



**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED NOVEMBER 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Lake County Agricultural Society
Lake County
1301 Mentor Avenue
Painesville, Ohio 44077

To the Board of Directors:

We have audited the accompanying financial statement of the Lake County Agricultural Society, Lake County, Ohio, (the Society) as of and for the year ended November 30, 2001. 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 balance of the Society as of November 30, 2001, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2002 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.

This report is intended solely for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 26, 2002

**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2001**

	<u>Operating</u>	<u>State and Local</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$2,000		\$2,000
Admissions	204,488		204,488
Privilege Fees	74,922		74,922
Sales	2,382		2,382
Racing Fees and Charges	170,186		170,186
Utilities	19,874		19,874
Fees	25,170		25,170
Rentals	189,290		189,290
State Support		\$92,374	92,374
Local Support		21,300	21,300
Restricted Support	76,147		76,147
Unrestricted Support	18,007		18,007
Investment Income	2,677		2,677
Total Cash Receipts	<u>785,143</u>	<u>113,674</u>	<u>898,817</u>
Cash Disbursements:			
Salaries and Wages	42,434		42,434
Benefits	20,789		20,789
Administrative	16,751		16,751
Racing Supplies	3,571	150	3,721
Supplies	21,993	643	22,636
Utilities	83,399	5,000	88,399
Racing	173,665	31,600	205,265
Professional Services	111,720		111,720
Property Services	51,529		51,529
Advertising	24,881		24,881
Repairs	14,865	50	14,915
Insurance	10,632		10,632
Rent and Lease	16,708		16,708
Capital Outlay	28,529	119,891	148,420
Debt Service	16,265		16,265
Senior Fair	23,755	800	24,555
Contest Expenses	20,850		20,850
Junior Fair	574	5,540	6,114
Other Fair	104,181		104,181
Miscellaneous	4,955		4,955
Total Disbursements	<u>792,046</u>	<u>163,674</u>	<u>955,720</u>
Total Receipts Over/(Under) Disbursements	<u>(6,903)</u>	<u>(50,000)</u>	<u>(56,903)</u>
Other Financing Receipts/(Disbursements):			
Transfers In	0	50,000	50,000
Transfers Out	(50,000)	0	(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(56,903)	0	(56,903)
Fund Cash Balances, December 1	91,946	0	91,946
Fund Cash Balances, November 30	<u>\$35,043</u>	<u>\$0</u>	<u>\$35,043</u>

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

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**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lake County Agricultural Society, Lake County, Ohio, (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 1840 direct the operation of an annual agricultural fair. The Society sponsors the week-long Lake County Fair during August. During the fair, harness races are held, culminating in the running of the Harness Racing Speed Program. Lake 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 17 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Lake 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows and garage sales. The reporting entity does not include any other activities or entities of Lake County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee are included in the financial statements of the Society.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 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.

**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(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. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses. The Agricultural Society reports Jr. Fair Board Livestock Auction Sales as Restricted Support.

G. 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.

H. 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.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2001, the Society had budgeted receipts of \$898,800, actual receipts of \$898,817, resulting in a variance of \$17. Additionally, the Society had budgeted disbursements of \$953,500, actual disbursements of \$955,720, resulting in a variance of \$2,220.

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the year ended November 30, 2001.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2001 follows:

	<u>2001</u>
Demand deposits	\$35,022
Certificates of deposit	
Total deposits	<u>35,022</u>
Total deposits and investments	<u><u>\$35,022</u></u>

Deposits: All of the bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

4. HORSE RACING

State Support Portion of the Purse

Ohio Fairs Fund money received to supplement the purse for the year ended November 30, 2001 was \$31,800 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.

	20EE
Total Amount Bet (Handle)	\$ 42,039
Less: Payoff to Bettors	(33,545)
Parimutuel Wagering Commission	8,494
Tote Service Set Up Fee	(600)
Tote Service Commission	(4,067)
State Tax	(1,116)
Society Portion	\$ 2,711

5. DEBT

Debt outstanding at November 30, 2001 was as follows:

	Principal	Interest Rate
Fair Grounds Improvement Bond	\$30,150	5.25%

The \$125,000 Fair Grounds Improvement Bond bears an interest rate of 5.25%. The note was entered into on July 14, 1994 and matures November 14, 2003.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2002	14,700	1,583	\$16,283
2003	15,450	811	16,261
Total	\$30,150	\$2,394	\$32,544

**LAKE COUNTY AGRICULTURAL SOCIETY
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

6. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2001 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, 2001.

7. RISK MANAGEMENT

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

The Lake County Commissioners provide general insurance coverage for all the buildings on the Lake County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an insurance company with limits of \$ 3,000,000 and \$ 1,000,000 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 \$ 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 December 31, 2001.



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

Lake County Agricultural Society
Lake County
1301 Mentor Avenue
Painesville, Ohio 44077

To the Board of Directors:

We have audited the financial statement of the Lake County Agricultural Society, Lake County, Ohio, (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated June 26, 2002. 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*.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Society in a separate letter dated June 26, 2002.

Lake County Agricultural Society
Lake County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

June 26, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LAKE COUNTY AGRICULTURAL SOCIETY

LAKE 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
JULY 11, 2002**