449</u>
Variance	<u>\$ 70,748</u>	<u>\$ 62,405</u>

	<u>2004</u>	<u>2003</u>
Budgeted Disbursements	\$ 1,217,448	\$ 1,229,164
Actual Disbursements	<u>1,119,305</u>	<u>1,141,267</u>
Variance	<u>\$ 98,143</u>	<u>\$ 87,897</u>

3. CASH

The carrying amount of cash at November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 221,619	\$ 185,536
Savings deposits	199,171	197,926
Certificates of deposit	<u>77,769</u>	<u>75,910</u>
Total deposits	<u>\$ 498,559</u>	<u>\$ 459,372</u>

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Society.

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2004 and 2003 was \$21,848 and \$24,384, 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.

FULTON COUNTY AGRICULTURAL SOCIETY

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

	<u>2004</u>	<u>2003</u>
Total Amount Bet (Handle)	\$ 27,002	\$ 21,840
Less: Payoff to Bettors	<u>(21,549)</u>	<u>(17,444)</u>
Parimutuel Wagering Commission	5,453	4,396
Tote Service Set Up Fee	(1,200)	(1,200)
Tote Service Commission	(2,113)	(1,570)
State Tax	<u>(731)</u>	<u>(580)</u>
Society Portion	<u>\$ 1,409</u>	<u>\$ 1,046</u>

5. RISK MANAGEMENT

The Society does not provide health coverage for employees through an insurance company.

The Fulton County Commissioners provide general insurance coverage for all the buildings on the Fulton County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000.

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

6. CONTINGENT LIABILITIES

The Society is not a defendant in any lawsuit.

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 Fulton County Fair. The Society disbursed \$800 directly to the Junior Fair Board and \$56,083 directly to vendors to support Junior Fair activities in 2004 and 2003. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Fulton County paid the Society \$1,000 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 4,986	\$ 2,992
Receipts	15,749	15,811
Disbursements	<u>(14,146)</u>	<u>(13,817)</u>
Ending Cash Balance	<u>\$ 6,589</u>	<u>\$ 4,986</u>

FULTON COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(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 Fulton County's auction. A commission of 8.5 percent on buyer contribution of all species 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, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$ 16,408	\$ 18,582
Receipts	245,312	227,166
Disbursements	(235,826)	(229,339)
Ending Cash Balance	<u>\$ 25,894</u>	<u>\$ 16,409</u>

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**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***

Fulton County Agricultural Society
18655 County Road RS
Fayette, Ohio 43521

To the Board of Directors:

We have audited the financial statements of the Society as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated June 7, 2005, 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 June 7, 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

Fulton County Agricultural Society
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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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 June 7, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, Board of Directors. 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

June 7, 2005



**Auditor of State
Betty Montgomery**

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800-282-0370

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FULTON COUNTY AGRICULTURAL SOCIETY

FULTON 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 14, 2005**