



**Auditor of State
Betty Montgomery**

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statement of Montgomery County Agricultural Society, Montgomery County, (the Society), as of and for the years ended November 30, 2003 and 2002. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Society as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Montgomery County Agricultural Society
Montgomery County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

November 18, 2004

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002**

	2003	2002
Operating Receipts:		
Admissions	\$80,573	\$129,625
Privilege Fees	111,588	130,919
Rentals	330,662	268,793
Sustaining and Entry Fees	18,162	15,036
Parimutuel Wagering Commission	5,346	7,043
Other Operating Receipts	45,957	36,339
Total Operating Receipts	592,288	587,755
Operating Disbursements:		
Wages and Benefits	215,452	207,932
Utilities	99,142	94,105
Professional Services	38,439	45,021
Equipment and Grounds Maintenance	129,088	115,677
Race Purse	58,085	58,783
Senior Fair	30,032	42,650
Junior Fair	17,508	16,603
Capital Outlay	50,000	69,514
Other Operating Disbursements	105,512	127,712
Total Operating Disbursements	743,258	777,997
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(150,970)	(190,242)
Non-Operating Receipts (Disbursements):		
State Support	36,925	38,627
County Support	103,300	73,920
Donations/Contributions	24,808	14,144
Investment Income	329	1,230
Net Non-Operating Receipts	165,362	127,921
Excess (Deficiency) of Receipts Over (Under) Disbursements	14,392	(62,321)
Cash Balances, Beginning of Year	58,702	121,023
Cash Balances, End of Year	\$73,094	\$58,702

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

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**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Montgomery County Agricultural Society, Montgomery County, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1853 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Montgomery County Fair during September. During the fair, harness races are held. Montgomery County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 21 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of 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 and 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 and antique shows. The reporting entity does not include any other activities or entities of Montgomery County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8, respectively.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded at receipts or disbursement, respectively. Certificates of Deposit are valued at cost.

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 two months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 and 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

F. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

G. Race Purse

Stack races are conducted 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 pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 4 for additional information.

H. Parimutuel 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 determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel 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 Parimutuel Wagering Commission. See Note 4 for additional information.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Society uses.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 and 2002
(Continued)**

2. BUDGETARY ACTIVITY

For the year ended November 30, 2003, the Society had budgeted receipts of \$765,750, actual receipts of \$754,269, resulting in an unfavorable variance of \$11,481. Additionally, the Society had budgeted disbursements of \$764,700, actual disbursements of \$739,877, resulting in a favorable variance of \$24,823.

For the year ended November 30, 2002, the Society had budgeted receipts of \$761,600, actual receipts of \$712,160, resulting in an unfavorable variance of \$49,440. Additionally, the Society had budgeted disbursements of \$741,000, actual disbursements of \$774,481, resulting in an unfavorable variance of \$33,481.

3. CASH

The carrying amount of cash and investments at November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$23,094	\$8,702
Certificates of deposit	50,000	50,000
Total deposits	<u>73,094</u>	<u>58,702</u>

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

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 and 2002 was \$24,384 and 25,488, respectively, and is included within State Support on the accompanying financial statement.

Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Parimutuel 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, 2003 and 2002
(Continued)**

4. HORSE RACING (Continued)

	2003	2002
Total Amount Bet (Handle)	\$ 25,994	\$ 34,539
Less: Payoff to Bettors	(20,648)	(27,496)
Parimutuel Wagering Commission	5,346	7,043
Tote Service Set Up Fee	(200)	(300)
Tote Service Commission	(2,402)	(3,216)
State Tax	(779)	(896)
Society Portion	\$ 1,965	\$ 2,631

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For both 2003 and 2002 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, 2003.

6. 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. General liability and vehicle coverage is provided by a private carrier insurance company with limits of \$ 6,000,000 and \$4,000,000 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.

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 Montgomery County Fair.

The Society had no disbursements directly to the Junior Fair Board in 2003, however \$6,802 was disbursed directly to the Junior Fair Board for 2002. Additionally, the Society disbursed \$17,508 and \$9,801, directly to vendors to support Junior Fair activities for 2003 and 2002, respectively. These expenses are reflected as disbursements in the accompanying financial statement as Junior Fair Disbursements. The Society was reimbursed \$500 during 2003 and 2002 by Montgomery County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 and 2002
(Continued)**

7. JUNIOR FAIR BOARD (Continued)

The Junior Fair Board's financial activity for the years ended November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 805	\$ 54
Receipts	168	911
Disbursements	<u>(914)</u>	<u>(160)</u>
Ending Cash Balance	<u>\$ 59</u>	<u>\$ 805</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 Montgomery County's auction. Monies to cover the cost of the auction are generated through a 2% commission and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 14,783	\$ 15,115
Receipts	177,191	162,909
Disbursements	<u>(177,283)</u>	<u>(163,241)</u>
Ending Cash Balance	<u>\$ 14,691</u>	<u>\$ 14,783</u>

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Directors:

We have audited the financial statement of Montgomery County Agricultural Society, Montgomery County, (the Society), as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated November 18, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated November 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated November 18, 2004.

Montgomery County Agricultural Society
Montgomery County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

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Betty Montgomery
Auditor of State

November 18, 2004



**Auditor of State
Betty Montgomery**

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MONTGOMERY COUNTY 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
DECEMBER 7, 2004**