



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Mahoning County Agricultural Society
Mahoning County
P.O. Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the accompanying financial statement of the Mahoning County Agricultural Society (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 12, 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 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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Jim Petro
Auditor of State

June 12, 2002

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**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2001**

	2001
Operating Receipts:	
Taxes	\$2,888
Admissions	1,553,793
Privilege Fees	719,948
Sales	26,341
Sustaining and Entry Fees	25,900
Utilities	113,122
Fees	13,396
Rentals	259,418
Parimutuel Wagering Commission	11,241
Total Operating Receipts	2,726,047
Operating Disbursements:	
Wages and Benefits	780,482
Utilities	225,940
Professional Services	459,598
Equipment and Grounds Maintenance	185,006
Race Purse	83,134
Senior Fair	137,531
Junior Fair	46,737
Capital Outlay	222,435
Other Operating Disbursements	351,526
Total Operating Disbursements	2,492,389
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	233,658
Non-Operating Receipts (Disbursements):	
State Support	40,483
County Support	52,206
Restricted Support (Donations/Contributions)	23,813
Unrestricted Support (Donations/Contributions)	768
Investment Income	40,116
Net Non-Operating Receipts (Disbursements)	157,386
Excess (Deficiency) of Receipts Over (Under) Disbursements	391,044
Cash Balance, Beginning of Year	654,911
Cash Balance, End of Year	\$1,045,955

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

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**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mahoning County Agricultural Society, Mahoning 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 1845 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August/September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Mahoning 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 seventeen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Mahoning 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, grounds rental, track and stall rental. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

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 Society. All Junior Fair Board activity is included in the Society's financial statements.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 6.

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 as receipts or disbursements, respectively.

D. 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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Restricted Support

Restricted Support includes amounts that are required by the donor to be set aside for specific uses.

E. 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.

F. Race Purse

Home Talent Stake races are conducted during the Canfield 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 Canfield Harness Horsemen's 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 accompany 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 3 for additional information.

G. 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 3 for additional information.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

2. CASH AND INVESTMENTS

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

Demand deposits	\$93,864
Savings deposits	519,635
Certificates of deposit	<u>432,456</u>
Total deposits	<u><u>\$1,045,955</u></u>

Deposits: (1) \$400,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was collateralized by the financial institution's public entity deposit pool.

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2001 was \$30,800 and is included within State Support on the accompany 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.

	2001
Total Amount Bet (Handle)	\$56,362
Payoff to Bettors	<u>45,121</u>
Parimutuel Wagering Commission	11,241
Tote Service Set Up Fee	1,264
Tote Service Commission	5,091
State Tax	<u>1,385</u>
Society Portion	<u><u>\$3,501</u></u>

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

4. RETIREMENT SYSTEM

In December 1998 the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3% of their compensation for the year, not to exceed \$6,000.

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 participants gross salaries through November 30, 2001.

5. RISK MANAGEMENT

The Mahoning County Commissioners provide general insurance coverage for all the buildings on the Canfield Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$5,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$9,000,000. The Society's general manager is bonded with coverage of \$12,400 .

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2002.

6. 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 Mahoning County's auction. Monies to cover the cost of the auction are generated through a 1% commission per head for steer and a 2% commission per head for all other animals, assessed on the auction price 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 year ended November 30, 2001 follows:

Beginning Cash Balance	\$0
Receipts	276,055
Disbursements	<u>(271,313)</u>
Ending Cash Balance	<u><u>\$4,742</u></u>

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

7. WESTERN RESERVE VILLAGE

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the Agricultural Society. However, maintenance and improvements of the structures are performed by the Western Reserve Village Board. This Board receives donations from people visiting the Village to help with maintenance and improvements of these structures. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the year ended November 30, 2001 follows:

Beginning Balance	\$19,626
Receipts	116,424
Disbursements	(104,332)
Ending Cash Balance	\$ 12,092

8. VETERANS MEMORIAL BUILDING

The Veteran Memorial Building is also located on the fairgrounds. The building is owned by the Agricultural Society. However, maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters into with various branches of the U.S. Armed Services and veterans groups to set up displays, encampments and exhibits on the grounds around the building. The accompanying financial statement does not include the activities of the Veterans Memorial Building.

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

Mahoning County Agricultural Society
Mahoning County
P.O. Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the financial statement of Mahoning County Agricultural Society (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated June 12, 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.

Mahoning County Agricultural Society
Mahoning County
Report of Independent Accountants 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.

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 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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AGRICULTURAL SOCIETY

MAHONING 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 20, 2002**