



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Pike County Agricultural Society  
Pike County  
201 Cherry Street  
Waverly, Ohio 45690

To the Board of Directors:

We have audited the accompanying financial statement of the Pike County Agricultural Society, Pike 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.

The Junior Fair Livestock Sale Committee manages the annual livestock sale as part of the Pike County Fair. The financial activity of the Sale Committee is not recorded in the ledgers of the Society. Due to the lack of complete financial records of the Livestock Sale Committee, Note 6 to the financial statement does not disclose the financial activity of the Livestock Sale Committee for the year ended November 30, 2001.

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, except for the omission of the financial activity of the Livestock Sale Committee for the year ended November 30, 2001, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Pike County Agricultural Society, Pike County, 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 July 9, 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", written in a cursive style.

**Jim Petro**  
Auditor of State

July 9, 2002

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

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

	<b>2001</b>
<b>Operating Receipts:</b>	
Admissions	\$99,968
Privilege Fees	26,933
Rentals	18,138
Sustaining and Entry Fees	23,498
Other Operating Receipts	11,091
Total Operating Receipts	179,628
<b>Operating Disbursements:</b>	
Wages and Benefits	6,473
Utilities	22,147
Professional Services	78,302
Equipment and Grounds Maintenance	21,515
Race Purse	55,481
Senior Fair	5,500
Junior Fair	9,761
Capital Outlay	5,734
Other Operating Disbursements	39,562
Total Operating Disbursements	244,475
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(64,847)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	40,483
County Support	113,550
Donations/Contributions	7,435
Investment Income	455
Debt Service	(105,250)
Net Non-Operating Receipts (Disbursements)	56,673
Excess (Deficiency) of Receipts Over (Under) Disbursements	(8,174)
Cash Balance, Beginning of Year	28,484
<b>Cash Balance, End of Year</b>	<b>\$20,310</b>

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

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**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Pike County Agricultural Society, Pike 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 to direct the operation of an annual agricultural fair. The Society filed for incorporation in 1986. The Society sponsors the week-long Pike County Fair during July and or August. Harness races are held on the two days immediately prior to the Fair. Pike 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 Pike 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 stall rental. The reporting entity does not include any other activities or entities of Pike County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 5. The financial activity of the Junior Livestock Sale Committee has been omitted from Note 6 as complete financial records were not available.

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. 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.

**D. 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.

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Race Purse**

The Pike County Harness Races are conducted immediately prior to the Pike 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 Southern Valley Colt Circuit 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 3 for additional information.

**2. CASH**

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

Demand deposits	\$20,310
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**Deposits:** The bank balance was covered by Federal Deposit Insurance Corporation (FDIC).

**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 accompanying financial statement.

There is no pari-mutuel wagering associated with the Pike County Harness Races.

**4. RISK MANAGEMENT**

The Pike County Commissioners provide general insurance coverage for all the buildings on the Pike County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by the Ohio Fair Participating Plan (the "Fair Plan"), an associated plan of the Ohio Government Risk Management Plan (the "Plan"), with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

The Ohio Government Risk Management Plan (the "Plan"), is an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

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

**4. RISK MANAGEMENT (Continued)**

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2001. The Society's Treasurer is bonded with coverage of \$10,000.

**5. 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 Pike County Fair. The Society disbursed \$9,761 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Pike 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. The Junior Fair Board's financial activity for the year ended November 30, 2001 follows:

Beginning Cash Balance	\$1,218
Receipts	2,170
Disbursements	2,301
Ending Cash Balance	\$1,087

**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 Pike County's auction. Monies to cover the cost of the auction are generated through a commission charged per head for all livestock and are retained by the Junior Livestock Sale Committee. The Committee charges varying commission rates as described in the following table.

Livestock Type	Grand Reserve Champions	Remaining
Beef	\$23	\$13
Hogs	\$17	\$7
Sheep	\$16	\$6
Goats	\$15	\$5
Rabbits	\$13	\$3
Chickens	\$13	\$3

The accompanying financial statement does not include the activities of the Junior Livestock Committee. Information regarding the financial activity of the Livestock Sale Committee was not available.

