



**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

REGULAR AUDIT

FISCAL YEAR ENDING NOVEMBER 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Fairfield County Agricultural Society
Fairfield County
PO Box 945
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the accompanying financial statement of the Fairfield County Agricultural Society, Fairfield County, Ohio (the Society) as of and for the year ended November 30, 2001. 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 fund cash balances of the Fairfield County Agricultural Society as of November 30, 2001, 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 February 26, 2002 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 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.

JIM PETRO
Auditor of State

February 26, 2002

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2001**

	<u>Operating</u>	<u>State and Local</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$1,548	\$0	\$1,548
Admissions	326,488		326,488
Privilege Fees	132,297		132,297
Sales	7,427		7,427
Racing Fees and Charges	48,286		48,286
Utilities	30,941		30,941
Fees	9,911		9,911
Rentals	104,668		104,668
State Support		40,483	40,483
Local Support		4,500	4,500
Restricted Support	61,195		61,195
Unrestricted Support	4,101		4,101
Investment Income	13,346		13,346
Other Receipts	152		152
Total Cash Receipts	<u>740,360</u>	<u>44,983</u>	<u>785,343</u>
Cash Disbursements:			
Salaries and Wages	167,969		167,969
Benefits	13,859		13,859
Administrative	10,001		10,001
Racing Supplies	5,329	1,000	6,329
Supplies	22,854	76	22,930
Utilities	51,441	367	51,808
Racing	60,240	30,800	91,040
Professional Services	65,247		65,247
Property Services	57,330	5,200	62,530
Advertising	29,702		29,702
Repairs	39,081		39,081
Insurance	18,430		18,430
Rent and Lease	15,987		15,987
Capital Outlay	118,712	1,200	119,912
Debt Service	37,114		37,114
Senior Fair	25,115	800	25,915
Contest Expenses	16,764		16,764
Junior Fair	32,335	5,540	37,875
Other Fair	16,276		16,276
Miscellaneous	5,448		5,448
Total Disbursements	<u>809,234</u>	<u>44,983</u>	<u>854,217</u>
Total Receipts Over/(Under) Disbursements	(68,874)	0	(68,874)
Fund Cash Balances, December 1, 2001	<u>336,139</u>		<u>336,139</u>
Fund Cash Balances, November 30, 2001	<u>\$267,265</u>	<u>\$0</u>	<u>\$267,265</u>

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

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**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Fairfield County Agricultural Society, Fairfield 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 Fairfield County Fair during October. Fairfield 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 16 directors serving staggered three-year terms, elected from the membership of 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, and storage rental and community events including trade shows, horse shows and classic car shows.

A member of the Board of Directors also serves as a member of the Junior Fair Board. The Junior Fair Board discusses activities and makes recommendations to the Society's Board of Directors. All decisions about Junior Fair activities must be approved by the Society. The financial activities of the Junior Fair Board are blended with the Society in these financial statements.

This reporting entity does not include any other activities or entities of Fairfield County, Ohio. The financial activity of the Junior Livestock Sale is summarized in Note 7.

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.

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 fund 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.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

The Society uses fund accounting to segregate cash and investments that are restricted as to use. The Society classifies its funds into the following types:

1. Operating Fund

The Operating Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. State and Local Grant Fund

This fund is used to account for proceeds from specific sources (other than from trusts), i.e. stake racing monies, that are restricted to expenditure for specific purposes.

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.

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.

2. CASH

The Society maintains a cash pool used by all funds. The carrying amount of cash at November 30 follows:

Demand deposits	\$101,197
Certificates of deposit	<u>166,068</u>
Total deposits	<u><u>\$267,265</u></u>

Deposits: \$100,000 of the bank balances for each account was covered by Federal Depository Insurance Corporation (FDIC).

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

3. DEBT

Debt outstanding at November 30 was as follows:

	Principal	Interest Rate
Note Payable for Construction Loan	\$54,131	7.50%
Total	\$54,131	

The \$150,000 Construction Note bears an interest rate of 7.5% and is due to the Fairfield National Bank. The note was entered into on April 30, 1999 and matures on October 30, 2003. Proceeds of the note were used to construct the #10 AAA building.

Amortization of the above debt, is scheduled as follows:

Year ending November 30:	Construction Note	Interest	Total
2002	\$30,000	\$4,060	\$34,060
2003	24,131	1,810	25,941
Total	\$54,131	\$5,870	\$60,001

4. RACING COMMISSIONS

The Society has four days of horse racing during the fair. The Society contracts with ACE Totalizer to handle all parimutuel wagering and pay outs. ACE Totalizer calculates the Society's commission based on all wagers made (the handle) and pay outs. The total handle for the four days of racing was \$63,264. Of the total handle, \$48,955 was paid out on wagering, \$1,548 was paid for parimutuel taxes, \$6,557 was paid to ACE Totalizer, and \$4,656 was retained by the Society.

5. RETIREMENT SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of November 30, 2001, all employees of the Society have elected Social Security. Employees contribute 6.2% of their gross wages. The Society's liability is also 6.2 percent of wages paid.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

6. RISK MANAGEMENT

The Fairfield County Commissioners provide general insurance coverage for all the buildings on the Fairfield County Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. General liability and vehicle coverage is provided by County Risk Sharing Authority with limits of \$1,000,000 and no annual aggregate. The Society has a Policy with Clark Insurance Company which includes crime coverage for employee dishonesty with limits of liability of \$30,000. The Society's fair manager is bonded with coverage of \$30,000.

The Society provides workers compensation coverage on all employees through Compensation Consultants Incorporated. Coverage is currently in effect through June 30, 2002.

7. JUNIOR LIVESTOCK SALE

The Junior Livestock Sale, an auction held during fair week, is managed by Ohio Fair Services, Inc. Children may sell their animals directly to market or through auction. Monies to cover the costs of the auction are generated through a 3.5% commission assessed on the auction price and are retained by Ohio Fair Services, Inc. Total receipts from the livestock sale during the 2001 fair were \$331,823. The accompanying financial statements do not include the activities of Ohio Fair Services, Inc.



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

Fairfield County Agricultural Society
Fairfield County
PO Box 945
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the financial statement of Fairfield County Agricultural Society (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated February 26, 2002. 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. 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 February 26, 2002.

Fairfield County Agricultural Society
Fairfield County
Report of Independent Accountants 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 the management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 26, 2002



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FAIRFIELD COUNTY AGRICULTURAL SOCIETY

FAIRFIELD 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 18, 2002**