



**Auditor of State  
Betty Montgomery**



HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Hamilton County Agricultural Society  
Hamilton County  
7801 Anthony Wayne Ave.  
Cincinnati, Ohio 45216

To the Board of Directors:

We have audited the accompanying financial statement of Hamilton County Agricultural Society, Hamilton County, Ohio (the Society), as of and for the year ended November 30, 2002. 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, 2002, 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 8, 2003 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 Section 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

May 8, 2003

**HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

<b>Operating Receipts:</b>	
Admissions	\$ 122,761
Privilege Fees	44,000
Rentals	67,521
Sustaining and Entry Fees	959
Other Operating Receipts	<u>24,141</u>
Total Operating Receipts	<u>259,382</u>
<b>Operating Disbursements:</b>	
Wages and Benefits	80,908
Utilities	45,579
Professional Services	60,163
Equipment and Grounds Maintenance	49,671
Senior Fair	34,294
Junior Fair	10,532
Capital Outlay	7,000
Other Operating Disbursements	<u>47,591</u>
Total Operating Disbursements	<u>335,738</u>
Deficiency of Operating Receipts Under Operating Disbursements	<u>(76,356)</u>
<b>Non-Operating Receipts:</b>	
State Support	8,139
County Support	3,300
Donations/Contributions	13,786
Investment Income	<u>6,008</u>
Net Non-Operating Receipts	<u>31,233</u>
Deficiency of Receipts Under Disbursements	(45,123)
Cash Balance, Beginning of Year	<u>98,427</u>
<b>Cash Balance, End of Year</b>	<b><u><u>\$ 53,304</u></u></b>

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

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**HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hamilton County Agricultural Society, Hamilton 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 1853 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Hamilton County Fair during August. Hamilton 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 15 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Hamilton County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds and includes financial transactions relating to the Junior Fairboard. Other year round activities at the fairgrounds including facility rental, stall rental, and community events. The reporting entity does not include any other activities or entities of Hamilton County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 6.

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 Deposits**

Interest on demand deposits and certificates of deposit is recognized and recorded when received.

**D. Budgetary Process**

The Board of Directors did not adopt a budget in 2002.

**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.

**HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

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

**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.

**2. CASH AND DEPOSITS**

The carrying amount of cash and deposits at November 30, 2002 follows:

	2002
Demand deposits	\$ 3,304
Certificates of deposit	50,000
Total deposits	<u>\$ 53,304</u>

**Deposits:** \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). During 2002, the Society maintained amounts in excess of the FDIC coverage. This excess was uninsured and uncollateralized.

**3. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002 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, 2001.

**4. RISK MANAGEMENT**

The Society provides health coverage for the full-time grounds employee through an insurance company.

The Hamilton County Commissioners provide general insurance coverage for all the buildings on the Hamilton County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$6,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$ 100,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2003.

HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)

5. 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 Hamilton County's auction. Monies to cover the cost of the auction are generated through sales of advertisements by each participant and proceeds 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, 2002 follows:

Beginning Cash Balance	\$ 6,156
Receipts	55,549
Disbursements	<u>(54,389)</u>
Ending Cash Balance	<u>\$ 7,316</u>

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**Auditor of State  
Betty Montgomery**

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

Hamilton County Agricultural Society  
Hamilton County  
7801 Anthony Wayne Ave.  
Cincinnati, Ohio 45216

To the Board of Directors:

We have audited the financial statement of Hamilton County Agricultural Society, Hamilton County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated May 8, 2003. 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 management of the Society in a separate letter dated May 8, 2003.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedules of findings as items 2002-60431-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above, is not a material weakness. We also noted other matters involving internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated May 8, 2003.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 8, 2003

**HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-60431-001**

**Reportable Condition**

Controls over disbursements are essential to enable the Society to ensure that funds are disbursed for authorized purposes.

We noted the following conditions related to disbursements:

- During the week of the fair, directors disburse cash collections to pay for employees, Junior Fair workers, judges, entertainers, and exhibit workers and other miscellaneous items. The directors then complete and sign vouchers which describe the purpose of the payment. We noted 5 such payments that exceeded \$7,700 in total.
- The Society did not retain supporting documentation (e.g., vendor invoices) for two of the checks that were tested.

Cash payments increase the risk of misappropriation of funds, payments for unauthorized purposes, and duplicate payments. Finally, if the Society does not retain documentation to support expenses, it increases the possibility of misappropriation of funds, payments for unauthorized purposes, and duplicate payments.

We recommend that the Society improve controls over disbursements:

- The Society should pay Junior Fair workers, judges, entertainers, exhibit workers and other expenses via check.
- The Society should establish an imprest petty cash system to be used for small one-time and emergency purchases.
- Documentation to support expenditures (original invoices) should be retained.

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**HAMILTON COUNTY AGRICULTURAL SOCIETY  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1	Some of the society's obligations are paid in cash to judges and for contest fees. These types of payments should have a corresponding voucher signed by both the individual that received the money, in addition, to a signature of the board member that approved the payment.	No	Not corrected. Repeated as Finding number 2002-60431-001





**Auditor of State  
Betty Montgomery**

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**HAMILTON COUNTY AGRICULTURAL SOCIETY**

**HAMILTON 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 27, 2003**