



**Auditor of State
Betty Montgomery**

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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**Auditor of State
Betty Montgomery**

Wayne County Agricultural Society
Wayne County
P.O. Box 3
Wooster, Ohio 44691

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

November 16, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Wayne County Agricultural Society
Wayne County
P.O. Box 3
Wooster, Ohio 44691

To the Board of Directors:

We have audited the accompanying financial statements of the Wayne County Agricultural Society, Wayne County, Ohio, (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 for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Wayne County Agricultural Society, Wayne 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 November 16, 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

November 16, 2005

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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

	2004	2003
Operating Receipts:		
Admissions	\$391,995	\$401,412
Privilege Fees	357,056	341,883
Rentals	144,873	124,831
Sustaining and Entry Fees	50,845	55,150
Parimutuel Wagering Commission	8,927	10,292
Other Operating Receipts	23,310	39,781
Total Operating Receipts	977,006	973,349
Operating Disbursements:		
Wages and Benefits	131,682	126,243
Utilities	90,457	79,812
Professional Services	164,201	157,305
Equipment and Grounds Maintenance	194,420	183,169
Race Purse	97,736	107,465
Senior Fair	48,066	54,800
Junior Fair	63,018	84,944
Capital Outlay	745,754	91,235
Other Operating Disbursements	114,017	135,154
Total Operating Disbursements	1,649,351	1,020,127
Deficiency of Operating Receipts Under Operating Disbursements	(672,345)	(46,778)
Non-Operating Receipts (Disbursements):		
State Support	33,982	36,925
County Support	3,300	3,300
Restricted Donations/Contributions	5,511	8,536
Unrestricted Donations/Contributions	130	1,854
Investment Income	22,376	26,741
Debt Service	(84)	(18)
Net Non-Operating Receipts (Disbursements)	65,215	77,338
Excess (Deficiency) of Receipts Over (Under) Disbursements	(607,130)	30,560
Cash Balance, Beginning of Year	1,315,243	1,284,683
Cash Balance, End of Year	\$708,113	\$1,315,243

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

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**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Wayne County Agricultural Society, Wayne County, Ohio, (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 1849 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Wayne County Fair during September. During the fair, harness races are held. Wayne 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 21 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Wayne 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, and the Junior Fair Board during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse show, flea markets, and auctions. The reporting entity does not include any other activities or entities of Wayne County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 6.

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

B. Basis of Accounting

These financial statements follow 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Cash

The Society had no investments at November 30, 2004 and 2003.

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.

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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

Home Talent Colt Stake races are held during the Wayne 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. In addition, the Society contributes additional funds towards the race purse.

Sustaining and Entry Fees

Horse owners and Ohio Harness Horsemen'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 statements 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.

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2004 AND 2003
(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, 2004 and 2003, the Society had budgeted receipts of \$981,000 and \$1,004,488 and actual receipts of \$1,042,305 and \$1,050,705, resulting in a variance of \$61,305 and \$46,217, respectively. Additionally, for the years ended November 30, 2004 and 2003, the Society had budgeted disbursements of \$973,354 and \$1,264,333 and actual disbursements of \$1,649,435 and \$1,020,145, resulting in a variance of (\$676,081) and \$244,188, respectively.

3. CASH

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$62,805	\$100,786
Certificates of deposit	601,800	1,101,800
Money Market	43,508	112,657
Total deposits	<u>\$708,113</u>	<u>\$1,315,243</u>

Deposits: The Federal Depository Insurance Corporation insured up to \$800,000 of the Society's bank balances in 2003. In addition, \$315,243 was collateralized by the financial institution's public entity deposit pool. The remaining \$200,000 was uninsured or uncollateralized. In 2004, the Federal Depository Insurance Corporation insured up to \$400,000 of the Society's bank balances. In addition, \$108,113 was collateralized by the financial institution's public entity deposit pool and \$200,000 was collateralized by securities specifically pledged by the financial institution to the Society.

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 \$33,982 and \$36,925, 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.

