



**Auditor of State
Betty Montgomery**

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas County Agricultural Society
Tuscarawas County
259 S. Tuscarawas Avenue
Dover, Ohio 44622

To the Board of Directors:

We have audited the accompanying financial statement of Tuscarawas County Agricultural Society, Tuscarawas County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003. 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, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 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 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 Section 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

February 23, 2005

**TUSCARAWAS AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Admissions	\$356,105	\$356,888
Privilege Fees	72,455	68,133
Rentals	74,415	62,460
Sustaining and Entry Fees	54,600	65,154
Parimutuel Wagering Commission	5,992	6,212
Other Operating Receipts	47,244	44,262
 Total Operating Receipts	 610,811	 603,109
Operating Disbursements:		
Wages and Benefits	50,202	53,102
Utilities	62,592	50,587
Professional Services	170,487	168,817
Equipment and Grounds Maintenance	99,924	112,086
Race Purse	90,142	97,270
Senior Fair	66,022	57,197
Junior Fair	17,780	19,825
Capital Outlay	52,234	12,782
Other Operating Disbursements	64,041	61,182
 Total Operating Disbursements	 673,424	 632,848
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (62,613)	 (29,739)
Non-Operating Receipts (Disbursements):		
State Support	33,983	36,925
County Support	5,000	5,000
Debt Proceeds	10,000	10,000
Donations/Contributions	38,274	23,086
Investment Income	119	116
Debt Service	(34,345)	(34,881)
 Net Non-Operating Receipts (Disbursements)	 53,031	 40,246
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (9,582)	 10,507
 Cash Balance, Beginning of Year	 49,399	 38,892
 Cash Balance, End of Year	 \$39,817	 \$49,399

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

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**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tuscarawas County Agricultural Society, Tuscarawas 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 1850 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Tuscarawas County Fair during September. During the fair, harness races are held. Tuscarawas 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 13 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Tuscarawas 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 and swap meets. The reporting entity does not include any other activities or entities of Tuscarawas 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 Tuscarawas County Fair. The accompanying financial statements include the activities of the Junior Fair Board.

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

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

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.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

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

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 Tuscarawas 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 3 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. 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.

2. CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$39,817	\$49,399

Deposits: For 2004 and 2003, bank balances of \$71,347 and \$56,542, respectively, were covered by Federal Depository Insurance Corporation (FDIC).

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2004 and 2003 was \$21,848 and \$24,384 respectively and is included within State Support on the accompanying financial statements.

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.

	2004	2003
Total Amount Bet (Handle)	\$ 29,432	\$ 30,636
Less: Payoff to Bettors	(23,440)	(24,424)
Parimutuel Wagering Commission	5,992	6,212
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(2,735)	(2,858)
State Tax	(834)	(849)
Society Portion	\$ 1,823	\$ 1,905

4. DEBT

Debt outstanding at November 30, 2004 was as follows:

	Principal	Interest Rate
County Loan	\$363,750	0.00%

The Tuscarawas County loaned the Society \$485,000 on January 27, 1999 for the purchase of land. The loan from the County shall be paid back to the County at a rate of twenty-four thousand two-hundred-fifty dollars (\$24,250) per year.

**TUSCARAWAS COUNTY AGRICULTURAL SOCIETY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

4. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>County Loan</u>
2005	\$24,250
2006	24,250
2007	24,250
2008	24,250
2009	24,250
2010-2014	121,250
2015-2019	121,250
Total	<u><u>\$363,750</u></u>

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 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, 2004.

6. RISK MANAGEMENT

The Tuscarawas County Commissioners provide health coverage for one full-time employee. The Commissioners also provide general insurance coverage for all the buildings on the Tuscarawas County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General Liability is provided by Coregis Insurance Company with limits of \$1,000,000. Vehicle coverage is provided by Kennedy Insurance Agency with limits of \$1,000,000. The Society has its own employee dishonesty bonds through Whitaker Myer with limits of liability for the Secretary/Treasurer and Board Member handling the Fair's gate admissions of \$15,000 and the Ground Caretaker with limit 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 2005.

7. RELATED PARTY TRANSACTIONS

A Board member is manager of Buehler's Food Markets, Inc. The Society made purchases to the establishment during both fiscal year 2004 and 2003 in the amount of \$745.64 and \$701.78 respectively. Another Board member is employed by Stocker Trucking. The Society made purchases to the establishment during fiscal year 2004 in the amount of \$75.00.



Auditor of State Betty Montgomery

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

Tuscarawas County Agricultural Society
Tuscarawas County
259 S. Tuscarawas Avenue
Dover, Ohio 44622

To the Board of Directors:

We have audited the financial statement of Tuscarawas County Agricultural Society, Tuscarawas County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated February 23, 2005. 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 the Society's management in a separate letter dated February 23, 2005.

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 the Society's management in a separate letter dated February 23, 2005.

Tuscarawas County Agricultural Society
Tuscarawas 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

February 23, 2005



**Auditor of State
Betty Montgomery**

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TUSCARAWAS COUNTY AGRICULTURAL SOCIETY

TUSCARAWAS 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
APRIL 12, 2005**