



**MADISON COUNTY AGRICULTURE SOCIETY
MASIDON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2004-2003



**Auditor of State
Betty Montgomery**

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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**Auditor of State
Betty Montgomery**

Madison County Agricultural Society
Madison County
205 Elm Street, P.O. Box 30
London, Ohio 43140

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

August 22, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Madison County Agricultural Society
Madison County
205 Elm Street, P.O. Box 30
London, Ohio 43140

To the Board of Directors:

We have audited the accompanying financial statements of Madison County Agricultural Society, Madison County, Ohio, (the Society) as of and for the years ended November 30, 2004 and November 30, 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 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 statement referred to above for the year ended November 30, 2004 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, 2004, or its change in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Madison County Agricultural Society, Madison County, Ohio, 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 August 22, 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

August 22, 2005

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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

	2004
Operating Receipts:	
Admissions	\$95,149
Privilege Fees	46,546
Rentals	48,020
Sustaining and Entry Fees	73,125
Parimutuel Wagering Commission	2,169
Other Operating Receipts	22,942
Total Operating Receipts	287,951
Operating Disbursements:	
Wages and Benefits	10,906
Utilities	48,224
Professional Services	45,506
Equipment and Grounds Maintenance	57,420
Race Purse	100,160
Senior Fair	19,479
Junior Fair	12,094
Capital Outlay	6,295
Other Operating Disbursements	26,107
Total Operating Disbursements	326,191
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(38,240)
Non-Operating Receipts:	
State Support	33,982
County Support	3,500
Donations/Contributions	9,617
Investment Income	512
Total Non-Operating Receipts	47,611
Excess of Receipts Over Disbursements	9,371
Cash Balance, Beginning of Year	23,403
Cash Balance, End of Year	\$32,774

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

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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

	2003
Operating Receipts:	
Admissions	\$80,284
Privilege Fees	42,076
Rentals	41,495
Sustaining and Entry Fees	31,136
Parimutuel Wagering Commission	913
Other Operating Receipts	12,212
 Total Operating Receipts	 208,116
Operating Disbursements:	
Wages and Benefits	13,939
Utilities	50,096
Professional Services	24,165
Equipment and Grounds Maintenance	53,634
Race Purse	41,720
Senior Fair	17,037
Junior Fair	15,888
Capital Outlay	589
Other Operating Disbursements	29,524
 Total Operating Disbursements	 246,592
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(38,476)
Non-Operating Receipts/(Disbursements):	
State Support	36,925
County Support	3,500
Other Sources	42,739
Donations/Contributions	9,113
Investment Income	1,414
Race Refunds	(60,479)
 Total Non-Operating Receipts/(Disbursements):	 33,212
(Deficiency) of Receipts (Under) Disbursements	(5,264)
Cash Balance, Beginning of Year	28,667
 Cash Balance, End of Year	 \$23,403

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

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2004 AND NOVEMBER 30, 2003**

1. DESCRIPTION OF ENTITY

A. Description of the Entity

The Madison County Agricultural Society, Madison County, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded to direct the operation of an annual agricultural fair. The Society sponsors the week-long Madison County Fair during July. During the fair, harness races are held. Madison County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 18 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Madison 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 animal shows. The reporting entity does not include any other activities or entities of Madison County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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

1. DESCRIPTION OF ENTITY (Continued)

E. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

F. Race Purse

Stake races are conducted during the Madison 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 Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 3 for additional information.

G. Parimutuel 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 determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel 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 Parimutuel Wagering Commission. See Note 3 for additional information.

2. CASH AND CASH EQUIVALENTS

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

	2004	2003
Demand deposits	\$12,774	\$3,403
Certificates of Deposit	20,000	20,000
Total deposits	\$32,774	\$23,403

Deposits: Deposits are insured by the Federal Depository Insurance Corporation (FDIC).

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement the race purse for the years ended November 30, 2004 and 2003 was \$21,848 and \$24,384, respectively. These amounts were included as State Support within the accompanying financial statements.

Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are deducted from gross commissions after performance of service. The amount remaining is the Society's net portion.

