



**Auditor of State
Betty Montgomery**

WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2004	5
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003	6
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
Schedule of Findings.....	15

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**Auditor of State
Betty Montgomery**

Wyandot County Agricultural Society
Wyandot County
P.O. Box 3
Upper Sandusky, Ohio 43351

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

July 20, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wyandot County Agricultural Society
Wyandot County
P.O. Box 3
Upper Sandusky, Ohio 43351

To the Board of Directors:

We have audited the accompanying financial statements of the Wyandot County Agricultural Society, Wyandot County, Ohio, (the Society) as of and for the years ended November 30, 2004, and November 30, 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended November 30, 2004, does 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 change 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 Wyandot County Agricultural Society, Wyandot County, Ohio, as of November 30, 2004, and November 30, 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 July 20, 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

July 20, 2005

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

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

Operating Receipts:	
Admissions	\$148,208
Taxes	592
Privilege Fees	61,110
Sales	3,045
Rentals	38,115
Sustaining and Entry Fees	78,050
Other Racing Fees and Charges	3,328
Parimutuel Wagering Commission	3,590
Other Operating Receipts	<u>29,826</u>
 Total Operating Receipts	 <u>365,864</u>
Operating Disbursements:	
Wages and Benefits	36,478
Administrative	16,424
Utilities	36,447
Advertising	12,030
Professional Services	32,913
Equipment and Grounds Maintenance	72,328
Rent and Lease	11,817
Race Purse	107,803
Other Race Expenses	8,873
Senior Fair	15,948
Junior Fair	15,713
Capital Outlay	31,435
Other Operating Disbursements	<u>28,847</u>
 Total Operating Disbursements	 <u>427,056</u>
Deficiency of Operating Receipts Under Operating Disbursements	 <u>(61,192)</u>
Non-Operating Receipts:	
State Support	33,982
County Support	3,300
Restricted Donations/Contributions	5,425
Unrestricted Donations/Contributions	730
Investment Income	<u>655</u>
 Total Non-Operating Receipts	 <u>44,092</u>
Deficiency of Receipts Under Disbursements	(17,100)
Cash Balance, Beginning of Year	<u>125,329</u>
 Cash Balance, End of Year	 <u><u>\$108,229</u></u>

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

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

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

Operating Receipts:

Admissions	\$155,179
Taxes	515
Privilege Fees	56,623
Sales	12,654
Rentals	32,849
Sustaining and Entry Fees	77,550
Other Racing Fees and Charges	2,198
Parimutuel Wagering Commission	3,122
Other Operating Receipts	<u>21,065</u>
 Total Operating Receipts	 <u>361,755</u>

Operating Disbursements:

Wages and Benefits	35,009
Administrative	13,727
Utilities	38,295
Advertising	15,582
Professional Services	39,821
Equipment and Grounds Maintenance	65,699
Rent and Lease	10,962
Race Purse	104,913
Other Race Expenses	7,225
Senior Fair	13,434
Junior Fair	17,168
Capital Outlay	51,272
Other Operating Disbursements	<u>27,297</u>
 Total Operating Disbursements	 <u>440,404</u>

Deficiency of Operating Receipts Under Operating Disbursements	 <u>(78,649)</u>
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Non-Operating Receipts:

State Support	36,925
County Support	3,300
Restricted Donations/Contributions	8,519
Unrestricted Donations/Contributions	1,470
Investment Income	<u>1,736</u>
 Total Non-Operating Receipts	 <u>51,950</u>

Deficiency of Receipts Under Disbursements	(26,699)
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Cash Balance, Beginning of Year	<u>152,028</u>
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Cash Balance, End of Year	<u><u>\$125,329</u></u>
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The notes to the financial statements are an integral part of this statement.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

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

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 Wyandot County Agricultural Society, Wyandot 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 1852 to operate an annual agricultural fair. The Society sponsors the week-long Wyandot County Fair during September. During the fair, harness races are held. Wyandot County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 18 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Wyandot 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 include facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Wyandot 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 these financial statements present 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.

These statements include 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.

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.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT 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

Harness stake races are held during the Wyandot 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 Western Ohio Colt Racing 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.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

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

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$489,800 and actual receipts of \$409,956, resulting in a negative variance of \$79,844. Additionally, the Society had budgeted disbursements of \$489,800 and actual disbursements of \$427,056, resulting in a positive variance of \$62,744.

