



**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED NOVEMBER 30, 2001**



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

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**STATE OF OHIO**



**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances For the Year Ended November 30, 2001 .....	3
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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## REPORT OF INDEPENDENT ACCOUNTANTS

Richwood Independent Agricultural Society  
Union County  
28178 State Route 47  
Richwood, Ohio 43344

To the Board of Directors:

We have audited the accompanying financial statements of the Richwood Independent Agricultural Society, Union County, Ohio, (the Society) as of and for the year ended November 30, 2001. 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 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances 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 February 28, 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.

Richwood Independent Agricultural Society  
Union County  
Report of Independent Accountants  
Page 2

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.

**JIM PETRO**  
Auditor of State

February 28, 2002

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION 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>
<b>Cash Receipts:</b>			
Taxes	\$121	\$0	121
Admissions	68,529	0	68,529
Privilege Fees	17,482	0	17,482
Sales	5,075	0	5,075
Racing Fees and Charges	70,490	0	70,490
Utilities	630	0	630
Fees	5,160	0	5,160
Rentals	22,775	0	22,775
State Support	0	40,482	40,482
Local Support	0	20,000	20,000
Restricted Support	8,911	0	8,911
Unrestricted Support	23,290	0	23,290
Investment Income	968	0	968
Total Cash Receipts	<u>223,431</u>	<u>60,482</u>	<u>283,913</u>
<b>Cash Disbursements:</b>			
Salaries and Wages	3,000	0	3,000
Administrative	2,782	2,000	4,782
Racing Supplies	1,406	0	1,406
Supplies	7,062	0	7,062
Utilities	10,924	0	10,924
Racing	63,508	44,344	107,852
Professional Services	51,780	7,798	59,578
Property Services	11,633	0	11,633
Advertising	1,495	0	1,495
Repairs	175	0	175
Insurance	5,678	0	5,678
Rent and Lease	5,997	0	5,997
Capital Outlay	19,571	0	19,571
Debt Service	9,756	0	9,756
Senior Fair	18,178	800	18,978
Junior Fair	3,456	5,540	8,996
Other Fair	69	0	69
Miscellaneous	103	0	103
Total Disbursements	<u>216,573</u>	<u>60,482</u>	<u>277,055</u>
Total Receipts Over/(Under) Disbursements	6,858	0	6,858
Fund Cash Balances, December 1, 2001	<u>9,055</u>	<u>0</u>	<u>9,055</u>
<b>Fund Cash Balances, November 30, 2001</b>	<b><u>\$15,913</u></b>	<b><u>\$0</u></b>	<b><u>\$15,913</u></b>

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

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**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Richwood Independent Agricultural Society, Union 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 was founded to direct the operation of an annual agricultural fair. The Society sponsors the week-long Richwood Independent Fair during the first weekend of September. Union 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 nineteen directors serving staggered three-year terms, elected from the membership of the Society.

The activity of the Junior Fair Board is blended with that of the Society in the financial statements.

**Reporting Entity**

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

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**

The Society maintains its monies in depository accounts.

**D. Fund Accounting**

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.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. State and Local Grant Fund**

This fund is used to account for proceeds from the State and Union County 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.

**H. Race Qualification Fees**

Fees paid to the Society by horse owners to qualify their horses as eligible for entry into certain stake races conducted during the Richwood Independent Fair are paid to the Western Ohio Colt Racing Association (WOCRA) and submitted to the Society in the form of a check just prior to the start of the fair . The payments are required to be made to WOCRA prior to the race. Failure to make all required payments for the horse disqualify the horse from the stake race. Prior payments made on behalf of horses no longer eligible for the race are retained and included in the total purse for the event.

Specific races for which WOCRA maintains qualification fees include the eight filly and colt pace and trot races for 2 and 3 year old horses. 100% of race qualification fees collected become part of the purse for the race involved. The money collected is the property of WOCRA until it is turned over to the Society.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY**

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

**2. CASH**

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

	2001
Demand deposits	\$8,662
Savings Account	7,251
Total deposits and investments	\$15,913

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

**3. DEBT**

Debt outstanding at November 30, 2001 was as follows:

	Principal	Interest Rate
Mortgage Loan	\$42,500	8.00%
Total	\$42,500	

The \$50,000 Mortgage Loan bears an interest rate of 8.00% and is due to the Richwood Banking Company. The loan was entered into on April 22, 1998 and matures April 22, 2018. Proceeds of the loan were used to purchase land. The loan is secured by the land purchased.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending November 30:	Mortgage Loan
2002	\$5,900
2003	5,700
2004	5,500
2005	5,300
2006	5,100
2007 – 2011	45,600
Total	\$73,100

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY  
UNION COUNTY**

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

**4. RISK MANAGEMENT**

The Richwood Independent Agricultural Society maintains general insurance coverage for all the buildings on the Richwood Independent Fairgrounds pursuant to Ohio Revised Code Section 1711.24. General liability and vehicle coverage is provided by the Ohio Fair Participating Plan with limits of \$ 3,000,000 and \$ 1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. Property coverage is provided up to \$360,960. The Society's general manager is bonded with coverage of \$30,000.

**5. RACING COMMISSIONS**

The Society has three days of horse racing during the fair. The Society contracts with Racing Technologies to handle all pari-mutuel wagering and pay outs. Racing Technologies 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 \$35,701. Of the total handle, \$28,541 was paid out on wagering, \$907 was paid for parimutuel taxes, \$4,169 was paid to Racing Technologies, and \$2,084 was retained by the Society.

**6. LIVESTOCK SALE**

The fair livestock auction is held during fair week. Children may sell their animals directly to market. Monies to cover the cost of the auction are generated through a 2.5% commission and are 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 Balance	\$995
Receipts	133,031
Disbursements	<u>(132,190)</u>
Ending Balance	<u><u>\$1,836</u></u>



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

Richwood Independent Agricultural Society  
Union County  
28178 State Route 47  
Richwood, Ohio 43344

To the Board of Directors:

We have audited the financial statements of the Richwood Independent Agricultural Society, Union County, Ohio, (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated February 28, 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 28, 2002.

Richwood Independent Agricultural Society  
Union 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 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 28, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY**

**UNION 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**