



**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED NOVEMBER 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Ashland County Agricultural Society
Ashland County
2042 Claremont Avenue
Ashland, Ohio 44805

To the Board of Directors:

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

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, 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 March 8, 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.

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Jim Petro
Auditor of State

March 8, 2002

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

Operating Receipts:	
Admissions	\$436,469
Privilege Fees	122,054
Rentals	172,829
Sustaining and Entry Fees	52,000
Parimutuel Wagering Commission	4,151
Other Operating Receipts	<u>78,948</u>
Total Operating Receipts	<u>866,451</u>
 Operating Disbursements:	
Wages and Benefits	169,748
Utilities	67,024
Professional Services	246,783
Equipment and Grounds Maintenance	128,920
Race Purse	85,491
Senior Fair	44,717
Junior Fair	27,553
Capital Outlay	147,934
Other Operating Disbursements	<u>168,268</u>
Total Operating Disbursements	<u>1,086,438</u>
 (Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(219,987)
 Non-Operating Receipts (Disbursements):	
State Support	40,483
County Support	61,800
Debt Proceeds	60,000
Restricted Donations/Contributions	890
Unrestricted Donations/Contributions	37,486
Investment Income	3,559
Debt Service	<u>(46,175)</u>
Net Non-Operating Receipts (Disbursements)	<u>158,043</u>
 (Deficiency) of Receipts (Under) Disbursements	(61,944)
 Cash Balance, Beginning of Year	<u>138,949</u>
 Cash Balance, End of Year	<u><u>\$77,005</u></u>

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

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**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ashland County Agricultural Society, Ashland 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 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 Ashland County Fair during the month of September. During the fair, harness races are held. Ashland 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 30 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Ashland 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; Junior Fair Board activities; other year round activities at the fairgrounds including facility rental, track and stall rental; and community events such as horse shows. This reporting entity does not include any other activities or entities of Ashland County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 8.

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

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

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Ashland County Fair. Winning horses are paid the Race Purse which is comprised of Sustaining and Entry Fees as well as a portion of the cash received from the Ohio Fairs Fund. In addition, the Society contributes approximately \$500 to each Race Purse.

Sustaining and Entry Fees

Horse owners and the 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, and are ultimately paid out as part of the Race Purse.

Ohio Fair Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement the 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. 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.

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

2. CASH

The carrying amount of cash at November 30 follows:

	2001
Demand deposits	\$76,835
Cash on hand	170
Total deposits and cash on hand	\$77,005

Deposits were covered by Federal Depository Insurance Corporation (FDIC).

3. DEBT

Debt outstanding at November 30, 2001, was as follows:

	Principal	Interest Rate
Huntington National Bank Note	\$51,000	5.75%
National City Bank Note	101,597	75% of the Prime Rate
Line of Credit	60,000	75% of the Prime Rate
Total	\$212,597	

The \$85,000 Huntington National Bank Note bears an interest rate of 5.75%. The unsecured note was entered into on August 25, 1997, and matures October 1, 2007. Proceeds of the note were used to purchase a new horse barn.

The National City Bank Note was originally for \$110,000 and bears an interest rate of 75% of the Prime Rate. The total annual payment is the same throughout the term of the unsecured note. The principal and interest payment varies depending on the variable interest rate. The note was entered into on October 15, 2001, and matures October 15, 2011. Proceeds of the note were used for building improvements.

The Society has a \$90,000 Line of Credit available which bears an interest rate of 75% of the Prime Rate. The Society received three draws of \$30,000 each during the audit period, and paid back \$30,000 during the year. The Society utilized the unsecured line of credit to help cover operating costs due to a poor fair season.

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

3. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending November 30:</u>	<u>Huntington National Bank Note</u>	<u>National City Bank Note</u>
2002	\$11,473	\$15,755
2003	10,978	15,755
2004	10,488	15,755
2005	9,987	15,755
2006	9,491	15,755
2007 - 2011	<u>8,996</u>	<u>63,020</u>
Total	<u><u>\$61,413</u></u>	<u><u>\$141,795</u></u>

The Line of Credit does not follow an amortized payment schedule. Interest is due quarterly with the principal payments due when the Society is able to repay the balance.

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2001 was \$26,800 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 accompanying 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.

	<u>2001</u>
Total Amount Bet (Handle)	\$20,176
Payoff to Bettors	<u>(16,025)</u>
Parimutuel Wagering Commission	4,151
Tote Service Set Up Fee	(900)
Tote Service Commission	(1,601)
State Tax	<u>(548)</u>
Society Portion	<u><u>\$1,102</u></u>

**ASHLAND COUNTY AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2001, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participating gross salaries through November 30, 2001.

6. RISK MANAGEMENT

The Ashland County Commissioners provide general insurance coverage for all the buildings on the Ashland County Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. General liability and vehicle coverage is provided by Ohio Fair Participating Plan, with limits of \$1,000,000 individually and \$3,000,000 in the aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Secretary/Manager and Treasurer are bonded with coverage of \$60,000 each.

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, 2001.

7. RELATED PARTY TRANSACTIONS

The President of the Board is a loan officer for Huntington National Bank. The Society has a loan with Huntington National Bank with an outstanding principal balance of \$51,000.

8. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee consists of six separate committees charged with running the Junior Livestock Auction. These committees are sheep and swine, dairy cattle, baby beef, rabbit and poultry, goat, and market steer. This auction is held during fair week. Children may sell their animals directly to market or through the Ashland County's auction. No commissions are charged to cover the cost of the auction. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2001 follows:

Beginning Cash Balance	\$12,849
Receipts	345,197
Disbursements	<u>(344,632)</u>
Ending Cash Balance	<u><u>\$13,414</u></u>

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111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Ashland County Agricultural Society
Ashland County
2042 Claremont Avenue
Ashland, Ohio 44805

To the Board of Directors:

We have audited the financial statement of the Ashland County Agricultural Society, Ashland County, Ohio, (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated March 8, 2002. 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*.

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 misstatements 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 March 8, 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

March 8, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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

ASHLAND COUNTY AGRICULTURAL SOCIETY

ASHLAND 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 18, 2002**