



**COSHOCKTON COUNTY AGRICULTURAL SOCIETY
COSHOCKTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003



**Auditor of State
Betty Montgomery**

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the accompanying financial statement of Coshocton County Agricultural Society, Coshocton County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003. 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, 2004 and 2003, 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 February 9, 2005 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

February 9, 2005

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Admissions	\$354,410	\$335,855
Privilege Fees	93,614	98,450
Rentals	50,441	54,129
Sustaining and Entry Fees	63,740	68,440
Parimutuel Wagering Commission	8,117	8,429
Other Operating Receipts	27,123	28,387
Total Operating Receipts	597,445	593,690
Operating Disbursements:		
Wages and Benefits	74,106	86,137
Utilities	38,263	36,361
Professional Services	133,711	156,060
Equipment and Grounds Maintenance	79,000	81,161
Race Purse	97,548	107,554
Senior Fair	69,971	48,970
Junior Fair	27,039	27,222
Capital Outlay	16,607	28,301
Other Operating Disbursements	66,237	77,593
Total Operating Disbursements	602,482	649,359
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(5,037)	(55,669)
Non-Operating Receipts (Disbursements):		
State Support	33,982	36,925
County Support	12,800	17,800
Sale of Assets	942	0
Donations/Contributions	25,126	4,232
Investment Income	1,055	1,765
Debt Service	(13,896)	(15,462)
Net Non-Operating Receipts (Disbursements)	60,009	45,260
Excess (Deficiency) of Receipts Over (Under) Disbursements	54,972	(10,409)
Cash Balance, Beginning of Year	158,604	169,013
Cash Balance, End of Year	\$213,576	\$158,604

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

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**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Coshocton County Agricultural Society, Coshocton 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 1851 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Coshocton County Fair during September and October. During the fair, harness races are held. Coshocton 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 Coshocton 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 and Junior Fair Board activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows, 4th of July Celebration and garage sales. The reporting entity does not include any other activities or entities of Coshocton County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 9.

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. Budgetary presentations report budgetary expenditures when a commitment is made.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Society did not have any investments during our 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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(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

Stake races are conducted during the Coshocton 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. In addition, the Society contributes to each race purse.

Sustaining and Entry Fees

Horse owners and Home Talent 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.

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.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$635,400, actual receipts of \$671,350.35, resulting in a variance of \$35,950.35. Additionally, the Society had budgeted disbursements of \$635,400, actual disbursements of \$616,377.75, resulting in a variance of \$19,022.25. For the year ended November 30, 2003, the Society had budgeted receipts of \$623,000, actual receipts of \$654,411.63, resulting in a variance of \$31,411.63. Additionally, the Society had budgeted disbursements of \$623,000, actual disbursements of \$664,819.98, resulting in a variance of \$41,819.98.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2004 follows:

	2004	2003
Demand deposits	\$213,576	\$158,604

Deposits: For 2004 and 2003, \$173,702 and \$172,679 respectively of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

4. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2004 and 2003 was \$21,848 and \$24,384 respectively 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 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.

	2004	2003
Total Amount Bet (Handle)	\$40,139	\$41,289
Less: Payoff to Bettors	(32,022)	6,253
Parimutuel Wagering Commission	8,117	8,429
Tote Service Set Up Free	(800)	(800)
Tote Service Commission	(3,422)	(3,543)
State Tax	(1,095)	(1,188)
Society Portion	\$2,800	\$2,898

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at November 30, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan with Ohio Heritage Bank	\$152,004	6.00%

The Ohio Heritage Bank loaned the Society \$185,000 at an interest rate of 7.65%. The loan was entered into on June 24, 1999 and matures in November 2018. Proceeds of the loan were used to purchase three houses bordering the fair grounds. On January 26, 2004 the Society refinanced the loan in the amount of \$157,553.31 at an interest rate of 6.00% and maturity date of January 2019.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2005	\$7,029	\$8,929	\$15,958
2006	7,462	8,495	15,957
2007	7,923	8,035	15,958
2008	8,389	7,568	15,957
2009	8,929	7,029	15,958
2010-2014	53,597	26,191	79,788
2015-2019	58,675	7,790	66,465
Total	\$152,004	\$74,037	\$226,041

6. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 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, 2004.

7. RISK MANAGEMENT

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

The Coshocton County Commissioners provide general insurance coverage for all the buildings on the Coshocton County Fairgrounds pursuant to Ohio Revised Code § 1711. 24.

The Society belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	<u>(12,872,985)</u>	<u>(8,550,749)</u>
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	<u>(792,061)</u>	<u>(655,318)</u>
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

8. RELATED PARTY TRANSACTIONS

A Board member is owner of R & K Industrial from which the Society acquired paint, waterline, tubing, and supplies during the audit period. During 2004 and 2003, the Society paid \$2,893.82 and \$798.23 respectively for these acquisitions. Another Board member is owner of Wells Greenhouse from which the Society acquired flowers during the audit period. During 2004 and 2003, the Society paid \$30.99 and \$95.08 respectively for these acquisitions.

**COSHOCTON COUNTY AGRICULTURAL SOCIETY
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

9. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, Juvenile Granges and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Coshocton County Fair. The Society disbursed \$27,039 in 2004 and \$27,222 in 2003 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$2,648	\$3,460
Receipts	6,512	6,253
Disbursements	<u>(7,263)</u>	<u>(7,065)</u>
Ending Cash Balance	<u>\$1,897</u>	<u>\$2,648</u>



Auditor of State Betty Montgomery

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

Coshocton County Agricultural Society
Coshocton County
707 Kenilworth Avenue
Coshocton, Ohio 43812

To the Board of Directors:

We have audited the financial statement of Coshocton County Agricultural Society, Coshocton County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated February 9, 2005. 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 the Society's management in a separate letter dated February 9, 2005.

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 the Society's management in a separate letter dated February 9, 2005.

Coshocton County Agricultural Society
Coshocton County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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

February 9, 2005



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

COSHOCTON COUNTY AGRICULTURAL SOCIETY

COSHOCTON 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 12, 2005**