



Dave Yost • Auditor of State

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

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Dave Yost • 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 an 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 adverse 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.

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Dave Yost
Auditor of State

July 21, 2011

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Dave Yost • 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 the Wood County Agricultural Society, Wood County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. 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 GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Wood County Agricultural Society, Wood County, as of November 30, 2010 and 2009, and its combined 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 July 21, 2011, 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.

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Dave Yost
Auditor of State

July 21, 2011

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2010	2009
Operating Receipts:		
Admissions	\$358,545	\$307,348
Privilege Fees	95,765	87,523
Rentals	129,876	159,391
Sustaining and Entry Fees	13,715	16,800
Parimutuel Wagering Commission	107	338
Other Operating Receipts	40,969	34,665
 Total Operating Receipts	 638,977	 606,065
Operating Disbursements:		
Wages and Benefits	97,074	107,146
Utilities	71,591	79,900
Professional Services	117,111	112,230
Equipment and Grounds Maintenance	123,622	125,700
Race Purse	31,897	36,216
Senior Fair	367,462	310,755
Junior Fair	42,370	41,511
Capital Outlay	66,411	104,382
Other Operating Disbursements	76,103	79,176
 Total Operating Disbursements	 993,641	 997,016
Excess of Operating Disbursements Over Operating Receipts	(354,664)	(390,951)
Non-Operating Receipts (Disbursements):		
State Support	22,192	23,704
County Support	3,300	13,300
Debt Proceeds		29,950
Donations/Contributions	368,672	325,918
Investment Income	1,428	1,992
Debt Service	(17,168)	(30,956)
 Net Non-Operating Receipts (Disbursements)	 378,424	 363,908
Excess (Deficiency) of Receipts Over (Under) Disbursements	23,760	(27,043)
Cash Balance, Beginning of Year	277,744	304,787
Cash Balance, End of Year	301,504	277,744

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

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**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009**

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, Ohio (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, and community events including flea markets, swap meets, and horse shows. The reporting entity does not include any other activities or entities of Wood County, Ohio.

Notes 6 and 7, 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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 3 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 3 for additional information.

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.

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

2. DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	\$202,602	\$200,643
Certificates of deposit	38,594	37,668
Total deposits	241,196	238,311
Repurchase agreement	60,308	39,433
Total deposits and investments	\$301,504	\$277,744

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Society's financial institution transfers securities to the Society's agent to collateralize repurchase agreements. The securities are not in the Society's name.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2010 and 2009 was \$17,778 and \$19,069, 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.

	2010	2009
Total Amount Bet (Handle)	\$ 5,413	\$ 9,569
Less: Payoff to Bettors	(4,286)	(7,622)
Parimutuel Wagering Commission	1,127	1,947
Tote Service Set Up Fee	(500)	(1,000)
Tote Service Commission	(371)	(338)
State Tax	(149)	(271)
Society Portion	\$ 107	\$ 338

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

4. DEBT

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
Women's World Building Renovation	\$54,886	6.75%
Equipment Loan	8,581	5.00%
Total	\$63,467	

The building loan was refinanced in May 2009 and now bears an interest rate of 6.75 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.

The equipment loan was entered into on June 4, 2009 in the amount of \$14,950 and matures July 1, 2012. The note bears an interest rate of 5% and is due to AG Credit Corporation. Proceeds from the note were used to purchase equipment consisting of a lawn mower and utility vehicle.

The Society also entered into a short term loan on December 5, 2008 in the amount of \$15,000 at 5.875% with a maturity of July 1, 2009. Proceeds of the loan were used for the purchase of a sign and the loan was paid off during 2009 with the sale of sponsorship space on the sign.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Women's World Building	Equipment Loan	Interest	Total
2011	\$7,812	\$5,063	\$3,780	\$16,655
2012	8,355	3,518	2,988	14,861
2013	8,937		2,340	11,277
2014	9,559		1,718	11,277
2015	10,225		1,053	11,278
2016	9,998		341	10,339
Total	\$54,886	\$8,581	\$12,220	\$75,687

5. RISK MANAGEMENT

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

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 \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2011.

**WOOD COUNTY AGRICULTURAL SOCIETY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

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 Wood County Fair. The Society disbursed \$10,714 directly to the Junior Fair Board and \$31,656 directly to vendors to support Junior Fair activities in 2010 and \$9,951 directly to the Junior Fair Board and \$31,560 directly to vendors to support Junior Fair activities in 2009. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. Wood County paid the Society \$500 in 2010 and 2009 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 7,056	\$ 6,890
Receipts	14,300	11,667
Disbursements	<u>(13,948)</u>	<u>(11,501)</u>
Ending Cash Balance	<u>\$ 7,408</u>	<u>\$ 7,056</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 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.

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Dave Yost • 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, Wood County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated July 21, 2011, wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

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

We did note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated July 21, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, and others within the Society. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

July 21, 2011



Dave Yost • Auditor of State

WOOD 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
AUGUST 4, 2011**