



**Auditor of State  
Betty Montgomery**



WILLIAMS COUNTY AGRICULTURAL SOCIETY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Williams County Agricultural Society  
P.O. Box 28  
Montpelier, OH 43543-0028

To the Board of Directors:

We have audited the accompanying financial statement of Williams 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 April 15, 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

April 15, 2003

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

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$242,827
Privilege Fees	68,847
Rentals	48,888
Sustaining and Entry Fees	21,830
Contest Fees	13,487
Pari-mutuel Wagering Commission	2,378
Other Operating Receipts	14,364
	<b>412,621</b>
<b>Operating Disbursements:</b>	
Wages and Benefits	36,671
Administrative	14,360
Supplies	57,915
Utilities	31,384
Professional Services	83,921
Equipment and Grounds Maintenance	34,983
Race Purse	57,523
Race Expenses	8,219
Advertising	41,194
Repairs	28,162
Insurance	11,619
Rental Expenses	15,842
Senior Fair	14,671
Junior Fair	11,424
Contest Expenses	31,677
Capital Outlay	44,368
Other Operating Disbursements	30,516
	<b>554,449</b>
Deficiency of Operating Receipts Under Operating Disbursements	<b>(141,828)</b>
<b>Non-Operating Receipts:</b>	
State Support	38,926
County Support	13,605
Restricted Donations/Contributions	101,636
Unrestricted Donations/Contributions	25,351
Investment Income	2,800
	<b>182,318</b>
Excess of Receipts Over Disbursements	40,490
Cash Balance, Beginning of Year	169,802
<b>Cash Balance, End of Year</b>	<b>\$210,292</b>

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

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**WILLIAMS COUNTY AGRICULTURAL SOCIETY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Williams 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 1856 to direct the operation of an annual agricultural fair. The Society sponsors the eight day long Williams County Fair during September. During the fair, harness races are held. Williams 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 current directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Williams 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 including Shipshewana on the Road flea market and the antique tractor and craft festival. The reporting entity does not include any other activities or entities of Williams 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. Restricted Support**

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

**WILLIAMS COUNTY AGRICULTURAL SOCIETY**

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

**E. 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.

**F. Race Purse**

Northwestern Ohio Colt stake races are conducted during the Williams 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. The Society also included additional funds of \$1,707 to the Race Purse for winning horses.

Sustaining and Entry Fees

Horse owners and The Williams County Horseman's 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 3 for additional information.

**G. Pari-mutuel 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 pari-mutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 3 for additional information.

**2. CASH AND INVESTMENTS**

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

Demand deposits	<u><u>\$210,292</u></u>
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All of the bank balances were covered by Federal Depository Insurance Corporation (FDIC).

WILLIAMS COUNTY AGRICULTURAL SOCIETY

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 \$33,986 and is included within State Support on the accompanying financial statement.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2002</u>
Total Amount Bet (Handle)	\$11,682
Less: Payoff to Bettors	<u>(9,304)</u>
Parimutuel Wagering Commission	2,378
Tote Service Set Up Fee	(900)
Tote Service Commission	(903)
State Tax	<u>(300)</u>
Society Portion	<u><u>\$275</u></u>

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 Williams County Commissioners provide general insurance coverage for all the buildings on the Williams County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and errors or omissions liability is provided by an insurance company with limits of \$1,000,000 per occurrence and \$3,000,000 aggregate for general liability, and \$2,000,000 aggregate for errors and omissions. This policy includes crime coverage for employee dishonesty with limits of liability of \$20,000. The Society's secretary/treasurer is bonded with coverage of \$40,000.

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.

WILLIAMS COUNTY AGRICULTURAL SOCIETY

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

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 Williams County Fair. 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	\$4,206
Receipts	7,800
Disbursements	<u>(9,768)</u>
Ending Cash Balance	<u><u>\$2,238</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 Williams County's auction. Monies to cover the cost of the auction are generated through a 3% commission on the gross sale of each individual's animal, plus a \$1.50 flat rate commission for each animal sold through the auction 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	\$14,752
Receipts	169,546
Disbursements	<u>(169,045)</u>
Ending Cash Balance	<u><u>\$15,253</u></u>



## **Auditor of State Betty Montgomery**

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

Williams County Agricultural Society  
P.O. Box 28  
Montpelier, OH 43543-0028

To the Board of Directors:

We have audited the financial statement of Williams County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated April 15, 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 management of the Society in a separate letter dated April 15, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be 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 judgment, 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. Reportable conditions are described in the accompanying schedule of findings as items *2002-60186-001 and 2002-60186-002*.

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. 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 any of the reportable conditions described above are material weaknesses. 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 April 15, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 15, 2003

WILLIAMS COUNTY AGRICULTURAL SOCIETY

SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002

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

FINDING NUMBER 2002-60186-001

**Reportable Condition - Monitoring Society Financial Activity**

The small size of the Society's staff does not allow for adequate segregation of duties. The Secretary/Treasurer must perform all accounting functions. It is therefore important that the Directors monitor financial activity closely.

While the Directors do approve expenditures and a monthly profit/loss statement, there is no documentation of the extent to which the Directors utilize other financial information to monitor financial activity. The Directors should monitor bank reconciliations, the monthly transaction detail by account ledger (revenue and disbursement ledger), and reports generated showing a budget to actual comparison for disbursements.

The Directors should carefully review and initial this information, note approval in the minutes, and make appropriate inquires to help determine the continued integrity of financial information.

FINDING NUMBER 2002-60186-002

**Reportable Condition - Admission Revenues**

- Collection and deposit of grandstand admission monies before fair week are made by an individual other than the Secretary/Treasurer. The Secretary/Treasurer did not receive any of these deposit slips.
- No ticket or seating chart reconciliation was performed for grandstand admissions.
- There is no evidence of any receipt documentation for the antique tractor show held in July.
- No ticket reconciliation was performed for season tickets. In addition, no list was kept to show what organizations or individuals received free tickets.

The above discrepancies may result in lost revenues to the Society. To improve controls over admission revenues, we recommend:

- The Secretary/Treasurer obtain all bank deposit slips to ensure completeness of receipts reported.
- A ticket or seating chart reconciliation should be prepared in a timely manner for grandstand admissions.
- Tickets should be utilized for the antique tractor show with an appropriate ticket reconciliation prepared after the event.
- A ticket reconciliation should be prepared in a timely manner for season tickets. The reconciliation should also include all free tickets issued for all organizations and individuals.





**Auditor of State  
Betty Montgomery**

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**WILLIAMS COUNTY AGRICULTURAL SOCIETY**

**WILLIAMS 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  
MAY 13, 2003**