



**Auditor of State
Betty Montgomery**

**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Union County Agricultural Society
Union County
P.O. Box 678
Marysville, Ohio 43040

To the Board of Directors:

We have audited the accompanying financial statement of the Union County Agricultural Society, Union 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Union County Agricultural Society, Union County, Ohio, 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 May 13, 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.

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Union County Agricultural Society
Union County
Independent Accountants' Report
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 13, 2003

**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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

Operating Receipts:	
Admissions	\$73,079
Privilege Fees	26,715
Rentals	23,360
Sustaining and Entry Fees	63,539
Parimutuel Wagering Commission	4,042
Other Operating Receipts	<u>6,610</u>
 Total Operating Receipts	 <u>197,345</u>
Operating Disbursements:	
Wages and Benefits	12,766
Utilities	20,383
Professional Services	38,978
Equipment and Grounds Maintenance	52,901
Race Purse	93,544
Senior Fair	5,268
Junior Fair	15,695
Capital Outlay	11,242
Other Operating Disbursements	<u>46,743</u>
 Total Operating Disbursements	 <u>297,520</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 <u>(100,175)</u>
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	20,000
Debt Proceeds	8,122
Donations/Contributions	46,993
Investment Income	467
Debt Service	<u>(8,405)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>105,804</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	5,629
Cash Balance, December 1, 2001	<u>18,046</u>
 Cash Balance, November 30, 2002	 <u><u>\$23,675</u></u>

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

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**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Union County Agricultural Society, Union 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 1846 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Union County Fair during the month of July. Union 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 18 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Union 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 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 Union County, Ohio.

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. Budgetary Process

The Board of Directors annually prepares an operating budget with regard to estimated disbursements. The Board approves the budget in its final form during the first six months of each fiscal year.

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.

**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

F. 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.

G. Race Purse

Stake races are conducted during the Union 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 Western Ohio Colt Racing 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.

H. 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.

Parimutuel wagering 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.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society only adopted a budget for estimated disbursements. The Society budgeted disbursements of \$300,755 and had actual disbursements of \$305,925, resulting in a variance of \$(5,170).

**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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

3. CASH AND INVESTMENTS

The carrying amount of cash at November 30, 2002 was as follows:

Demand deposits	\$23,675
Total deposits	\$23,675

Deposits: The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$30,488 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.

	2002
Total Amount Bet (Handle)	\$ 19,969
Less: Payoff to Bettors	(15,927)
Parimutuel Wagering Commission	4,042
Tote Service Set Up Fee	(220)
Tote Service Commission	(2,327)
State Tax	(498)
Society Portion	\$ 997

5. DEBT

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Mortgage Loan	\$53,667	6.75%
Total	\$53,667	

**UNION COUNTY AGRICULTURAL SOCIETY
UNION COUNTY**

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

5 DEBT (Continued)

The Mortgage Loan with Richwood Banking Company was entered into on January 15, 2002 in the amount of \$57,648 and will mature on December 30, 2006. Proceeds of the loan were used to construct and refurbish buildings. The mortgage loan is collateralized by Society property.

Amortization of the Mortgage Loan is scheduled as follows:

<u>Year ending November 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$4,440	\$3,486	\$7,926
2004	4,740	3,186	7,926
2005	5,080	2,846	7,926
2006	5,433	2,493	7,926
2007	33,973	188	34,162
Total	<u>\$53,667</u>	<u>\$12,199</u>	<u>\$65,866</u>

6. RISK MANAGEMENT

The Union County Commissioners provide general insurance coverage for all the buildings on the Union County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by the Ohio Government Risk Management Plan Insurance Company with limits of \$1,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer is bonded with coverage of \$50,000.

7. POTENTIAL LIABILITY

The Society is currently attempting to resolve an issue with the Internal Revenue Service. The issue stems from inappropriate tax advice given to the Society by an outside accountant. The amount of the liability has not yet been determined.

8. JUNIOR FAIR BOARD

The Junior Fair Board is responsible for the Junior Fair activities of the Union County Agricultural Society. The Junior Fair Board activity is accounted for within the accounting records of the Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair to the extent necessary each year.

9. JUNIOR LIVESTOCK SALE

The Junior Livestock sale is conducted by the Union County Livestock Committee, a separate entity. The Society has no financial interest in the sale. The financial activity of the Union County Livestock Committee has been excluded from the Society's financial statements because the Society is not financially accountable for the Committee nor is it fiscally dependent on the Society.



Auditor of State Betty Montgomery

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

Union County Agricultural Society
Union County
P.O. Box 678
Marysville, Ohio 43040

To the Board of Directors:

We have audited the financial statement of the Union County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated May 13, 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 certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated May 13, 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 May 13, 2003.

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Union County Agricultural Society
Union County
Independent Accountants' Report 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 13, 2003



**Auditor of State
Betty Montgomery**

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UNION COUNTY AGRICULTURAL SOCIETY

UNION 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 15, 2003**