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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

4. HORSE RACING (Continued)

	2004	2003
Total Amount Bet (Handle)	\$ 44,333	\$ 51,097
Less: Payoff to Bettors	(35,406)	(40,805)
Parimutuel Wagering Commission	8,927	10,292
Tote Service Set Up Fee	(900)	(900)
Tote Service Commission	(3,867)	(4,530)
State Tax	(1,180)	(1,362)
Society Portion	\$ 2,980	\$ 3,500

5. RISK MANAGEMENT

The Society provides health coverage for two full-time, supervisory employees through an insurance company.

The Wayne County Commissioners provide general insurance coverage for all the buildings on the Wayne County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society's general manager (Secretary/Treasurer) is bonded with coverage of \$30,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through 2005.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

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

5. RISK MANAGEMENT (Continued)

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

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

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ -	\$ -
Receipts	510,990	402,965
Disbursements	<u>(510,990)</u>	<u>(402,965)</u>
Ending Cash Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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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***

Wayne County Agricultural Society
Wayne County
P.O. Box 3
Wooster, Ohio 44691

To the Board of Directors:

We have audited the financial statements of the Wayne County Agricultural Society, Wayne County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated November 16, 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 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 November 16, 2005, we reported other matters involving internal control over financial reporting which 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

In a separate letter to the Society's management dated November 16, 2005, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 16, 2005

**WAYNE COUNTY AGRICULTURAL SOCIETY
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
FOR YEAR ENDED NOVEMBER 30, 2004**

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

Reportable Condition

Budget

Although an agricultural society is not required to follow the budgetary statutes within Ohio Revised Code Section 5705, the Society does adopt an annual budget.

At November 30, 2004, Society disbursements exceeded budgeted amounts in the following instances:

<u>Account</u>	<u>Budget</u>	<u>Actual Disbursements</u>	<u>Variance</u>
Secretary's Salary	\$34,507	\$35,588	(\$1,081)
Groundskeeper Salary	25,241	25,274	(33)
Worker's Compensation	700	1,348	(648)
Other Administrative Expenses	1,000	2,597	(1,597)
Race Supplies and Materials	3,500	3,852	(352)
Utilities	82,500	90,457	(7,957)
Legal Services	100	180	(80)
Contractual Entertainment, including Sound and Lighting	150,750	156,276	(5,526)
Grounds Keeping	15,000	17,149	(2,149)
Trash Hauling and Dumping	5,500	5,956	(456)
Legal Ads	150	488	(338)
Repairs - Equipment/Furniture	500	554	(54)
Repairs - Building and Site	5,000	5,204	(204)
Capital Outlay	0	745,754	(745,754)
Other Fair Expenses	9,000	9,701	(701)
	<hr/>	<hr/>	<hr/>
Total	\$333,448	\$1,100,378	(\$766,930)

FINDING NUMBER 2004-001 (Continued)

Reportable Condition (Continued)

Budget (Continued)

At November 30, 2003, Society disbursements exceeded budgeted disbursements in the following instances:

<u>Account</u>	<u>Budget</u>	<u>Actual Disbursements</u>	<u>Variance</u>
Worker's Compensation	\$500	\$690	(\$190)
Supplies for Resale - 150th	0	7,400	(7,400)
Supplies and Materials	40,000	51,733	(11,733)
Other Racing Expenses	2,500	3,120	(620)
Veterinary Services	500	922	(422)
Contractual Entertainment, including Sound and Lighting	142,864	146,897	(4,033)
Janitorial	5,500	6,890	(1,390)
Legal Ads	150	1,294	(1,144)
Repairs - Motor Vehicles	4,500	5,276	(776)
Junior Fair Expenses	76,870	84,944	(8,074)
Audit/Accounting Services	0	2,073	(2,073)
Total	<u>\$272,884</u>	<u>\$310,549</u>	<u>(\$37,665)</u>

The Secretary/Treasurer should periodically compare actual disbursements to budgeted amounts to avoid potential overspending. In addition, the Board of Directors should review actual disbursements to budgeted amounts monthly. A similar matter was reported in the management letter in the November 30, 2002 audit of the financial statements.



**Auditor of State
Betty Montgomery**

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AGRICULTURAL SOCIETY

WAYNE 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
DECEMBER 15, 2005**