



Auditor of State
Betty Montgomery

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the accompanying financial statement of the Richland County Agricultural Society, Richland 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 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 March 14, 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.

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Richland County
Independent Accountants' Report
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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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Betty Montgomery
Auditor of State

March 14, 2003

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

	2002
Operating Receipts:	
Admissions	\$237,212
Privilege Fees	115,265
Rentals	229,993
Sustaining and Entry Fees	56,366
Parimutuel Wagering Commission	9,683
Other Operating Receipts	26,504
Total Operating Receipts	675,023
Operating Disbursements:	
Wages and Benefits	161,159
Utilities	107,726
Professional Services	144,156
Equipment and Grounds Maintenance	159,006
Race Purse	94,993
Senior Fair	36,137
Junior Fair	17,150
Capital Outlay	77,480
Other Operating Disbursements	284,744
Total Operating Disbursements	1,082,551
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(407,528)
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	13,300
Restricted Donations/Contributions	195,638
Unrestricted Donations/Contributions	185,522
Investment Income	516
Debt Service	(85,520)
Net Non-Operating Receipts (Disbursements)	348,083
(Deficiency) of Receipts (Under) Disbursements	(59,445)
Cash Balance, Beginning of Year	118,342
Cash Balance, End of Year	\$58,897

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

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**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Richland County Agricultural Society, Richland 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 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 Richland County Fair during August. During the fair, harness races are held, culminating in the running of the Northern Ohio Colt Stakes. Richland 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 27 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Richland 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 include facility rental, track and stall rental, and community events, including a flea market and Christmas Wonderland. The reporting entity does not include any other activities or entities of Richland County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 8 and Note 9, 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

The Society had no investments at November 30, 2002. However, the Society had a repurchase agreement during the audit period.

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 six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Restricted Support

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

G. 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.

H. Race Purse

Northern Ohio Colt Stakes stake races are conducted during the Richland 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 United States Trotting 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.

I. 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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted receipts of \$1,098,600, actual receipts of \$1,108,626, resulting in a variance of \$10,026. Additionally, the Society had budgeted disbursements of \$1,103,170, actual disbursements of \$1,168,071, resulting in a variance of \$(64,901).

3. CASH

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

	2002
Demand deposits	\$58,897

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

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$38,627 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. 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.

	2002
Total Amount Bet (Handle)	\$ 47,304
Less: Payoff to Bettors	(37,621)
Parimutuel Wagering Commission	9,683
Tote Service Set Up Fee	(600)
Tote Service Commission	(4,307)
State Tax	(1,252)
Society Portion	\$ 3,524

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

5. DEBT

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Line of Credit	\$35,058	4.00%
Fair Ground Bonds	31,253	4.70 - 4.75%
Copier Lease	10,915	N/A
Total	\$77,226	

The \$35,058 Line of Credit bears a fixed interest rate. The Society paid back \$15,000 during the year. The Society is not required to pay the line of credit in accordance with an amortization schedule. The amortization schedule below for the line of credit is based on past history of payment. The Society utilized the line of credit to help cover operating costs during the off season.

The Richland County Commissioners loaned the Society \$295,000 on June 1, 1997, for the construction of a kitchen in the Youth Hall. The loan from the County is being paid back to the County at varying amounts of principal per year plus interest at a rate based upon the annual investment percentage rate of the County. The interest rate presently used in the calculation ranges from 4.70% to 4.75%.

The Society entered into an operating lease with The Kissinger Company for a Minolta Digital Copy Machine for 63 months. The amortization schedule below shows the scheduled lease payments for the remaining years of the contract.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Line of Credit	Lease	Fair Ground Bonds	Interest	Total
2003	\$24,000	\$2,673	\$31,253	\$10,587	\$68,513
2004	11,058	2,673		1,011	14,742
2005		2,673			2,673
2006		2,896			2,896
Total	\$35,058	\$10,915	\$31,253	\$11,598	\$88,824

6. RETIREMENT SYSTEM

In November 2001, the Society established a pension plan, Roth IRA, in which all qualified employees may participate. This plan is funded by both employer and employee contributions.

All employees also 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.

**RICHLAND COUNTY AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

7. RISK MANAGEMENT

The Richland County Commissioners provide general insurance coverage for all the buildings on the Richland County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by Ohio Fair Participating Plan with limits of \$1,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's general manager is bonded with coverage of \$75,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through January 31, 2003.

8. 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 Richland County Fair. The Society disbursed \$11,610 directly to the Junior Fair Board 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 \$5,540 by Richland 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	\$ 5,636
Receipts	27,623
Disbursements	<u>(26,192)</u>
Ending Cash Balance	<u>\$ 7,067</u>

9. 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 Richland County's auction. Monies to cover the cost of the auction are generated through a 3% commission per head 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:

Beginning Cash Balance	\$ 25,858
Receipts	276,611
Disbursements	<u>(270,129)</u>
Ending Cash Balance	<u>\$ 32,340</u>

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**Auditor of State
Betty Montgomery**

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

Richland County Agricultural Society
Richland County
750 N. Home Road
Mansfield, Ohio 44906

To the Board of Directors:

We have audited the financial statement of the Richland County Agricultural Society, Richland County, Ohio, (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated March 14, 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 March 14, 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 March 14, 2003.

Richland County Agricultural Society
Richland 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.

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Betty Montgomery
Auditor of State

March 14, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
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RICHLAND COUNTY AGRICULTURAL SOCIETY

RICHLAND 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 17, 2003**