



**Auditor of State
Betty Montgomery**

HANCOCK COUNTY AGRICULTURAL SOCIETY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hancock County Agricultural Society
P.O. Box 148
Findlay, OH 45839-0148

To the Board of Directors:

We have audited the accompanying financial statement of the Hancock County Agricultural Society (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 Society 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 May 16, 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 the audit committee, 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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Betty Montgomery
Auditor of State

May 16, 2003

HANCOCK COUNTY AGRICULTURAL SOCIETY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2002

	2002
Operating Receipts:	
Admissions	\$191,339
Privilege Fees	79,046
Rentals	72,850
Sustaining and Entry Fees	37,180
Other Operating Receipts	55,529
Total Operating Receipts	435,944
Operating Disbursements:	
Wages and Benefits	80,269
Utilities	43,480
Professional Services	67,164
Equipment and Grounds Maintenance	119,621
Race Purse	68,948
Senior Fair	58,406
Junior Fair	31,817
Capital Outlay	30,019
Other Operating Disbursements	66,000
Total Operating Disbursements	565,724
Deficiency of Operating Receipts Under Operating Disbursements	(129,780)
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	3,300
Debt Proceeds	
Donations/Contributions	48,967
Investment Income	2,217
Debt Service	(50,697)
Net Non-Operating Receipts (Disbursements)	42,414
Deficiency of Receipts Under Disbursements	(87,366)
Cash Balance, Beginning of Year	193,346
Cash Balance, End of Year	\$105,980

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

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HANCOCK COUNTY AGRICULTURAL SOCIETY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hancock County Agricultural Society (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 1938 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Hancock County Fair during August and September. During the fair, harness races are held, culminating in the running of the North Central Colt stake races. Hancock 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-six directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Hancock 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. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including a 4th of July festival, horse shows, and craft shows. The reporting entity does not include any other activities or entities of Hancock County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8, 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. 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. 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 three months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

HANCOCK COUNTY AGRICULTURAL SOCIETY

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

E. 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.

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

North Central Colt stake races are conducted during the Hancock 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 North Central 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 4 for additional information.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted receipts of \$566,100, actual receipts of \$529,055, resulting in a negative variance of \$37,045. Additionally, the Society had budgeted disbursements of \$634,900, actual disbursements of \$616,421, resulting in a variance of \$18,479.

3. CASH AND INVESTMENTS

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

	<u>2002</u>
Demand deposits	\$34,378
Money Market Checking Account	<u>71,602</u>
Total deposits	<u><u>\$105,980</u></u>

Deposits: \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

HANCOCK COUNTY AGRICULTURAL SOCIETY

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

4. HORSE RACING

State Support Portion of Purse

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

5. 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 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2002.

6. RISK MANAGEMENT

The Hancock County Commissioners provide general insurance coverage for all the buildings on the Hancock County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability coverage is provided by the Public Entities Pool of Ohio with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000,000. The Society's general manager is bonded with coverage of \$200,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2003.

7. 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 Hancock County Fair. The Society disbursed \$31,817 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 \$500 by Hancock 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	\$1,992
Receipts	3,595
Disbursements	<u>(4,016)</u>
Ending Cash Balance	<u><u>\$1,571</u></u>

8. 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 Hancock County's auction. Monies to cover the cost of the auction are generated through a 5 percent commission per head of a grand champion and 3 percent commission per head of all other animals sold, assessed on the auction price and are retained by the Junior Livestock Committee. 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:

HANCOCK COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENT

NOVEMBER 30, 2002

(Continued)

Beginning Cash Balance	\$13,047
Receipts	251,976
Disbursements	<u>(248,594)</u>
Ending Cash Balance	<u><u>\$16,429</u></u>



Auditor of State Betty Montgomery

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

Hancock County Agricultural Society
P.O. Box 148
Findlay, OH 45839-0148

To the Board of Directors:

We have audited the financial statement of the Hancock County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated May 16, 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 May 16, 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 May 16, 2003.

This report is intended solely for the information and use of the audit committee, 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

May 16, 2003



**Auditor of State
Betty Montgomery**

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HANCOCK COUNTY AGRICULTURAL SOCIETY

HANCOCK 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 19, 2003**