



**Auditor of State
Betty Montgomery**

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**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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**Auditor of State
Betty Montgomery**

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Society to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 13, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the accompanying financial statement of Richland County Agricultural Society, Richland County, Ohio, (the Society) as of and for the year ended November 30, 2004. 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 and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2004, or its changes in financial position for the year then ended.

Also, 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, 2004, 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, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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, 2005

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004**

	2004
Operating Receipts:	
Admissions	\$281,396
Privilege Fees	116,426
Rentals	205,250
Sustaining and Entry Fees	51,955
Parimutuel Wagering Commission	8,576
Other Operating Receipts	15,169
Total Operating Receipts	678,772
Operating Disbursements:	
Wages and Benefits	141,163
Utilities	130,999
Professional Services	139,857
Equipment and Grounds Maintenance	141,784
Race Purse	79,149
Senior Fair	29,444
Junior Fair	14,137
Capital Outlay	131,642
Other Operating Disbursements	254,056
Total Operating Disbursements	1,062,231
Deficiency of Operating Receipts Under Operating Disbursements	(383,459)
Non-Operating Receipts (Disbursements):	
State Support	33,982
County Support	53,300
Restricted Donations/Contributions	121,442
Unrestricted Donations/Contributions	143,752
Investment Income	185
Debt Service	(18,747)
Net Non-Operating Receipts (Disbursements)	333,914
Deficiency of Receipts Under Disbursements	(49,545)
Cash Balance, Beginning of Year	105,794
Cash Balance, End of Year	\$56,249

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

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**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Richland County Agricultural Society, Richland County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the week-long Richland County Fair during August. During the fair, harness races are held, culminating in the running of the Northern Ohio Colt Stakes. Richland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Richland 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, track and stall rental, and community events including a flea market and Christmas Wonderland. The reporting entity does not include any other activities or entities of Richland County, Ohio.

Notes 9 and 10, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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 accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Cash

The Society's had no investments at November 30, 2004.

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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

F. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

G. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

H. Race Purse

Northern Ohio Colt Stakes stake races are held during the Richland 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 United States Trotting Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

I. Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 4 for additional information.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004
(Continued)**

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$1,005,200, actual receipts of \$1,031,433, resulting in a variance of \$26,233. Additionally, the Society had budgeted disbursements of \$996,925, actual disbursements of \$1,080,979, resulting in a variance of \$(84,054).

3. CASH

The carrying amount of cash and investments at November 30, 2004 follows:

	2004
Demand deposits	\$56,249

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2004 was \$33,982, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2004
Total Amount Bet (Handle)	\$ 41,986
Less: Payoff to Bettors	(33,410)
Parimutuel Wagering Commission	8,576
Tote Service Set Up Fee	(600)
Tote Service Commission	(4,058)
State Tax	(1,212)
Society Portion	\$ 2,706

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004
(Continued)**

5. DEBT

Debt outstanding at November 30, 2004 was as follows:

	Principle	Interest Rate
Line of Credit	\$11,059	4.00%
Copier Lease	2,187	N/A

The \$11,059 Line of Credit bears a fixed interest rate. The Society paid back \$11,620 during the year. The Society is not required to pay the line of credit in accordance with an amortization schedule. The amortization schedule below for the line of credit is based on past history of payment. The Society utilized the line of credit to help cover operating costs during the off season.

The Society entered into an operating lease with The Kissinger Company for a Minolta Digital Copy Machine for 63 months. The amortization schedule below shows the scheduled lease payments for the remaining years of the contract.

Amortization of the above debt is scheduled as follows:

	Year ending November 30:	Line of Credit	Lease	Total
2005		\$11,059	\$1,140	\$12,199
2006			1,047	1,047
	Total	\$11,059	\$2,187	\$13,246

6. RETIREMENT SYSTEM

In November 2001, the Society established a pension plan, Roth IRA, in which all qualified employees may participate. This plan is funded by both employer and employee contributions.

7. RISK MANAGEMENT

The Richland County Commissioners provide general insurance coverage for all the buildings on the Richland County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by Ohio Fair Participating Plan with limits of \$1,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonestly with limits of liability of \$1,000,000. The Society's general manager is bonded with coverage of \$75,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through January 31, 2005.

8. RELATED PARTY TRANSACTIONS

A Board member is owner of a company in which the Society contracted with for a new drive during the year. The Society paid \$34,045 for the paving project. This company was the lowest and best bid.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004
(Continued)**

9. 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 Richland County Fair. The Society disbursed \$10,059 directly to the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Richland County paid the Society \$4,078 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2004 follows:

Beginning Cash Balance	\$ 5,275
Receipts	27,361
Disbursements	<u>(22,845)</u>
Ending Cash Balance	<u><u>\$ 9,791</u></u>

10. 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 Richland County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2004 follows:

Beginning Cash Balance	\$ 30,866
Receipts	296,261
Disbursements	<u>(298,933)</u>
Ending Cash Balance	<u><u>\$ 28,194</u></u>

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the financial statement of the Richland County Agricultural Society, Richland County, Ohio, (the Society) as of and for the year ended November 30, 2004, and have issued our report thereon dated May 13, 2005, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statement and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operating that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operating 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 management's assertions in the financial statement. A reportable condition is described in the accompanying Schedule of Findings as item 2004-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statement we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

In a separate letter to the Society's management dated May 13, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated May 13, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Directors. It is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 13, 2005

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR YEAR ENDED NOVEMBER 30, 2004**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Reportable Condition

FINDING NUMBER 2004-001

Ticket Reconciliations

Various events are held during the week of the fair for which the Society sells pre-numbered grandstand tickets for each event. Reconciliations are not performed to compare expected revenue, based on the number of tickets sold, with the amount actually collected on each of these different types of sales. In addition, there were no guidelines established regarding complimentary tickets. The number of tickets sold compared to the amount of collections was often not in agreement, due to money being collected and no ticket issued, or complimentary tickets being given. Failure to reconcile the money collected with the number of tickets sold, less complimentary tickets and those remaining unsold, resulted in discrepancies occurring and possible diversion to personal use.

During the pre-sale and sale of the grandstand event tickets, the tickets sold for each event should be reconciled to the money collected on a daily basis, or at least weekly, in order to find and deal with any discrepancies if they should, or as they occur. This reconciliation should include a count of the money collected compared to the tickets used multiplied by the cost of the tickets, less complimentary tickets, by event. Records should be maintained for the number of complimentary tickets given, including to whom and the ticket numbers. The Society should set policy for complimentary tickets, as to whom, or for what type of promotion they may be given; how many may be given for an event, persons in authority to authorize; and the means of accountability. In addition, the Society should adopt and incorporate procedures into the contract with the persons and/or clubs that are responsible for the gate ticket sales and collections, which will ensure all revenue is accounted for and the ticket accountability sheets are filled out completely and accurately.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED NOVEMBER 30, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ticket Reconciliations – the Society did not reconcile tickets sold to cash collect for grandstand admissions	No	Not corrected. Repeated as Finding #2004-001



**Auditor of State
Betty Montgomery**

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800-282-0370

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RICHLAND COUNTY AGRICULTURAL SOCIETY

RICHLAND 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 30, 2005**