	2004	2003
Total Amount of Bet (Handle)	\$29,234	\$12,202
Less: Payoff to Bettors	23,002	9,608
Parimutuel Wagering Commission	6,232	2,594
Tote Service Set Up Fee	(300)	(100)
Tote Service Commission	(2,947)	(1,270)
State Tax	(816)	(311)
Society Portion	\$ 2,169	\$ 913

4. DEBT

Debt outstanding at November 30, 2004 was as follows:

	Principal	Interest Rate
County Loan	\$7,000	0.00%

The Madison County Commissioners loaned the Society \$40,000 on March 1, 2000 for capital Improvements. Repayment requirements are as follows: Thirty thousand dollars is to paid back in a lump sum once all projects are completed, and \$10,000 to be paid back over a three year period. As of November 30 2004, the Society has repaid \$33,000. There were no debt payments in the audit period.

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003 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, 2004.

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

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

6. RISK MANAGEMENT

The Madison County Commissioners provide general insurance coverage for all the buildings on the Madison County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an insurance company with limits of \$ 1,000,000 and \$ 3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$ 50,000. The Society's treasurer is bonded with coverage of \$ 50,000.

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA representatives, is responsible for the Junior Fair Division activities of the Madison County Fair. The Society disbursed \$12,094 for the year ended November 30, 2004 and \$15,888 for the year ended November 30, 2003 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. The Society was reimbursed \$500 for the years ended November 30, 2004 and 2003 by Madison 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. The accompanying financial statements do not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the years ended November 30, 2004 and 2003 is as follows:

	2004	2003
Beginning Cash Balance	\$5,159	\$6,704
Receipts	22,723	7,719
Disbursements	(19,597)	(9,264)
Ending Cash Balance	\$ 8,285	\$ 5,159

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 Madison County's auction. Monies to cover the cost of the auction are generated through a 3% commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and 2003 is as follows:

	2004	2003
Beginning Cash Balance	\$85,742	\$83,317
Receipts	218,125	195,669
Disbursements	(286,588)	(193,244)
Ending Cash Balance	\$ 17,279	\$ 85,742



**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***

Madison County Agricultural Society
Madison County
205 Elm Street, P.O. Box 30
London, Ohio 43140

To the Board of Directors:

We have audited the financial statements of the Madison County Agricultural Society, Madison County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated August 22, 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 August 22, 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Society's management dated August 22, 2005, we reported a matter related to noncompliance we deemed immaterial.

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

August 22, 2005

**MADISON COUNTY AGRICULTURAL SOCIETY
MADISON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 AND NOVEMBER 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Finding Repaid Under Audit - Harness Racing Entry Fee Due But Not Collected

Ohio Admin. Code 3769-15-07 states unless the conditions of the race so provides, there shall be no entry fee to any race. If the conditions require an entry fee, it shall accompany the entry unless otherwise specified. Stake races are conducted during the Madison County Fair. Horse owners are required to pay entry fees to the Society for entry of their horses into stake races. These payments must be made before a horse can participate in a stake race. During the 2004 Madison County Fair, entry fees for two horses were not paid. Each entry fee due was two hundred dollars (\$200) for a total fee due of four hundred dollars (\$400).

In the third (3rd) race on Sunday July 11, 2004, the entry fee for the horse named "Big Baby" was not paid. Her owners were Scott E. Glandon of Frankfort, Ohio; Susan W. Fawcett of Westerville, Ohio; Ruth S. Carrol of Naples, Florida; and Richard D. Bunting of Mount Sterling, Ohio.

In the ninth (9th) race on Sunday July 11, 2004, the entry fee for the horse named "Jeffs Noble Love" was not paid. Her owners were Donald E. Huddleston of Chillicothe, Ohio; and Larry A. Gates of Chillicothe, Ohio.

In accordance with foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Scott E. Glandon, Susan W. Fawcett, Ruth S. Carroll, and Richard D. Bunting, jointly and severally, in the amount of two hundred dollars (\$200).

Additionally, in accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Donald E. Huddleston and Larry A. Gates, jointly and severally, in the amount of two hundred dollars (\$200) in favor of the Agricultural Society's General Fund.

The above findings were paid by the Horse Trainer on behalf of the owners indicated above. On August 19, 2005, check number 12122 from Dan Ater Stables was received by the Madison County Agricultural Society on receipt number 17240 for four hundred dollars (\$400).



**Auditor of State
Betty Montgomery**

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AGRICULTURAL SOCIETY

MADISON 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
OCTOBER 20, 2005**