



**Auditor of State
Betty Montgomery**

ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY

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**Auditor of State
Betty Montgomery**

Ashtabula County Agricultural Society
Ashtabula County
PO Box 546
Jefferson, Ohio 44047

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.

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Betty Montgomery
Auditor of State

December 13, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Agricultural Society
Ashtabula County
PO Box 546
Jefferson, Ohio 44047

To the Board of Directors:

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended November 30, 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, 2004, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Ashtabula County Agricultural Society, Ashtabula County, as of November 30, 2004 and 2003, and its combined 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 December 13, 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

December 13, 2005

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Taxes	930	867
Admissions	256,911	250,771
Privilege Fees	59,035	57,204
Racing Fees and Charges	25,890	26,201
Parimutuel Wagering Commission	2,354	2,747
Utilities	540	162
Fees	9,115	8,460
Rentals	67,933	59,107
Total Cash Receipts	422,708	405,519
Operating Disbursements:		
Salaries and Wages	54,200	49,080
Benefits	4,667	4,339
Administrative	14,000	9,504
Racing Supplies	2,198	1,599
Supplies	25,120	33,302
Utilities	48,247	50,869
Race Purse	57,432	62,348
Professional Services	134,009	122,674
Property Services	14,758	14,706
Advertising	21,532	19,764
Repairs	2,847	9,369
Insurance	16,958	16,545
Rent and Lease	13,636	12,160
Capital Outlay	31,371	24,194
Debt Service	5,222	10
Senior Fair	28,114	27,492
Contest Expenses	23,735	22,101
Junior Fair	14,377	14,712
Other Fair	154,153	135,528
Other Operating Disbursements	8,184	10,021
Total Disbursements	674,760	640,317
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(252,052)	(234,798)
Non-Operating Receipts/(Disbursements):		
State Support	33,983	36,925
Local Support	2,500	800
Donations/Contributions-Restricted Support	209,165	179,520
Donations/Contributions-Unrestricted Support	7,077	7,510
Investment Income	452	161
Total Non-Operating Receipts	253,177	224,916
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,125	(9,882)
Fund Cash Balances, December 1	51,608	61,490
Fund Cash Balances, November 30	52,733	51,608

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

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**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 Ashtabula County Agricultural Society, Ashtabula 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 1822 to operate an annual agricultural fair. The Society sponsors the week-long Ashtabula County Fair during August. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stake Races. Ashtabula County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashtabula 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, Junior Fair activities and the Junior Livestock Sale Committee activities. 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 Ashtabula 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 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.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 31, 2004 AND 2003
(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. 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

Home Talent Colt stake races are held during the Ashtabula 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 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.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

2. BUDGETARY ACTIVITY

For the year ended November 31, 2004, the Society had budgeted receipts of \$635,200, actual receipts of \$673,865, resulting in a variance of \$38,665. Additionally, the Society had budgeted disbursements of \$675,650, actual disbursements of \$672,740, resulting in a variance of \$2,910.

For the year ended November 31, 2003, the Society had budgeted receipts of \$611,500, actual receipts of \$628,050, resulting in a variance of \$16,550. Additionally, the Society had budgeted disbursements of \$637,712, actual disbursements of \$637,932, resulting in a variance of \$220.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 31, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$36,728	\$19,724
Certificates of deposit	16,005	31,884
Total deposits	52,733	51,608
Total deposits and investments	\$52,733	\$51,608

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

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 31, 2004 and 2003 was \$21,848 and \$24,384, 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.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 31, 2004 AND 2003
(Continued)**

4. HORSE RACING – (Continued)

	2004	2003
Total Amount Bet (Handle)	\$ 11,906	\$ 13,869
Less: Payoff to Bettors	(9,552)	(11,122)
Parimutuel Wagering Commission	2,354	2,747
Tote Service Set Up Fee	(400)	(600)
Tote Service Commission	(1,337)	(1,451)
State Tax	(283)	(334)
Society Portion	\$ 334	\$ 362

5. DEBT

Debt outstanding at November 30, 2004 was as follows:

	Principal	Interest Rate
Loan Payable for Mower	\$14,014	4.50%

The \$14,014 Mower Loan bears an interest rate of 4.5 percent and is due to the Second National Bank. The terms of the loan are three annual payments of \$4,972, which started on September 10, 2004.

6. RISK MANAGEMENT

The Ashtabula County Commissioners provide general insurance coverage for all the buildings on the Ashtabula County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$4,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society's general manager 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 2005.

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 Ashtabula County Fair. The Society disbursed \$14,377 and \$14,713 in 2004 and 2003 respectively directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Ashtabula County paid the Society \$2,500 and \$800 in 2004 and 2003 respectively to support Junior Club work. These accompanying financial statements include the activity of the Junior Fair Board.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 31, 2004 AND 2003
(Continued)**

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 Ashtabula County's auction. Monies to cover the cost of the auction are generated through a 3% commission per group and 2% commission per champion and are retained by the Junior Livestock Committee. 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 31, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 613	\$ 631
Receipts	148,495	129,822
Disbursements	<u>(148,372)</u>	<u>(129,840)</u>
Ending Cash Balance	<u>\$ 736</u>	<u>\$ 613</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***

Ashtabula County Agricultural Society
Ashtabula County
PO Box 546
Jefferson, Ohio 44047

To the Board of Directors:

We have audited the financial statements of the Ashtabula County Agricultural Society (the Society) as of and for the years ended November 31, 2004 and 2003, and have issued our report thereon dated December 13, 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.

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*.

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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

December 13, 2005



**Auditor of State
Betty Montgomery**

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

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800-282-0370

Facsimile 614-466-4490

AGRICULTURAL SOCIETY

ASHTABULA 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
MAY 9, 2006**