



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

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**STATE OF OHIO**



**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ottawa County Agricultural Society  
7870 West State Route 163  
P.O. Box 28  
Oak Harbor, Ohio 43449-0028

To the Board of Directors:

We have audited the accompanying financial statement of the Ottawa 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 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, 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 May 20, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 20, 2002

**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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

	<b>2001</b>
<b>Operating Receipts:</b>	
Admissions	\$90,341
Privilege fees	28,392
Rentals	39,726
Sustaining and entry fees	27,193
Parimutuel wagering commission	2,214
Other operating receipts	44,572
Total Operating Receipts	232,438
<b>Operating Disbursements:</b>	
Wages and benefits	22,395
Utilities	19,615
Professional services	58,307
Equipment and grounds maintenance	43,529
Race purse	69,928
Senior fair	6,167
Junior fair	16,164
Capital outlay	179,979
Other operating disbursements	68,173
Total Operating Disbursements	484,257
Excess of Operating Disbursements Over Operating Receipts	(251,819)
<b>Non-Operating Receipts (Disbursements):</b>	
State support	40,483
County support	118,600
Donations/Contributions	49,360
Investment income	3,359
Debt service	(401)
Net Non-Operating Receipts (Disbursements)	211,401
Excess of Disbursements Over Receipts	(40,418)
Cash Balance, Beginning of Year	68,350
<b>Cash Balance, End of Year</b>	<b>\$27,932</b>

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

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**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Ottawa 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 1964 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Ottawa County Fair during July. During the fair, harness races are held, culminating in participation in the Signature Series. Ottawa 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 23 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Ottawa 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 include facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Ottawa County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8, 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. 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. As of November 30, 2001, the Society has no investments.

**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 statement.

**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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

Part of the Ohio State Race Series stake races are conducted during the Ottawa 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 Northwest Ohio Colt Racing 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 accompany 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 the race purse. See Note 4 for additional information.

**H. 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.

**2. CASH**

The carrying amount of cash at November 30, 2001 follows:

Demand deposits	<u>\$27,932</u>
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The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement the purse for the year ended November 30, 2001 was \$26,800 and is included within state support on the accompanying financial statement.

*Parimutuel Wagering*

The Society does not record the total amount bet or the payoff to bettors in the accompanying 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 the parimutuel wagering commission, are reflected in other operating disbursements, and the amount remaining is the Society's net portion.

	<u>2001</u>
Total amount bet (handle)	\$41,373
Payoff to bettors	33,154
Parimutuel wagering commission	8,219
Tote service set up fee	900
Tote service commission	4,112
State Tax	<u>993</u>
Society portion	<u>\$2,214</u>

**4. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2001 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants' gross salaries through November 30, 2001.

**5. RISK MANAGEMENT**

The Ottawa County Commissioners provide general insurance coverage for all the buildings on the Ottawa County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$1,000,000 and \$ 3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer is bonded with coverage of \$35,000.

The Society provides workers compensation coverage on all employees through the State of Ohio Workers Compensation Fund. Coverage is currently in effect through August 2001.

**AGRICULTURAL SOCIETY  
OTTAWA COUNTY**

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

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**7. 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 Ottawa County Fair. The Society disbursed \$16,164 directly to vendors to support Junior Fair activities. The Society was reimbursed \$15,300 by Ottawa County for its support of Junior Club work. 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, 2001 follows:

Beginning cash balance	\$1,178
Receipts	6,163
Disbursements	<u>4,819</u>
Ending cash balance	<u><u>\$2,522</u></u>

**8. 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 Ottawa County's auction. Monies to cover the cost of the auction are generated through a 6% commission on grand champions and a 3% commission on all other sales is assessed on the auction price and 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, 2001 follows:

Beginning cash balance	\$10,551
Receipts	161,257
Disbursements	<u>163,135</u>
Ending cash balance	<u><u>\$8,673</u></u>



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

Ottawa County Agricultural Society  
7870 West State Route 163  
P.O. Box 28  
Oak Harbor, Ohio 43449-0028

To the Board of Directors:

We have audited the financial statement of the Ottawa County Agricultural Society (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated May 20, 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 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*.

**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 management of the Society in a separate letter dated May 20, 2002.

Ottawa County Agricultural Society  
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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

**Jim Petro**  
Auditor of State

May 20, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**AGRICULTURAL SOCIETY**

**OTTAWA 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  
JUNE 11, 2002**