



**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005 & 2004



**Auditor of State
Betty Montgomery**

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balances - For the Years Ended November 30, 2005 and 2004.....	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Montgomery County Agricultural Society
1043 South Main Street
Dayton, Ohio 45409

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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 7, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Montgomery County Agricultural Society
1043 South Main Street
Dayton, Ohio 45409

To the Board of Directors:

We have audited the accompanying financial statements of the Montgomery County Agricultural Society (the Society) as of and for the fiscal years ended November 30, 2005 and 2004. 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 fiscal years ended November 30, 2005 and 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 fiscal years ended November 30, 2005 and 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, 2005 and 2004, or its changes in financial position for the fiscal years then ended.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Society as of November 30, 2005 and 2004, and its cash receipts and disbursements for the fiscal 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 fiscal years ended November 30, 2005 and 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 August 7, 2006, 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

August 7, 2006

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2005 AND 2004**

	2005	2004
Operating Receipts:		
Admissions	\$120,861	\$139,619
Privilege Fees	123,306	138,362
Rentals	322,438	314,645
Sustaining and Entry Fees	18,476	14,963
Parimutuel Wagering Commission	1,599	3,951
Other Operating Receipts	46,030	32,444
 Total Operating Receipts	 632,710	 643,984
Operating Disbursements:		
Wages and Benefits	201,301	208,246
Utilities	112,643	94,048
Professional Services	50,735	41,745
Equipment and Grounds Maintenance	147,708	161,190
Race Purse	52,794	53,476
Senior Fair	30,205	33,539
Junior Fair	15,663	21,934
Capital Outlay	7,270	3,046
Other Operating Disbursements	101,154	78,628
 Total Operating Disbursements	 719,473	 695,852
 (Deficiency) of Operating Receipts (Under) Operating Disbursements	 (86,763)	 (51,868)
Non-Operating Receipts:		
State Support	32,044	33,982
County Support	53,300	3,300
Donations/Contributions	14,741	6,821
Investment Income	1,025	305
 Net Non-Operating Receipts	 101,110	 44,408
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 14,347	 (7,460)
 Cash Balances, Beginning of Year	 65,634	 73,094
 Cash Balances, End of Year	 \$79,981	 \$65,634

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

This page intentionally left blank.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004**

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 Montgomery County Agricultural Society (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 1853 to operate an annual agricultural fair. The Society sponsors the week-long Montgomery County Fair during the Month of September. During the fair, harness races are held. Montgomery County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Montgomery 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, and community events including computer shows, a car show, wrestling shows, antique shows, horse shows, concerts and festivals. The reporting entity does not include any other activities or entities of Montgomery 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. 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.

G. Race Purse

Stake races are held during the Montgomery 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 Ohio Colt Racing Association 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.

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 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.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 fiscal year ended November 30, 2005, the Society had budgeted receipts of \$737,000, actual receipts of \$733,820, resulting in an unfavorable variance of \$3,180. Additionally, the Society had budgeted disbursements of \$722,500, actual disbursements of \$719,473, resulting in a favorable variance of \$3,027.

For the fiscal year ended November 30, 2004, the Society had budgeted receipts of \$700,950, actual receipts of \$688,392, resulting in an unfavorable variance of \$12,558. Additionally, the Society had budgeted disbursements of \$700,147, actual disbursements of \$695,852, resulting in a favorable variance of \$4,295.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2005 and 2004 follows:

	2005	2004
Demand deposits	\$79,981	\$15,634
Certificates of deposit	0	50,000
Total deposits	\$79,981	\$65,634

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

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the fiscal years ended November 30, 2005 and 2004, was \$20,304 and \$21,848, respectively, 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.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)**

4. HORSE RACING (Continued)

	2005	2004
Total Amount Bet (Handle)	\$ 21,660	\$ 26,962
Less: Payoff to Bettors	(17,214)	(21,428)
Parimutuel Wagering Commission	4,446	5,534
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(2,035)	(2,539)
State Tax	(612)	(799)
Society Portion	\$ 1,599	\$ 1,996

6. RETIREMENT SYSTEM

During fiscal years 2005 and 2004 the Society established a 403(b) plan in which all qualified employees may participate. This plan is entirely funded by employee contributions. This plan provides retirement benefits, including survivor and disability benefits to participants. For both 2005 and 2004 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, 2005.

7. RISK MANAGEMENT

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

The Montgomery County Commissioners provide general insurance coverage for all the buildings on the Montgomery County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$5,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded with coverage of \$25,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)**

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 Montgomery County Fair. The Society had no disbursement directly to the Junior Fair Board during 2005; however during 2004 the Society directly disbursed \$312 to the Junior Fair Board. Additionally, the Society disbursed \$7,436 and \$9,708 directly to vendors to support Junior Fair activities for 2005 and 2004 respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Montgomery County paid the Society \$500 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 year ended November 30, 2005 and 2004 follows:

	2005	2004
Beginning Cash Balance	\$ 441	\$ 59
Receipts	1,221	1,264
Disbursements	(1,215)	(882)
Ending Cash Balance	\$ 447	\$ 441

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 Montgomery County's auction. A commission of two percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2005 and 2004 follows:

	2005	2004
Beginning Cash Balance	\$ 16,002	\$ 14,783
Receipts	163,341	174,251
Disbursements	(167,196)	(173,032)
Ending Cash Balance	\$ 12,147	\$ 16,002

This page intentionally left blank.



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*

Montgomery County Agricultural Society
1043 South Main Street
Dayton, Ohio 45409

To the Board of Directors:

We have audited the financial statements of the Montgomery County Agricultural Society (the Society) as of and for the fiscal years ended November 30, 2005 and 2004, and have issued our report thereon dated August 7, 2006, 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. However, in a separate letter to the Society's management dated August 7, 2006, we reported a matter involving internal control over financial reporting we did not deem 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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

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 7, 2006, we reported other matters 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, 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

August 7, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

AGRICULTURAL SOCIETY

MONTGOMERY 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 17, 2006**