



**Auditor of State  
Betty Montgomery**



**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the accompanying financial statement of the Coshocton County Agricultural Society, Coshocton County, Ohio, (the Society) as of and for the year ended November 30, 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 balance of the Society as of November 30, 2002, 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 April 17, 2003 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.

Coshocton County Agricultural Society  
Coshocton 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 17, 2003

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$326,691
Privilege Fees	94,732
Rentals	48,336
Sustaining and Entry Fees	66,512
Parimutuel Wagering Commission	3,090
Other Operating Receipts	27,626
 Total Operating Receipts	 566,987
<b>Operating Disbursements:</b>	
Wages and Benefits	84,840
Utilities	32,268
Professional Services	123,731
Equipment and Grounds Maintenance	85,267
Race Purse	106,519
Senior Fair	64,475
Junior Fair	25,077
Capital Outlay	26,728
Other Operating Disbursements	52,552
 Total Operating Disbursements	 601,457
 (Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(34,470)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	17,800
Sale of Assets	3,147
Donations/Contributions	3,225
Investment Income	3,084
Debt Service	(30,334)
 Net Non-Operating Receipts (Disbursements)	 35,549
 Excess of Receipts Over (Under) Disbursements	 1,079
 Cash Balance, Beginning of Year	 167,934
 <b>Cash Balance, End of Year</b>	 <b>\$169,013</b>

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

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Coshocton County Agricultural Society, Coshocton 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 1851 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Coshocton County Fair during September and October. During the fair, harness races are held. Coshocton 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 19 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Coshocton 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, harness racing during fair week and Junior Fair Board activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows, 4<sup>th</sup> of July Celebration and garage sales. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 9.

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**

The Society did not have any investments during the audit period.

**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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

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

**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. Race Purse**

Stake races are conducted during the Coshocton 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. In addition, the Society contributes to each race purse.

*Sustaining and Entry Fees*

Horse owners and Home Talent Colt 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.

**I. 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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2002, the Society had budgeted receipts of \$649,200, actual receipts of \$632,870, resulting in a variance of \$16,330. Additionally, the Society had budgeted disbursements of \$649,200, actual disbursements of \$631,791, resulting in a variance of \$17,409.

**3. CASH AND INVESTMENTS**

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

	2002
Demand deposits	\$169,013

**Deposits:** \$165,570 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

**4. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$25,468 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 the Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2002
Total Amount Bet (Handle)	\$ 43,005
Less: Payoff to Bettors	(29,160)
Parimutuel Wagering Commission	13,845
Tote Service Set Up Fee	(800)
Tote Service Commission	(8,811)
State Tax	(1,144)
Society Portion	\$ 3,090

**5. DEBT**

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Loan with Ohio Heritage Bank	\$155,287	7.65%

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**5. DEBT (Continued)**

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65%. The loan was entered into on June 24, 1999 and matures in November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2003	1,822	13,042	\$14,864
2004	1,926	12,938	14,864
2005	2,108	12,755	14,863
2006	2,270	12,594	14,864
2007	2,443	12,421	14,864
2008-2012	15,248	59,345	74,593
2013-2017	22,090	52,230	74,320
2018	107,380	9,377	116,757
Total	<u>\$155,287</u>	<u>\$184,702</u>	<u>\$339,989</u>

**6. RETIREMENT SYSTEM**

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

**7. RISK MANAGEMENT**

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

The Coshocton County Commissioners provide general insurance coverage for all the buildings on the Coshocton County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$1,000,000 total for each occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$250,000. The Society's general manager is bonded with coverage of \$10,000.

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, 2002.

**8. RELATED PARTY TRANSACTIONS**

A Board member is owner of R & K Industrial. The Society acquired paint, pipe, tie rack, batteries, hoses, and clamps during the year. The Society paid \$2,967.14 to R & K Industrial during fiscal year 2002.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY  
COSHOCTON COUNTY**

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

**9. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, Juvenile Granges and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Coshocton County Fair. The Society disbursed \$25,077 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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, 2002 follows:

Beginning Cash Balance	\$ 3,882
Receipts	6,188
Disbursements	<u>(6,610)</u>
Ending Cash Balance	<u><u>\$ 3,460</u></u>

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**Auditor of State  
Betty Montgomery**

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

Coshocton County Agricultural Society  
Coshocton County  
707 Kenilworth Avenue  
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the financial statement of the Coshocton County Agricultural Society, Coshocton County, Ohio, (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated April 17, 2003. 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 a certain immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated April 17, 2003.

**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 April 17, 2003.

Coshocton County Agricultural Society  
Coshocton 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

April 17, 2003



**Auditor of State  
Betty Montgomery**

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

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY**

**COSHOCTON 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  
JUNE 17, 2003**