



**Auditor of State
Betty Montgomery**

**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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Betty Montgomery**

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INDEPENDENT ACCOUNTANTS' REPORT

Athens County Agricultural Society
Athens County
P.O. Box 669
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statement of the Athens County Agricultural Society, Athens 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 Athens County Agricultural Society, Athens County, 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 February 6, 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.

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

February 6, 2003

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**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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

Operating Receipts:

Admissions	\$ 151,417
Privilege Fees	24,106
Rentals	71,782
Sustaining and Entry Fees	19,180
Other Operating Receipts	20,629
Total Operating Receipts	<u>287,114</u>

Operating Disbursements:

Wages and Benefits	38,828
Utilities	21,797
Professional Services	61,371
Equipment and Grounds Maintenance	39,778
Race Purse	49,438
Senior Fair	25,742
Junior Fair	22,744
Capital Outlay	23,232
Other Operating Disbursements	56,042
Total Operating Disbursements	<u>338,972</u>

Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(51,858)</u>
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Non-Operating Receipts (Disbursements):

State Support	38,627
County Support	5,000
Debt Proceeds	9,729
Donations/Contributions - Restricted	16,707
Donations/Contributions - Unrestricted	3,759
Investment Income	1,451
Net Non-Operating Receipts (Disbursements)	<u>75,273</u>

Excess (Deficiency) of Receipts Over (Under) Disbursements	23,415
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Cash Balance, Beginning of Year	<u>114,460</u>
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Cash Balance, End of Year	<u><u>\$ 137,875</u></u>
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The notes to the financial statement are an integral part of this statement.

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**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Athens County Agricultural Society, Athens 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 1851 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Athens County Fair during August. During the fair, harness races are held. Athens 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 eighteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Athens 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 the fair and other year-round activities at the fairgrounds including facility rental, stall rental and community events such as demolition derbys. The reporting entity does not include any other activities or entities of Athens County, Ohio.

The financial activity of the Junior Fair Board is included in the Society's books. The financial activity of the Junior Livestock Sale Committee is summarized in Note 5.

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. 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.

**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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

Harness stake races are conducted during the Athens County Fair. The Society pays all Sustaining and Entry fees and the required portions of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and the Southern Valley Colt Circuit 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.

2. CASH AND INVESTMENTS

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

Demand Deposits	\$ 113,687
Savings Deposits	6,351
Total deposits	<u>120,038</u>
Flex Funds - Money Market	17,827
Common Stock (approximate value)	10
Total Investments	<u>17,837</u>
Total deposits and investments	<u><u>\$ 137,875</u></u>

Deposits: \$101,142 of the demand and time deposits were covered by Federal Deposit Insurance Corporation (FDIC). The remainder of the demand deposits was uninsured and uncollateralized.

Investments: The Flex Funds were uninsured and uncollateralized. The common stock held by the Society was donated to the Board.

**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002, was \$25,488 and is included within State Support on the accompanying financial statement.

4. DEBT

Debt outstanding at November 30, 2002, was as follows:

	Principal	Interest Rate
John Deere Tractor Loan	\$ 9,729	6.40%

The John Deere Tractor loan bears an interest rate of 6.40% and is due to The John Deere Credit Corporation. The original note was entered into on February 1, 2002, at a principal amount of \$9,729, and the proceeds were for the purchase of a John Deere Tractor. Total interest to be paid is \$552.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Promissory Note
2003	\$ 10,281

5. RISK MANAGEMENT

The Society provides health coverage for its full-time employee through Central Reserve Life Insurance.

The Athens County Commissioners provide general insurance coverage for all the buildings on the Athens County Fairgrounds, pursuant to Ohio Revised Code Section 1711.24. General liability coverage is provided by the Ohio Fair Participating Plan with limits of \$2,000,000 and \$4,000,000 aggregate. Vehicle coverage is also provided by the Ohio Fair Participating Plan with a limit of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$10,000.

The Society provides workers' compensation coverage on all employees through the State of Ohio Workers' Compensation Fund.

**ATHENS COUNTY AGRICULTURAL SOCIETY
ATHENS COUNTY**

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

6. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee is a committee charged with running the Junior Fair Livestock Auction. This auction is held during fair week. The Livestock Committee is made up of individuals from the Board of Directors, local businesses, and individuals involved with 4-H. The Livestock Committee checking account is controlled by the Committee. Receipts from buyers and checks to sellers are accounted for in the Junior Livestock Sale Committee bank account. Monies to cover the cost of the auction are generated through a 3 percent commission per animal sold. The commission is retained in the Junior Livestock Sale Committee bank account. The accompanying financial statement does not include the bank activity of the Junior Livestock Sale Committee. The Junior Livestock Sale Committee's bank activity for the year ended November 30, 2002, follows:

Beginning Cash Balance	\$ 10,073
Receipts	193,329
Disbursements	<u>(195,763)</u>
Ending Cash Balance	<u><u>\$ 7,639</u></u>



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

Athens County Agricultural Society
Athens County
P.O. Box 669
Athens, Ohio 45701

To the Board of Directors:

We have audited the financial statement of the Athens County Agricultural Society, Athens County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated February 6, 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 February 6, 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 February 6, 2003.

Athens County Agricultural Society
Athens 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 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 6, 2003



**Auditor of State
Betty Montgomery**

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ATHENS COUNTY AGRICULTURAL SOCIETY

ATHENS 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
MARCH 11, 2003**