



**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003 .....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2002 .....	4
Notes to the Financial Statement .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Lake County Agricultural Society  
Lake County  
1301 Mentor Avenue  
Painesville, Ohio 44077

To the Board of Directors:

We have audited the accompanying financial statements of the Lake County Agricultural Society, Lake County, Ohio, (the Society) as of and for the years ended November 30, 2003 and November 30, 2002. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 described in Note 1, the Society prepares its financial statements 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 statements referred to above presents fairly, in all material respects, the cash balances of the Lake County Agricultural Society, Lake County, Ohio, as of November 30, 2003 and November 30, 2002, and its cash receipts and disbursements for the years 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 17, 2004 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.

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 17, 2004

**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2003**

	<b>2003</b>
<b>Operating Receipts:</b>	
Taxes	\$3,387
Admissions	162,540
Privilege Fees	73,579
Sales	1,200
Rentals	199,560
Racing Fees and Charges	162,256
Utilities	11,972
Fees	22,193
Restricted Support	77,776
Unrestricted Support	27,619
Interest Received	331
	<b>742,413</b>
 <b>Operating Disbursements:</b>	
Wages and Benefits	63,279
Utilities	76,941
Supplies	17,518
Professional Services	95,230
Equipment and Grounds Maintenance	48,581
Administrative	8,361
Racing	172,931
Advertising	23,674
Repairs	15,064
Insurance	15,605
Rent and Lease	18,071
Senior Fair	25,547
Contests	15,455
Junior Fair	580
Capital Outlay	8,857
Debt Service	25,562
Other Operating Disbursements	110,001
	<b>741,257</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>1,156</b>
 <b>Non-Operating Receipts (Disbursements):</b>	
State Support	36,925
County Support	31,394
Supplies	(711)
Utilities	(2,000)
Repairs	(1,248)
Racing	(29,384)
Capital Outlay	(29,829)
Senior Fair	(438)
Junior Fair	(4,709)
	<b>0</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>1,156</b>
Fund Cash Balances, December 1, 2002	<b>38,036</b>
<b>Fund Cash Balances, November 30, 2003</b>	<b>\$39,192</b>

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

LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY

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

	2002
<b>Operating Receipts:</b>	
Taxes	\$1,823
Admissions	193,804
Privilege Fees	78,165
Sales	6,881
Rentals	177,143
Racing Fees and Charges	140,441
Utilities	9,852
Fees	26,182
Restricted Support	86,756
Unrestricted Support	30,178
Interest Received	561
	751,786
Total Operating Receipts	751,786
<b>Operating Disbursements:</b>	
Wages and Benefits	63,571
Utilities	72,048
Supplies	16,427
Professional Services	102,177
Equipment and Grounds Maintenance	48,819
Administrative	11,311
Racing	160,748
Advertising	23,140
Repairs	18,045
Insurance	14,995
Rent and Lease	16,797
Senior Fair	27,488
Contests	21,073
Junior Fair	975
Capital Outlay	11,242
Debt Service	19,498
Other Operating Disbursements	120,418
	748,772
Total Operating Disbursements	748,772
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	3,014
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	29,568
Supplies	(2,452)
Utilities	(3,498)
Repairs	(400)
Racing	(30,088)
Capital Outlay	(26,268)
Senior Fair	(348)
Junior Fair	(5,141)
	0
Net Non-Operating Receipts (Disbursements)	0
Excess (Deficiency) of Receipts Over (Under) Disbursements	3,014
Fund Cash Balances, December 1, 2001	35,022
<b>Fund Cash Balances, November 30, 2002</b>	<b>\$38,036</b>

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



**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Lake County Agricultural Society, Lake 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 1840 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Lake County Fair during August. During the fair, harness races are held, culminating in the running of the Harness Racing Speed Program. Lake 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 19 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Lake 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows and garage sales. The reporting entity does not include any other activities or entities of Lake County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee are included in the financial statements of the Society.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

**B. Basis of Accounting**

These financial statements follow 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 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 statements.

**F. Restricted Support**

Restricted support includes amounts that are required by the donor to be set aside for specific uses. The Society reports Jr. Fair Board Livestock Auction Sales as Restricted Support.

**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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Society uses.

**I. Race Purse**

Stake races are conducted during the Lake 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 US 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 statements 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 the race purse. See Note 4 for additional information.

**J. 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.

**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

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

**J. Parimutuel Wagering (Continued)**

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 statements as Parimutuel Wagering Commission. See Note 4 for additional information.

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2003, the Society had budgeted receipts of \$847,300, actual receipts of \$810,732, resulting in a variance of (\$36,577). Additionally, the Society had budgeted disbursements of \$833,300, actual disbursements of \$809,576, resulting in a variance of \$23,724.

For the year ended November 30, 2002, the Society had budgeted receipts of \$898,800, actual receipts of \$819,981, resulting in a variance of (\$78,819). Additionally, the Society had budgeted disbursements of \$871,745, actual disbursements of \$816,967, resulting in a variance of \$54,778.

**3. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$24,700	\$23,680
Certificates of deposit	14,492	14,356
Total deposits	<u>39,192</u>	<u>38,036</u>
Total deposits and investments	<u>\$39,192</u>	<u>\$38,036</u>

**Deposits:** All of the bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**4. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement the purse for the year ended November 30, 2003 was \$24,384 and for the year ended November 30, 2002 was \$25,488 and is included within State Support on the accompanying financial statements.

*Parimutuel Wagering*

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, 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.

**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**4. HORSE RACING (Continued)**

	2003	2002
Total Amount Bet (Handle)	\$34,140	\$ 29,083
Less: Payoff to Bettors	(27,227)	(23,095)
Parimutuel Wagering Commission	6,913	5,988
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(3,225)	(2,757)
Charged Admissions	-	(7)
State Tax	(939)	(793)
Society Portion	<b>\$ 2,149</b>	<b>\$ 1,831</b>

**5. DEBT**

Debt outstanding at November 30, 2003 was as follows:

	Principal	Interest Rate
2002 Chevrolet Truck Note	\$14,691	5.99%

The \$25,420 Truck Note bears an interest rate of 5.99%. The note was entered into on June 21, 2002 and matures July 5, 2005.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Truck Note
2004	8,505
2005	6,186
Total	<b>\$14,691</b>

**LAKE COUNTY AGRICULTURAL SOCIETY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**6. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2003 and 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, 2003 and 2002.

**7. RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Lake County Commissioners provide general insurance coverage for all the buildings on the Lake County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$3,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded with coverage of \$50,000.

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

**8. RELATED PARTY TRANSACTIONS**

A Director of the Society is owner of a company from which the Society acquired stone during the year. The Society paid \$5,447 for this acquisition.

The Secretary/Treasurer is a partner of a company from which the Society acquired services during the year. The Society paid \$149 for this service.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Lake County Agricultural Society  
Lake County  
1301 Mentor Avenue  
Painesville, Ohio 44077

To the Board of Directors:

We have audited the financial statements of the Lake County Agricultural Society, Lake County, Ohio, (the Society) as of and for the years ended November 30, 2003, and November 30, 2002, and have issued our report thereon dated March 17, 2004. 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 statements are 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*.

**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 statements 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Lake County Agricultural Society  
Lake 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 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

March 17, 2004





**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

**LAKE COUNTY AGRICULTURAL SOCIETY**

**LAKE 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 11, 2004**