



**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

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Mary Taylor, CPA
Auditor of State

Wood County Agricultural Society
Wood County
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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 14, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Wood County Agricultural Society, Wood County, (the Society) as of and for the years ended November 30, 2006 and 2005. 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.

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 years ended November 30, 2006 and 2005, 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, 2006 and 2005.

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, 2006 and 2005, 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 14, 2007, 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.



Mary Taylor, CPA
Auditor of State

August 14, 2007

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2006 & 2005**

	2006	2005
Operating Receipts:		
Admissions	\$288,271	\$293,502
Privilege Fees	82,249	86,662
Rentals	117,934	104,146
Sustaining and Entry Fees	21,410	23,030
Parimutuel Wagering Commission	235	518
Other Operating Receipts	51,906	49,528
Total Operating Receipts	562,005	557,386
Operating Disbursements:		
Wages and Benefits	98,617	92,607
Utilities	60,861	52,183
Professional Services	103,758	91,214
Equipment and Grounds Maintenance	97,428	93,724
Race Purse	47,566	52,589
Senior Fair	349,173	390,408
Junior Fair	38,385	35,479
Capital Outlay	141,038	39,821
Other Operating Disbursements	81,803	77,907
Total Operating Disbursements	1,018,629	925,932
Deficiency of Operating Receipts Under Operating Disbursements	(456,624)	(368,546)
Non-Operating Receipts (Disbursements):		
State Support	29,155	32,044
County Support	13,300	10,800
Debt Proceeds	77,000	
Donations/Contributions	358,658	378,175
Investment Income	7,540	2,540
Debt Service	(4,871)	(6,065)
Net Non-Operating Receipts	480,782	417,494
Excess Receipts Over Disbursements	24,158	48,948
Cash Balance, Beginning of Year	304,720	255,772
Cash Balance, End of Year	\$328,878	\$304,720

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

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 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 Wood County Fair during August. During the fair, harness races are held, culminating in the running 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 including facility rental, track and stall rental, and community events including flea markets and swap meets. The reporting entity does not include any other activities or entities of Wood 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 prescribe 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
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 the Wood County Harness 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
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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, 2006 and 2005, the Society had budgeted receipts of \$1,038,200, actual receipts of \$1,047,658, resulting in a variance of \$9,458 for 2006 and budgeted receipts of \$959,175, actual receipts of \$980,945, resulting in a variance of \$21,770 for 2005. Additionally, the Society had budgeted disbursements of \$1,033,460, actual disbursements of \$1,023,500, resulting in a variance of \$9,960 for 2006 and budgeted disbursements of \$958,475, actual disbursements of \$931,997, resulting in a variance of \$26,478 for 2005.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$318,878	\$304,720
Certificates of deposit	10,000	
Total deposits	<u>328,878</u>	<u>304,720</u>

The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was covered by pooled collateral.

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, 2006 and 2005 was \$22,704 and \$25,304, 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.

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. HORSE RACING – (Continued)

	2006	2005
Total Amount Bet (Handle)	\$ 9,770	\$ 13,510
Less: Payoff to Bettors	(7,777)	(10,816)
Parimutuel Wagering Commission	1,993	2,694
Tote Service Set Up Fee	(1,200)	(1,200)
Tote Service Commission	(282)	(645)
State Tax	(276)	(331)
Society Portion	\$ 235	\$ 518

5. DEBT

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

	Principal	Interest Rate
Farm Equipment Loan #2	\$5,368	6.50%
Renovation of Women's Building	85,500	8.60%
Total	\$90,868	

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 in the amount of \$20,400 and matures January 1, 2008. Proceeds from the note were used to purchase farm equipment.

The building loan bears an interest rate of 8.60 percent and is due to AG Credit Corporation. The note was entered into on September 27, 2006 in the amount of \$85,500 and matures October 1, 2016. Proceeds from the note were used to renovate the Women's Building.

Amortization of the above debt is scheduled as follows:

	Farm Equipment Loan #2	Building Renovation Loan	Interest	Total
Year ending November 30:				
2007	4,576	6,630	7,418	\$18,624
2008	792	6,235	6,554	13,581
2009		6,793	5,983	12,776
2010		7,401	5,375	12,776
2011		8,063	4,713	12,776
2012-2016		50,378	12,436	62,814
Total	\$5,368	\$85,500	\$42,479	\$133,347

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

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 \$3,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$3,000,000. 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 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 Wood County Fair. The Society disbursed \$8,838 directly to the Junior Fair Board and \$29,547 directly to vendors to support Junior Fair activities in 2006 and \$9,041 directly to the Junior Fair Board and \$26,438 directly to vendors to support Junior Fair activities in 2005. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Wood County paid the Society \$500 in 2006 and 2005 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, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 2,838	\$ 4,381
Receipts	9,275	11,070
Disbursements	(9,936)	(12,613)
Ending Cash Balance	\$ 2,177	\$ 2,838

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 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.



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*

Wood County Agricultural Society
Wood County
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 (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated August 14, 2007, 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 14, 2007, 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 and regulations, 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 August 14, 2007, we reported another matter related to noncompliance we deemed immaterial.

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Wood County Agricultural Society
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 14, 2007

WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Actual disbursements exceeded budgeted disbursements	No	Partially corrected. We will issue as a management letter comment.



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 6, 2007**