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743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

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

Pike County Agricultural Society  
Pike County  
201 Cherry Street  
Waverly, Ohio 45690

To the Board of Directors:

We have audited the financial statement of the Pike County Agricultural Society, Pike County, Ohio (the Society), as of and for the year ended November 30, 2001, and have issued our report thereon dated July 9, 2002, wherein we qualified our opinion for the omission of the financial activity of the Livestock Sale Committee for the year ended November 30, 2001. 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 certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated July 9, 2002.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-60766-001 and 2001-60766-002.

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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-60766-001 and 2001-60766-002 to be material weaknesses. We also 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 July 9, 2002.

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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

July 9, 2002

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-60766-001**

**Material Weakness**

The Agricultural Society received rental receipts from renting the use of the grounds, camp sites, barns, stalls, and various buildings located at the County Fairgrounds throughout the year. However, the agreements/contracts for the rental of the many of the items listed above did not sufficiently document the amounts to be received for the rental. There was a general lack of documentation supporting the amount of the recorded receipts. For instance, in the case of rental receipts from the stall rentals, there were no written contracts or agreements that documented the time period or the cost of the rental. The same lack of documentation existed for the rental of the grounds/buildings of the Agricultural Society.

Additionally, the stall rental receipts are collected by one of the members of the Agricultural Society who then pays the receipts in to the Treasurer. The Treasurer then prepares a duplicate receipt and deposits the money. The lack of documentation to substantiate the amount of the receipts and the process of collection described above could result in questions regarding the completeness of the receipts paid into the treasurer and recorded in the ledgers of the Agricultural Society.

We recommend the Agricultural Society develop and utilize written rental agreements/contracts for the rental of the grounds, barns, stalls, buildings, etc. The rental agreement should include the agreed upon price, as well as the terms including the rules for the use of the assets. The agreement should document the number of days the grounds, buildings, barns, stalls, etc. were rented and the cost per day. Additionally, a duplicate receipt should be prepared by the individual collecting the rent payments. The receipt should be signed by the person writing the receipt and the individual making the payment. A copy of the duplicate receipt should be provided to the individual making the payment. Once the money has been collected, the money should be paid to the Treasurer of the Agricultural Society. A pay-in should be prepared by the Treasurer and the receipt should be recorded in the receipts ledger and deposited.

**FINDING NUMBER 2001-60766-002**

**Material Weakness**

The Annual Report prepared by the Agricultural Society did not agree to the ledgers maintained. The final balance reported on the Annual report was \$19,875 while the ending balance per the ledgers was \$20,310. A test of the year end bank reconciliation revealed that \$435 in deposits in transit were omitted from the year end reconciliation. In addition to the differences in the ending cash balance, there were numerous discrepancies in the receipts and disbursements classifications when comparing the annual report to the ledgers maintained by the Agricultural Society. Such discrepancies indicate that the ledgers did not properly support the amounts included on the annual report and could result in material misstatement of the financial statements. The Agricultural Society's Treasurer indicated that the software utilized to maintain the ledgers did not contain all of the accounts that were needed. As a result, the receipts and disbursements were recorded in the nearest account. At the end of the year, the Treasurer reviews the duplicate receipts and the vouchers to complete the annual report. As a result there is no documentation of the detail that comprises the amounts included in the Annual Report.

Additionally, the ledgers maintained by the Agricultural Society did not indicate the check number or receipt number of the transactions recorded. Without the inclusion of these identifying numbers, it is difficult to ensure that all transactions were properly recorded in the ledgers.

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2001  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2001-60740-002 (Continued)**

We recommend the Agricultural Society maintain ledgers that properly support the Annual Report. Since the system utilized by the Agricultural Society does not include all of the necessary accounts, we recommend that the Agricultural Society add the accounts to the system. We further recommend that all transactions posted to the ledgers include the check number or receipt number to identify each transaction.

**PIKE COUNTY AGRICULTURAL SOCIETY  
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
1998-001	The Agricultural Society had an inconsistent Contract Policy. Contracts were not maintained in a centralized location	No	Reissued. See Finding number 2001-60766-001.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**PIKE COUNTY AGRICULTURAL SOCIETY**

**PIKE 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 30, 2002**