For the year ended November 30, 2003, the Society had budgeted receipts of \$489,800 and actual receipts of \$413,705, resulting in a negative variance of \$76,095. Additionally, the Society had budgeted disbursements of \$489,800 and actual disbursements of \$440,404, resulting in a positive variance of \$49,396.

3. CASH

The carrying amount of cash at November 30 follows:

	2004	2003
Deposits	\$36,825	\$71,571
Certificates of deposit	71,404	53,758
Total deposits	\$108,229	\$125,329

Deposits: At November 30, 2003, the bank balance was \$132,090; \$124,922 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). The remaining \$7,168 was uninsured and uncollateralized. At November 30, 2004, the bank balance was \$115,757, all of which was covered by FDIC.

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the years ended November 30, 2004 and 2003 was \$29,904 and \$32,716, respectively, and is included within State Support on the accompanying financial statements.

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.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

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

4. HORSE RACING (Continued)

	2004	2003
Total Amount Bet (Handle)	\$ 20,461	\$ 17,799
Less: Payoff to Bettors	(16,279)	(14,162)
State Tax	(592)	(515)
Parimutuel Wagering Commission	3,590	3,122
Tote Service Set Up Fee/Commission	(2,234)	(2,400)
Society Portion	\$ 1,356	\$ 722

5. RISK MANAGEMENT

The Wyandot County Commissioners provide general insurance coverage for all the buildings on the Wyandot County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by County Risk Sharing Authority with limits of \$1,000,000. The Society also has a policy with Public Entities Pool of Ohio which includes crime coverage for employee dishonesty with limits of liability of \$10,000. During the fair, this limit is increased to \$50,000. The Society's Secretary/Treasurer is bonded with coverage of \$20,000.

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

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Wyandot County Fair. In 2003 and 2004, the Society disbursed \$17,168 and \$15,713, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. Wyandot County paid the Society \$500 in both 2003 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 years ended November 30 follows:

	2004	2003
Beginning Cash Balance	\$13,176	\$10,015
Receipts	23,254	15,649
Disbursements	(24,054)	(12,488)
Ending Cash Balance	\$12,376	\$13,176

WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY

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

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 Wyandot County's auction. Monies to cover the cost of the auction are generated through a 4% commission on champions and reserve champions, and a 3% commission on all others, assessed on the auction price. The Junior Livestock Committee retains this money. 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 follows:

	2004	2003
Beginning Cash Balance	\$6,612	\$6,240
Receipts	300,277	260,184
Disbursements	<u>(295,201)</u>	<u>(259,812)</u>
Ending Cash Balance	<u>\$11,688</u>	<u>\$6,612</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***

Wyandot County Agricultural Society
Wyandot County
P.O. Box 3
Upper Sandusky, Ohio 43351

To the Board of Directors:

We have audited the financial statements of the Wyandot County Agricultural Society, Wyandot County, Ohio, (the Society) as of and for the years ended November 30, 2004, and November 30, 2003, and have issued our report thereon dated July 20, 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 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 July 20, 2005, 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Society's management dated July 20, 2005, we reported a matter related to noncompliance we deemed immaterial.

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Wyandot County Agricultural Society
Wyandot 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 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

July 20, 2005

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 AND 2003**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2004-001
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Finding For Recovery Repaid Under Audit - Alcohol Purchases

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary and unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/ Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

From December 23, 2002, through June 22, 2005, the Society made disbursements for meals which included alcoholic beverages totaling \$229.75. These purchases were made by individual Board members as follows:

Name	Amount
Kenneth Montgomery	\$ 126.00
Dwight Grundtisch	76.75
Bonnie Miller	9.00
Thomas Kin	4.50
Steve Ekleberry	4.50
George Collet	4.50

In addition to the amounts listed above, an additional amount of \$4.50 was paid by the Society; however, there was no signature on the meal billing indicating who had incurred the meal purchase.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co., 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended would have been issued against each of the above-named individuals in their respective amount. In addition, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended would have been issued jointly and severally against Bonnie Miller, Secretary/Treasurer, and Hartford Fire Insurance Company, Bonnie Miller’s bonding company, for all of the above-listed amounts.

Repayment was made to the Society as follows:

Date	Individual	Amount
7/28/2005	David McCleary	\$ 57.44
7/28/2005	Thomas Kin	57.44
7/21/2005	Dwight Grundtisch	57.44
7/26/2005	Clyde Bell	57.44
		\$ 229.76



**Auditor of State
Betty Montgomery**

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WYANDOT COUNTY AGRICULTURAL SOCIETY

WYANDOT 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 25, 2005**