



**CHAMPAIGN COUNTY  
AGRICULTURAL SOCIETY**

**REGULAR AUDIT**

**DECEMBER 1, 2000 THROUGH NOVEMBER 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

We have audited the accompanying financial statement of Champaign County Agricultural Society (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 statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above present fairly, in all material respects, the fund cash balance of the 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 March 7, 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 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.

**Jim Petro**  
Auditor of State

March 7, 2002

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2001

	2001
<b>Operating Receipts:</b>	
Admissions	\$294,089
Privilege Fees	69,452
Rentals	149,906
Sustaining and Entry Fees	80,175
Parimutuel Wagering Commission	6,742
Livestock Sales	351,384
Other Operating Receipts	58,549
Total Operating Receipts	1,010,297
<b>Operating Disbursements:</b>	
Wages and Benefits	74,322
Utilities	84,267
Professional Services	142,139
Equipment and Grounds Maintenance	127,108
Race Purse	130,051
Senior Fair	24,219
Junior Fair	30,187
Capital Outlay	213,916
Livestock Sales Payments	347,913
Other Operating Disbursements	149,807
Total Operating Disbursements	1,323,929
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(313,632)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	40,483
County Support	18,300
Debt Proceeds	223,985
Donations/Contributions	169,087
Investment Income	21,236
Debt Service	(178,105)
Net Non-Operating Receipts (Disbursements)	294,986
(Deficiency) of Receipts (Under) Disbursements	(18,646)
Cash Balance, Beginning of Year	121,803
<b>Cash Balance, End of Year</b>	<b>\$103,157</b>

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

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Champaign County Agricultural Society, Champaign 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 1841 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Champaign County Fair during August. During the fair, harness races are held. Champaign 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 26 directors serving staggered three-year terms, elected from the membership of the Society.

**1. Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week, other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including flea markets. This reporting entity does not include any other activities or entities of Champaign County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is included in the activity of the Agricultural 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.

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.

**D. 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.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

(Continued)

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

**E. Restricted Support**

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

**F. 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.

**G. Race Purse**

Stake races are conducted during the Champaign 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 the Western Ohio 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 3 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 3 for additional information.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

(Continued)

**2. CASH AND INVESTMENTS**

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

	<b>2001</b>
Demand deposits	\$42,457
Certificates of deposit	60,700
Total deposits	\$103,157

**Deposits:** Deposits were covered by Federal Depository Insurance Corporation (FDIC).

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2001 was \$30,800 and is included within State Support on the accompany financial statement.

*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.

	<b>2001</b>
Total Amount Bet (Handle)	\$80,866
Payoff to Bettors	64,856
Parimutuel Wagering Commission	16,010
Tote Service Commission	7,370
State Tax	1,899
Society Portion	\$6,741

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

(Continued)

**4. DEBT**

Debt outstanding at November 30, 2001 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Fair Sale Loan	\$10,000	0.00%
Horticultural Building	69,680	7.00%
Wardell Land Purchase	173,931	7.50%
Swine Building Loan	60,000	7.75%
Activity Building Loan	25,500	4.00%
Sheep Pens	14,029	7.00%
Rabbit Barn Extension	4,061	7.00%
Poultry Barn Loan	18,389	7.00%
Horse Arena Loan	107,267	7.00%
Total	\$482,857	

**A. Loans**

The \$10,000 Fair Sale Loan bears an interest rate of 0.00% and is due to the Citizens National Bank of Urbana. The loan was entered into on September 6, 2001 and matures December 1, 2001. Proceeds of the loan were used for the livestock sale at the fair and is unsecured.

The \$69,680 Horticulture Building Loan bears an interest rate of 7.00% and is due to the Perpetual Federal Savings Bank. The loan was entered into on February 27, 1999 and matures July 1, 2003. Proceeds of the loan were used for the construction of a horticulture building and is secured by the Perpetual Federal Savings Bank.

The \$173,931 Wardell Land Purchase bears an interest rate of 7.50% and is due to the Citizens National Bank of Urbana. The loan was entered into on April 30, 1996 and matures January 1, 2012. Proceeds of the loan were used for the purchase of land and is secured by the Citizens National Bank.

Amortization of the above loans, is scheduled as follows:

<b>Year ending November 30:</b>	<b>Fair Sale Loan</b>	<b>Horticultural Building Loan</b>	<b>Wardell Land Purchase Loan</b>	<b>Interest</b>	<b>Total</b>
2002	\$10,000	\$35,375	\$ 19,290	\$14,379	\$ 79,044
2003	0	34,305	20,366	10,932	65,603
2004	0	0	21,503	7,497	29,000
2005	0	0	22,704	6,296	29,000
2006	0	0	23,971	5,029	29,000
2007 – 2011	0	0	66,097	6,752	43,849
Total	\$10,000	\$69,680	\$173,931	\$50,885	\$304,496

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

**(Continued)**

**4. DEBT (Continued)**

**B. Lines of Credit**

On September 30, 1995 a line of credit was established for \$168,000 at 7.75% interest for the construction of a swine building. At 11/30/01, the balance of the letter was \$60,000. Repayment is based on funds received from various projects.

On September 24, 1992 a line of credit was established for \$235,500 at 4% interest for the construction of a new 4-H Building. At 11/30/01, the balance of the letter was \$25,500. Repayment is based on a minimum of \$15,000 per year, plus interest. Final repayment is due October 1, 2002.

On June 6, 2001 a line of credit was established for \$16,000 at 7% interest for the completion of sheep pens. At 11/30/01, the balance of the letter was \$14,029.27. Repayment will begin October 1, 2002 and will be in the amount of \$3,200 plus interest on an annual basis.

On July 30, 2001 a line of credit was established for \$4,300 at 7% interest for the construction of a rabbit barn extension. At 11/30/01 the balance of the letter was \$4,061.02. Repayment will begin October 1, 2002 and will be in the amount of \$860 plus interest on an annual basis.

On June 19, 2001 a line of credit was established for \$20,000 at 7% interest for the construction of a poultry barn. At 11/30/01 the balance of the letter was \$18,389.33. Repayment will begin October 1, 2002 and will be in the amount of \$2,860 plus interest on an annual basis.

On May 23, 2001 a line of credit was established for \$120,000 at 7% interest for the completion of the horse arena. At 11/30/01 the balance of the letter was \$107,266.54. Repayment will begin October 1, 2002 and will be in the amount of \$12,000 plus interest on an annual basis.

**5. RETIREMENT SYSTEM**

The Society participates in the Social Security system. These contributions are entirely funded by employee contributions.

**6. RISK MANAGEMENT**

The Champaign County Commissioners provide general insurance coverage for all the buildings on the Champaign County Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. General liability and vehicle coverage is provided by Westfield Companies Insurance Company with limits of \$1,000,000 and \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$13,500. The Society's general manager is bonded with coverage of \$1,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2002.

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

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

We have audited the financial statements of Champaign County Agricultural Society (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated March 7, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated March 7, 2002.

**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 March 7, 2002.

Champaign County Agricultural Society  
Champaign County  
Report of Independent Accountants 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.

**Jim Petro**  
Auditor of State

March 7, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY**

**CHAMPAIGN 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 9, 2002**