



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

February 21, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY

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**Auditor of State
Betty Montgomery**

Columbiana County Agricultural Society
Columbiana County
P.O. Box 356
Lisbon, Ohio 44432

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

January 2, 2007

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Columbiana County Agricultural Society
Columbiana County
P.O. Box 356
Lisbon, Ohio 44432

To the Board of Directors:

We have audited the accompanying financial statements of Columbiana County Agricultural Society, Columbiana County, (the Society) as of and for the 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 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 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 years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Columbiana County Agricultural Society, Columbiana County, as of November 30, 2005 and 2004, 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 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 January 2, 2007, 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

January 2, 2007

**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY**

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

	2005	2004
Operating Receipts:		
Taxes		\$6
Admissions	\$219,164	174,574
Privilege Fees	39,378	36,851
Rentals	35,020	25,954
Sustaining and Entry Fees	19,026	18,585
Parimutuel Wagering Commission	3,232	3,130
Restricted Support	18,657	10,295
Unrestricted Support	1,494	3,606
Other Operating Receipts	49,875	13,393
 Total Operating Receipts	 385,846	 286,394
Operating Disbursements:		
Wages and Benefits	21,496	17,210
Utilities	30,455	17,372
Professional Services	71,856	41,452
Equipment and Grounds Maintenance	57,659	50,015
Race Purse	51,927	52,337
Senior Fair	17,465	18,941
Junior Fair	14,319	13,597
Capital Outlay	1,584	13,822
Other Operating Disbursements	98,890	92,568
 Total Operating Disbursements	 365,651	 317,314
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 20,195	 (30,920)
Non-Operating Receipts (Disbursements):		
State Support	32,187	39,234
County Support	3,000	3,000
Debt Proceeds		
Donations/Contributions		
Investment Income	5,436	5,317
Sale of Assets	6,534	8,800
Debt Service	(83,964)	(34,051)
 Net Non-Operating Receipts (Disbursements)	 (36,807)	 22,300
Excess (Deficiency) of Receipts Over (Under) Disbursements	(16,612)	(8,620)
Cash Balance, Beginning of Year (As Restated - Note 9)	210,458	213,043
Cash Balance, End of Year	\$193,846	\$204,423

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

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**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA 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 Columbiana County Agricultural Society, Columbiana County, (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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Columbiana County Fair during July-August. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Columbiana County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Columbiana 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, track and stall rental. The reporting entity does not include any other activities or entities of Columbiana County, Ohio.

Notes 7 and 8, 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes 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.

D. 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.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY**

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

Home Talent Colt Stakes stake races are held during the Columbiana 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 Home Talent Colt Stakes 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.

2. CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$30,124	\$46,137
Certificates of deposit	163,722	158,286
Total deposits	193,846	204,423
Total deposits and investments	\$193,846	\$204,423

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was uninsured and uncollateralized.

**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY**

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

3. 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, 2005 and 2004 was \$24,000 and \$29,904, 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.

	2005	2004
Total Amount Bet (Handle)	3,318	3,130
Less: Payoff to Bettors	(2,562)	(2,403)
Parimutuel Wagering Commission	756	727
Tote Service Set Up Fee		0
Tote Service Commission	(670)	(638)
State Tax	(86)	(89)
Society Portion	0	0

4. DEBT

Debt outstanding at November 30, 2005 was as follows:

	Principal	Interest Rate
Promissory Note	\$93,391	5.00%
Rice Property Loan	35,966	5.00%
Total	\$129,357	

The \$150,000 Promissory Note bears an interest rate of 5.0 percent and is due to National City Bank. The note was entered into on November 25, 2003. Proceeds of the note were used to consolidate the loan on the horse barn, replacement of grandstand fund money, pay off line of credit and roof replacement. The loan is collateralized with the Society's Certificate of Deposit.

Mary Rice sold property to Agricultural Society. The Society must repay the loan to Mary Rice at a rate of fifteen thousand dollars (\$15,000) per year plus interest at a rate of 5 percent per annum.

Year ending November 30:	Promissory Note	Rice Property Loan	Interest	Total
2006	30,019	13,422	5,830	49,271
2007	31,554	14,087	3,634	49,275
2008	31,818	8,457	1,327	41,602
Total	\$93,391	\$35,966	\$10,791	\$140,148

**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY**

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

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2005 and 2004 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of the participants' gross salaries through November 30, 2005.

6. RISK MANAGEMENT

The Columbiana County Commissioners provide general insurance coverage for all the buildings on the Columbiana County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$500,000 aggregate. The Society's treasurer is 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 2006.

7. 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 Columbiana County Fair. The Society disbursed \$14,319 and \$13,597 directly to vendors to support Junior Fair activities in 2005 and 2004 respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Columbiana County paid the Society \$200 in 2005 and 2004 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 follows:

	2005	2004
Beginning Cash Balance	\$ 3,939	\$ -
Receipts	4,933	8,195
Disbursements	<u>(3,369)</u>	<u>(4,256)</u>
Ending Cash Balance	<u>\$ 5,503</u>	<u>\$ 3,939</u>

8. 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 Columbiana County's auction. A commission of 3 percent per head 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	\$ 10,197	\$ 633
Receipts	286,148	257,920
Disbursements	<u>(285,603)</u>	<u>(248,356)</u>
Ending Cash Balance	<u>\$ 10,742</u>	<u>\$ 10,197</u>

**COLUMBIANA COUNTY AGRICULTURAL SOCIETY
COLUMBIANA COUNTY**

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

9. Restatement of Beginning Fund Balance

The beginning balance at December 1, 2005 was restated due to a duplicate check being written for security. The duplicate check was voided, and the amount of \$6,035 was then added to the beginning balance at December 1, 2005.

Beginning Balance – 1/1/2005	Adjustment	Beginning Balance 1/1/2005 - Restated
\$204,423	\$6,035	\$210,458

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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*

Columbiana County Agricultural Society
Columbiana County
P.O. Box 356
Lisbon, Ohio 44432

To the Board of Directors:

We have audited the financial statements of the Columbiana County Agricultural Society (the Society) as of and for the years ended November 30, 2005 and 2004, and have issued our report thereon dated January 2, 2007, 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. In a separate letter to the Society's management dated January 2, 2007, we reported other matters involving internal control over financial reporting 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 January 2, 2007, we reported other matters related to noncompliance we deemed immaterial.

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

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 2, 2007



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

COLUMBIANA 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
MARCH 20, 2007**