



**Auditor of State
Betty Montgomery**

WOOD COUNTY AGRICULTURAL SOCIETY

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**Auditor of State
Betty Montgomery**

Wood County Agricultural Society
P.O. Box 146
Bowling Green, Ohio 43402-0146

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.

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

Betty Montgomery
Auditor of State

September 14, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wood County Agricultural Society
P.O. Box 146
Bowling Green, Ohio 43402-0146

To the Board of Directors:

We have audited the accompanying financial statements of the Wood 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 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 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 its changes in financial position or cash flows 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 Wood County Agricultural Society, Wood County, as of November 30, 2004 and 2003, and its combined 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 September 14, 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

September 14, 2005

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Admissions	\$290,362	\$237,269
Privilege Fees	77,665	68,710
Rentals	100,437	94,688
Sustaining and Entry Fees	20,735	21,580
Parimutuel Wagering Commission	2,105	3,241
Other Operating Receipts	44,998	47,490
Total Operating Receipts	536,302	472,978
Operating Disbursements:		
Wages and Benefits	90,591	92,537
Utilities	43,210	41,975
Professional Services	105,404	87,972
Equipment and Grounds Maintenance	126,839	114,705
Race Purse	50,776	54,106
Senior Fair	355,471	350,371
Junior Fair	35,250	32,952
Capital Outlay	65,452	84,993
Other Operating Disbursements	73,164	76,004
Total Operating Disbursements	946,157	935,615
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(409,855)	(462,637)
Non-Operating Receipts (Disbursements):		
State Support	33,982	36,925
County Support	28,250	22,650
Debt Proceeds		20,000
Donations/Contributions	348,611	351,787
Investment Income	2,543	4,345
Debt Service	(7,851)	(6,934)
Net Non-Operating Receipts (Disbursements)	405,535	428,773
Excess (Deficiency) of Receipts Over (Under) Disbursements	(4,320)	(33,864)
Cash Balance, Beginning of Year	260,092	293,956
Cash Balance, End of Year	\$255,772	\$260,092

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

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WOOD 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 Wood County Agricultural Society, Wood County, (the Society) as a body corporate and politic. The Society is a county or agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1951 to operate an annual agricultural fair. The Society sponsors the week-long County Fair during August. During the fair, harness races are held, culminating in the participation of the Signature Series. Wood County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 25 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Wood 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 include facility rental, track and stall rental, and grounds rental for events. The reporting entity does not include any other activities or entities of Wood County, Ohio.

Notes 8 and 9, 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 and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

WOOD 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

Ohio State Race Series stake races are held during the Wood 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 Wood County Horseman's 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.

WOOD COUNTY AGRICULTURAL SOCIETY

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

J. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

2. BUDGETARY ACTIVITY

For the years ended November 30, 2004 and 2003, the Society had budgeted receipts of \$916,800, actual receipts of \$947,856, resulting in a variance of \$31,056 for 2004 and budgeted receipts of \$645,608, actual receipts of \$905,890, resulting in a variance of \$260,282 for 2003. Additionally, the Society had budgeted disbursements of \$916,195, actual disbursements of \$952,175, resulting in a variance of \$35,980 for 2004 and budgeted disbursements of \$643,888, actual disbursements of \$939,755, resulting in a variance of \$295,867 for 2003.

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the years ended November 30, 2004 and 2003.

3. CASH

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

	2004	2003
Demand deposits	\$255,772	\$260,092

The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was uninsured and uncollateralized.

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 \$29,904 and \$32,716 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.

WOOD COUNTY AGRICULTURAL SOCIETY

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

	2004	2003
Total Amount Bet (Handle)	\$ 10,468	\$ 16,178
Less: Payoff to Bettors	8,363	12,937
Parimutuel Wagering Commission	<u>2,105</u>	<u>3,241</u>
Tote Service Set Up Fee	1,200	1,800
Tote Service Commission	346	563
State Tax	277	418
Society Portion	<u>\$ 282</u>	<u>\$ 460</u>

5. DEBT

Debt outstanding at November 30, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farm Equipment Loan #1	\$1,250	8.25%
Farm Equipment Loan #2	<u>13,675</u>	6.50%
Total	<u>\$14,925</u>	

The farm equipment loan #1 bears an interest rate of 8.25 percent and is due to AG Credit Corporation. The note was entered into on March 29, 2001 for the amount of \$10,400 and matures May 1, 2005. Proceeds from the note were used to purchase farm equipment.

The farm equipment loan #2 bears an interest rate of 6.50 percent and is due to AG Credit Corporation. The note was entered into on January 6, 2003 for the amount of \$20,400 and matures January 1, 2008. Proceeds from the note were used to purchase farm equipment.

Amortization of the above debt is scheduled as follows:

Year ending	Farm Equipment Loan #1	Farm Equipment Loan #2	Interest	Total
November 30:				
2005	1,250	4,019	797	\$6,066
2006		4,288	501	4,789
2007		4,576	214	4,790
2008		792	6	798
Total	<u>\$1,250</u>	<u>\$13,675</u>	<u>\$1,518</u>	<u>\$16,443</u>

6. RISK MANAGEMENT

The Wood County Commissioners provide general insurance coverage for all the buildings on the Wood County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 per occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society's Secretary and Treasurer are 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 2005.

WOOD COUNTY AGRICULTURAL SOCIETY

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

7. CONTINGENT LIABILITIES

The Society is defendant in a lawsuit. Although the Society's management cannot presently determine the outcome of this suit, its management believes the resolution will not materially adversely affect the Society's financial condition.

8. 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 Wood County Fair. The Society disbursed \$3,873 directly to the Junior Fair Board and \$31,378 directly to vendors in 2004 and \$4,178 directly to the Junior Fair Board and \$28,774 directly to vendors in 2003 to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Wood County paid the Society \$500 in 2004 and 2003 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:

	2004	2003
Beginning Cash Balance	\$ 3,295	\$ 4,530
Receipts	11,760	10,944
Disbursements	<u>(10,674)</u>	<u>(12,179)</u>
Ending Cash Balance	<u>\$ 4,381</u>	<u>\$ 3,295</u>

9. 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 Wood County's auction. The Society subsidizes the Junior Livestock Sale Committee to the extent necessary. The accompanying financial statements include the activities of the Junior Livestock Committee.

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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***

Wood County Agricultural Society
P.O. Box 146
Bowling Green, Ohio 43402-0146

To the Board of Directors:

We have audited the financial statements of the Wood County Agricultural Society, Wood County, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated September 14, 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Society's management dated September 14, 2005, we reported an other matter involving internal control over financial reporting which we did not deem a reportable condition.

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 September 14, 2005, we reported another 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

September 14, 2005

WOOD COUNTY AGRICULTURAL SOCIETY

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2004-001

Reportable Condition

For the years ended November 30, 2004 and 2003, the Society had expenditures in excess of the amount appropriated in their annual budget.

The budget was not amended to reflect increases in future expenditures.

We recommend the Society monitor the budget more closely and amend when needed to assure that expenditures do not exceed appropriations.

WOOD COUNTY AGRICULTURAL SOCIETY

SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Actual disbursements exceeded budgeted disbursements	No	Not corrected. We will re-issue as finding number 2004-001



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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AGRICULTURAL SOCIETY

WOOD 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 13, 2005**