



**Auditor of State
Betty Montgomery**

WOOD COUNTY AGRICULTURAL SOCIETY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statement of Wood County Agricultural Society (the Society) as of and for the year ended November 30, 2002. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Society as of November 30, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

July 1, 2003

WOOD COUNTY AGRICULTURAL SOCIETY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2002

	<u>2002</u>
Operating Receipts:	
Admissions	\$320,606
Privilege Fees	75,182
Rentals	87,746
Sustaining and Entry Fees	23,730
Pari-mutuel Wagering Commission	2,718
Other Operating Receipts	48,299
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Total Operating Receipts	558,281
	<hr/>
Operating Disbursements:	
Wages and Benefits	94,199
Utilities	40,245
Professional Services	112,853
Equipment and Grounds Maintenance	86,155
Race Purse	55,071
Senior Fair	324,697
Junior Fair	29,851
Capital Outlay	197,186
Other Operating Disbursements	75,485
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Total Operating Disbursements	1,015,742
	<hr/>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(457,461)
	<hr/>
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	117,922
Donations/Contributions	350,584
Investment Income	4,860
Debt Service	(7,809)
	<hr/>
Net Non-Operating Receipts (Disbursements)	504,184
	<hr/>
Excess (Deficiency) of Receipts Over (Under) Disbursements	46,723
	<hr/>
Cash Balance, Beginning of Year	247,233
	<hr/>
Cash Balance, End of Year	<u><u>\$293,956</u></u>

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, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Wood County Agricultural Society (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 in 1951 to direct the operation of 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 24 directors serving staggered three-year terms, elected from the membership of the Society. 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, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental. The reporting entity does not include any other activities or entities of Wood County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 8. Its financial activity is not reflected in the accompanying financial statements.

As discussed in Note 9, the financial activity of the Junior Livestock Sale Committee is reflected in the accompanying financial statements.

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. 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, 2002

(Continued)

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.

E. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

F. 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.

G. Race Purse

Part of the Ohio State Race Series stake races are conducted 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. 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 4 for additional information.

H. 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 determined by the pari-mutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (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, 2002
(Continued)**

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Society uses.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted receipts of \$584,570, actual receipts of \$1,070,274, resulting in a variance of \$485,704. Additionally, the Society had budgeted disbursements of \$580,470, actual disbursements of \$1,023,551, resulting in a variance of (\$443,081). Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the year ended November 30, 2002.

3. CASH

The carrying amount of cash at November 30, 2002 follows:

	<u>2002</u>
Demand deposits	<u>\$293,956</u>

\$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$33,986 and is included within State Support on the accompanying financial statement.

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.

	<u>2002</u>
Total Amount Bet (Handle)	\$13,496
Less:	
Payoff to Bettors	<u>10,778</u>
Pari-mutuel Wagering Commission	2,718
Tote Service Set Up Fee	1,200
Tote Service Commission	675
State Tax	<u>327</u>
Society Portion	<u>\$516</u>

WOOD COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

5. DEBT

Debt outstanding at November 30, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farm Equipment Loan	<u>\$6,687</u>	8.25%

The Farm Equipment Note 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 of the note were used to purchase farm equipment.

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>Farm Equipment Loan</u>	<u>Interest</u>	<u>Total</u>
2003	\$2,607	\$454	\$3,061
2004	2,830	231	3,061
2005	1,250	26	1,276
Total	<u>\$6,687</u>	<u>\$711</u>	<u>\$7,398</u>

6. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002 employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2002.

7. 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. The Commissioners also provide vehicle coverage. General liability coverage is provided by an insurance company with limits of \$2,000,000 per occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000 and \$100,000 during fair week. 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 2002.

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 \$3,841 directly to the Junior Fair Board and \$29,990 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Wood 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 statement does not include the activities of the

WOOD COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2002 follows:

Beginning Cash Balance	\$21,807
Receipts	20,246
Disbursements	<u>(37,523)</u>
Ending Cash Balance	<u><u>\$4,530</u></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 Society's auction. The Society subsidizes the Junior Livestock Sale Committee to the extent necessary. The accompanying financial statement includes the activities of the Junior Livestock Committee.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

We have audited the financial statement of Wood County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated July 1, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2002-001.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Society in a separate letter dated July 1, 2003.

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by 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

July 1, 2003

WOOD COUNTY AGRICULTURAL SOCIETY

SCHEDULE OF FINDINGS

NOVEMBER 30, 2002

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

FINDING NUMBER 2002-001

Noncompliance Citation

For the year ended November 30, 2002, the Society had budgeted receipts of \$584,570, actual receipts of \$1,070,274, resulting in a variance of \$485,704. Additionally, the Society had budgeted disbursements of \$580,470, actual disbursements of \$1,023,551, resulting in a variance of (\$443,081).

All line items that received or expended funds were not included in the budget. The budget was not amended to reflect increases in future revenues and expenditures.

We recommend the Society include all line items in their annual budget and monitor the budget more closely and amend when needed to assure that expenditures do not exceed appropriations.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

WOOD COUNTY 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 4, 2003**