



**Auditor of State  
Betty Montgomery**



WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Washington County Agricultural Society  
Washington County  
922 Front Street  
Marietta, Ohio 45750

To the Board of Directors:

We have audited the accompanying financial statement of the Washington County Agricultural Society, Washington 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 4, 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

March 4, 2003

**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$260,931
Privilege Fees	44,471
Rentals	115,183
Sustaining and Entry Fees	42,847
Parimutuel Wagering Commission	766
Other Operating Receipts	30,689
Total Operating Receipts	494,887
<b>Operating Disbursements:</b>	
Wages and Benefits	16,621
Utilities	40,832
Professional Services	167,180
Equipment and Grounds Maintenance	64,505
Race Purse	56,743
Senior Fair	14,828
Junior Fair	21,411
Capital Outlay	22,824
Other Operating Disbursements	118,960
Total Operating Disbursements	523,904
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(29,017)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	28,300
Donations/Contributions	56,933
Investment Income	247
Debt Service	(63,991)
Net Non-Operating Receipts (Disbursements)	60,116
Excess (Deficiency) of Receipts Over (Under) Disbursements	31,099
Cash Balance, Beginning of Year	48,029
<b>Cash Balance, End of Year</b>	<b>\$79,128</b>

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

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**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Washington County Agriculture Society, Washington 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 1846 to direct the operation of an annual agricultural fair. The Society sponsors the four day Washington County Fair over Labor Day week-end. During the fair, harness races are held. Washington 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-one directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Washington 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 the fair. Other year round activities at the fairgrounds including facility rental, track and stall rental, building rental, the 4<sup>th</sup> of July celebration, the Gun Bash, and other community events. The reporting entity does not include any other activities or entities of Washington 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. 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.

**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Race Purse**

The Harness Program stake races are conducted during the Washington 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 U.S. 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.

**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 and investments at November 30, 2002 follows:

	<u>2002</u>
Demand deposits	<u>\$79,128</u>

**Deposits: Deposits:** The entire bank balance was covered by Federal Deposit Insurance Corporation (FDIC) at year end. During the fiscal year, the Society's deposits sometimes exceeded \$100,000. Amounts greater than \$100,000 were uninsured and uncollateralized.

**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 accompanying financial statement, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors.

**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

**4. DEBT**

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Promissory Notes Payable - Grandstand	\$161,848	8.75%
Promissory Notes Payable - Capital Improvements	63,618	8.75%
Lease/Purchase Agreement - Mower	4,002	7.76%
Lease/Purchase Agreement - Tractor, Loader, Backhoe	16,953	7.12%
Payment Agreement – Bleachers	<u>11,000</u>	12.00%
Total	<u>\$257,421</u>	

The promissory note for the Grandstand is due to Peoples Bank. The note was entered into on April 19, 1996 and matures October 20, 2007. Proceeds of the note were used to purchase a grandstand. The land was mortgaged as security for this note.

The promissory note for capital improvements is due to Peoples Bank. The note was entered into on February 15, 2000 and matures February 15, 2006. Proceeds of the note were used for the capital improvements to a kitchen. The land was mortgaged as security for this note.

The lease purchase agreement for the mower is due to John Deere Credit, Inc. The lease purchase agreement was entered into on September 17, 2001 and matures September 17, 2006. The equipment was pledged as security interest for this agreement.

The lease purchase agreement for the tractor, loader, and backhoe is due to John Deere Credit, Inc. The lease purchase agreement was entered into on January 29, 2001 and matures December 29, 2005. The equipment was pledged as security interest for this agreement.

The payment agreement for bleachers is due David Williams & Associates. The payment agreement was entered into on May 14, 2002 and matures June 14, 2003. This note was paid off in fiscal year 2003.

