



**Auditor of State
Betty Montgomery**

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2002	3
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

This page intentionally left blank.



Auditor of State
Betty Montgomery

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Guernsey County Agricultural Society
Guernsey County
64600 Larrick Ridge Road
Cambridge, Ohio 43725

To the Board of Directors:

We have audited the accompanying financial statement of Guernsey County Agricultural Society, Guernsey 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 Guernsey County Agricultural Society, Guernsey 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 7, 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 § 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 7, 2003

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

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

	2002
Operating Receipts:	
Admissions	\$241,261
Privilege Fees	41,063
Rentals	36,475
Sustaining and Entry Fees	39,638
Parimutuel Wagering Commission	356
Other Operating Receipts	1,403
Total Operating Receipts	360,196
Operating Disbursements:	
Wages and Benefits	23,516
Utilities	21,412
Professional Services	107,554
Equipment and Grounds Maintenance	82,207
Race Purse	62,520
Senior Fair	18,246
Junior Fair	15,453
Capital Outlay	68,871
Other Operating Disbursements	40,341
Total Operating Disbursements	440,120
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(79,924)
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	50,800
Donations/Contributions	18,919
Investment Income	1,872
Other Sources	30,500
Other Uses	(30,500)
Net Non-Operating Receipts (Disbursements)	110,218
Excess (Deficiency) of Receipts Over (Under) Disbursements	30,294
Cash Balance, Beginning of Year	66,594
Cash Balance, End of Year	\$96,888

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

This page intentionally left blank.

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Guernsey County Agricultural Society, Guernsey 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 1847 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Guernsey County Fair during September. During the fair, harness races are held. Guernsey 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 twenty-four directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Guernsey 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. The reporting entity does not include any other activities or entities of Guernsey County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, respectively.

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. 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.

D. 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.

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Race Purse

Ohio Fair Circuit stake races are conducted during the Guernsey 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 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.

F. Parimutuel Wagering

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.

2. CASH

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

	2002
Demand deposits	<u>\$96,888</u>

Deposits: \$100,000 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC). The remainder was covered a public entities' collateral pool.

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.

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.

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

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

4. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002 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, 2002.

5. RISK MANAGEMENT

The Guernsey County Commissioners provide general insurance coverage for all the buildings on the Guernsey County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability coverage is provided by a Insurance Company with limits of \$1,000,000 and \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Secretary and Treasurer are bonded with coverage 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 August 2002.

6. 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 Guernsey County Fair. The Society disbursed \$15,453 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,641 by Guernsey County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2002 follows:

Beginning Cash Balance	\$ 264
Receipts	2,186
Disbursements	<u>(1,480)</u>
Ending Cash Balance	<u><u>\$ 970</u></u>

7. 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 Guernsey County's auction. The Junior Livestock Committee contracts with United Producers, Inc. to conduct 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, 2002 follows:

Beginning Cash Balance	\$ 3,425
Receipts	25,542
Disbursements	<u>(19,445)</u>
Ending Cash Balance	<u><u>\$ 9,522</u></u>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Guernsey County Agricultural Society
Guernsey County
64600 Larrick Ridge Road
Cambridge, Ohio 43725

To the Board of Directors:

We have audited the financial statement of Guernsey County Agricultural Society, Guernsey County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated February 7, 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 a certain immaterial instance of noncompliance that we have reported to the management of the Society in a separate letter dated February 7, 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-61030-001.

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 statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 7, 2003.

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.



Betty Montgomery
Auditor of State

February 7, 2003

**GUERNSEY COUNTY AGRICULTURAL SOCIETY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2002**

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

FINDING NUMBER 2002-61030-001

Reportable Condition

Postings to the various revenue accounts within the receipt ledger do not consistently have supporting documentation as to the detail that comprises the amount posted to the revenue account in the receipt ledger.

For example, line account 1930, for camp sites, in the receipt ledger will be posted for \$5,000 but there is no documentation as to what camp rental sites had money collected to support the \$5,000.

As a result, the Society does not have good supporting documentation or an adequate audit trail for revenues received by the Society.

The Secretary should maintain supporting documentation, such as a detailed receipt numbers, contracts that received payments or a calculator tape, which documents all the different receipt sources that comprise the amount posted to the line accounts in the receipt ledger.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

GUERNSEY COUNTY AGRICULTURAL SOCIETY

GUERNSEY 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**