



**Auditor of State
Betty Montgomery**

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Shelby County Agricultural Society
Shelby County
P.O. Box 4281
Sidney, Ohio 45365

To the Board of Directors:

We have audited the accompanying financial statement of Shelby County Agricultural Society, Shelby County, (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 *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 statements 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, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 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 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.

Shelby County Agricultural Society
Shelby County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Betty Montgomery

Betty Montgomery
Auditor of State

March 30, 2005

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

	2004
Operating Receipts:	
Admissions	\$209,345
Privilege Fees	39,093
Rentals	47,240
Sustaining and Entry Fees	31,355
Parimutuel Wagering Commission	384
Other Operating Receipts	<u>18,786</u>
Total Operating Receipts	<u>346,203</u>
Operating Disbursements:	
Wages and Benefits	26,863
Utilities	51,718
Professional Services	108,564
Equipment and Grounds Maintenance	39,162
Race Purse	68,973
Senior Fair	5,425
Junior Fair	16,086
Capital Outlay	1,330
Other Operating Disbursements	<u>100,957</u>
Total Operating Disbursements	<u>419,078</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(72,875)</u>
Non-Operating Receipts (Disbursements):	
State Support	33,982
County Support	3,200
Restricted Support	17,547
Unrestricted Support	25,473
Investment Income	84
Debt Service	<u>(1,349)</u>
Net Non-Operating Receipts (Disbursements)	<u>78,937</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	6,062
Cash Balance, Beginning of Year	<u>17,129</u>
Cash Balance, End of Year	<u>\$23,191</u>

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

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

	<u>2003</u>
Operating Receipts:	
Admissions	\$186,109
Privilege Fees	33,964
Rentals	51,002
Sustaining and Entry Fees	32,875
Parimutuel Wagering Commission	628
Other Operating Receipts	<u>18,665</u>
Total Operating Receipts	<u>323,243</u>
Operating Disbursements:	
Wages and Benefits	25,438
Utilities	52,907
Professional Services	91,702
Equipment and Grounds Maintenance	40,350
Race Purse	72,124
Senior Fair	28,183
Junior Fair	14,138
Capital Outlay	1,172
Other Operating Disbursements	<u>68,301</u>
Total Operating Disbursements	<u>394,315</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(71,072)</u>
Non-Operating Receipts (Disbursements):	
State Support	36,925
County Support	28,200
Restricted Support	14,032
Unrestricted Support	21,234
Investment Income	230
Debt Service	<u>(15,688)</u>
Net Non-Operating Receipts (Disbursements)	<u>84,933</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	13,861
Cash Balance, Beginning of Year	<u>3,268</u>
Cash Balance, End of Year	<u>\$17,129</u>

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

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Shelby County Agricultural Society, Shelby 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 on October 15, 1851, to direct the operation of an annual agricultural fair. The Society sponsors the week-long Shelby County Fair during July. During the fair, harness races are held, culminating in the running of the Super Stakes. Shelby 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 28 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Shelby 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 and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including trade shows. The reporting entity does not include any other activities or entities of Shelby County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, respectively.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Basis of Accounting

The financial statements follow 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

The society maintained a checking account during the period which is valued 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 statements.

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Super Stake races are conducted during the Shelby 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 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.

H. 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.

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

2/ CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$23,191	\$17,129

Deposits: The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the years ended November 30, 2004 and 2003, was \$25,848 and \$28,384, respectively, and is included within State Support on the accompanying financial statement.

Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, 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 included in Professional Service Disbursements, State taxes, which are also paid from Parimutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2004	2003
Total Amount Bet (Handle)	\$9,715	\$14,235
Less: Payoff to Bettors	(7,764)	(11,340)
Parimutuel Wagering Commission	1,951	2,895
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(713)	(1,266)
State Tax	(254)	(401)
Society Portion	\$384	\$628

4. 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 and 2003.

**SHELBY COUNTY AGRICULTURAL SOCIETY
SHELBY COUNTY**

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

5. RISK MANAGEMENT

The Shelby County Commissioners provide general insurance coverage for all the buildings on the Shelby County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability coverage is provided by Public Entities Pool of Ohio with limits of \$1,000,000 per occurrence. This policy includes wrongful acts coverage with limits of \$1,000,000 per occurrence and property coverage for dishonesty with limits of liability of \$150,000.

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. 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 Shelby County Fair. In 2004 and 2003, the Society disbursed \$16,086 and \$14,138, respectively, directly to the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. In 2004, the Society was reimbursed \$4,078 by the State and \$500 by Shelby County for its support of Junior Club work. In 2003, the Society was reimbursed \$4,208 by the State and \$500 by Shelby 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	\$748	\$814
Receipts	199	210
Disbursements	(612)	(276)
Ending Cash Balance	<u>\$335</u>	<u>\$748</u>

7. 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 Shelby County's auction. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$5,491	\$3,327
Receipts	238,839	210,255
Disbursements	(238,333)	(208,091)
Ending Cash Balance	<u>\$5,997</u>	<u>\$5,491</u>



Auditor of State Betty Montgomery

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

Shelby County Agricultural Society
Shelby County
P.O. Box 4281
Sidney, Ohio 45365

To the Board of Directors:

We have audited the financial statement of the Shelby County Agricultural Society, Shelby County, (the Society), as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated March 30, 2005. 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 statements are 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated March 30, 2005.

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 March 30, 2005.

Shelby County Agricultural Society
Shelby County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Betty Montgomery

Betty Montgomery
Auditor of State

March 30, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
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SHELBY COUNTY AGRICULTURAL SOCIETY

SHELBY 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
MAY 5, 2005**