Amortization of the above debt, including interest of \$32,291 on the Grandstand Note, \$3,574 on the Capital Improvements Note, \$602 on the Mower Lease Purchase Agreement, \$1,915 on the Tractor, Loader, Backhoe Lease Purchase Agreement, and \$95 on the Bleacher Payment Agreement, is scheduled as follows:

Year ending	Grandstand	Capital Improvements	Mower	Tractor, Loader Backhoe	Bleachers	Total
November 30:						
2003	\$41,977	\$26,652	\$1,125	\$6,119	\$11,095	\$86,968
2004	41,976	26,651	1,228	6,120		75,975
2005	41,977	13,889	1,228	6,629		63,723
2006	41,977		1,023			43,000
2007	26,232					<u>26,232</u>
Total	<u>\$194,139</u>	<u>\$67,192</u>	<u>\$4,604</u>	<u>\$18,868</u>	<u>\$11,095</u>	<u>\$295,898</u>

**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

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

**6. RISK MANAGEMENT**

The Washington County Commissioners provide general insurance coverage for all the buildings on the Washington County Fairgrounds pursuant to Ohio Revised Code § 1711.24. Governmental property coverage is provided by the Public Entities Pool of Ohio for replacement cost.

The Society, through a private carrier, provides coverage on business personal property, liability and medical coverage with an aggregate of \$3,000,000, and optional coverage on money and securities. The President, Vice-President, Secretary, and Treasurer are covered by \$35,000 Public Employee Dishonesty bonds.

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.

**7. JUNIOR FAIR BOARD**

The Junior Fair Board, is comprised of 4-H organization representatives, is responsible for the Junior Fair Division activities of the Washington County Fair. The Society disbursed \$21,411 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 Washington County for its support of Junior Club work. The Junior Fair Board does not maintain a checking or savings account. These financial statements includes other Junior Fair Board expenditure activity, other than the aforementioned amount of \$21,411, that was paid by the Society.

**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 Washington County's auction. Monies to cover the cost of the auction are generated through a 2% commission per head by the Junior Livestock Sale Committee. The checks to the children are generated through the auction house, which does not charge any commission. The accompanying financial statement does not include the activities of the Junior Livestock Committee.

WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY

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

8. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

The Junior Livestock Committee's financial activity for the year ended November 30, 2002 follows:

Beginning Cash Balance	\$ 102
Receipts	159,209
Disbursements	<u>(156,606)</u>
Ending Cash Balance	<u>\$ 2,705</u>

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## **Auditor of State Betty Montgomery**

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

Washington County Agricultural Society  
Washington County  
922 Front Street  
Marietta, Ohio 45750

To the Board of Directors:

We have audited the financial statement of the Washington County Agricultural Society, Washington County, (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated March 4, 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 4, 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 certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. 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 2002-61084-001.

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 March 4, 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

March 4, 2003

**WASHINGTON COUNTY AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002**

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

**FINDING NUMBER 2002-61084-001**

**Reportable Condition**

During Fair Week, the Society records revenue from gate admissions on a daily gate admissions report. The report lists each gate, pit passes, each collector and the total dollar amount collected at each gate by collector. This report does not provide any accountability over completeness of tickets sold. Tickets with pre-printed numbers are utilized by each collector and given to each fair admission paid, but the collectors do not maintain any ticket logs to account for the number of tickets issued.

As a result, the Society does not have any accountability over the number of tickets issued as compared to the amount of revenue collected for gate admissions.

To strengthen controls and ensure accountability over daily gate admission receipts, we recommend that:

- A master record be maintained for each roll of tickets issued. This record could document the numbers on the ticket roll, to whom issued and the amount of tickets sold/unsold.
- A Daily Admission Tally report should be maintained by Society for each ticket collector. The report should include the collector's name, the beginning and ending ticket number, any voided tickets, the total number of tickets issued at each price level and the expected collection amount.
- At the end of each day, the Daily Admission Tally report should be reconciled to the amount of money collected by each ticket taker. Any discrepancies between the amount collected and the amount to be collected from the Daily Admission Tally report should be documented. The collector should sign the report indicating his acknowledgment and agreement with the amounts.





**Auditor of State  
Betty Montgomery**

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**WASHINGTON COUNTY AGRICULTURAL SOCIETY**

**WASHINGTON 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**