



**Auditor of State
Betty Montgomery**

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2002	3
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Monroe County Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the accompanying financial statement of the Monroe County Agricultural Society, Monroe 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.

We were unable to determine the completeness of admission receipts for the year ended November 30, 2002. These admission revenues represent 37 percent of operating and nonoperating receipts for the year ended November 30, 2002.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence supporting the completeness and accuracy of admission receipts, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Monroe County Agricultural Society, Monroe County, 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 October 31, 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.

Monroe County Agricultural Society
Monroe County
Independent Accountants' Report
Page 2

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 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

October 31, 2003

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

Operating Receipts:	
Admissions	\$93,270
Privilege Fees	9,259
Rentals	17,530
Sustaining and Entry Fees	18,215
Other Operating Receipts	<u>26,450</u>
Total Operating Receipts	<u>164,724</u>
Operating Disbursements:	
Wages and Benefits	2,548
Utilities	24,678
Professional Services	28,142
Equipment and Grounds Maintenance	38,267
Race Purse	48,701
Senior Fair	28,455
Junior Fair	9,788
Capital Outlay	8,894
Other Operating Disbursements	<u>33,491</u>
Total Operating Disbursements	<u>222,964</u>
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	<u>(58,240)</u>
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	10,000
Donations/Contributions	16,051
Investment Income	247
Proceeds of Notes	14,580
Sale of Assets	5,342
Debt Service	<u>(23,472)</u>
Net Non-Operating Receipts (Disbursements)	<u>61,375</u>
Excess of Receipts Over Disbursements	3,135
Cash Balance, Beginning of Year	<u>11,911</u>
Cash Balance, End of Year	<u><u>\$15,046</u></u>

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

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**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Monroe County Agricultural Society, Monroe 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 1850 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Monroe County Fair during August. During the fair, harness races are held, culminating in the running of the Speed Racing. Monroe 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 eighteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Monroe County and pay an annual membership fee to the Society.

Reporting Entity

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

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, 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.

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. Restricted Support – Donations/Contributions

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 Purse

Stake races are conducted during the Monroe 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 Southern Valley 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 4 for additional information.

2. CASH AND INVESTMENTS

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

	2002
Demand deposits	<u>\$11,466</u>
Money Market Fund-Investment	<u>3,580</u>
Total deposits and investments	<u><u>\$15,046</u></u>

Deposits: Deposits are entirely insured by the Federal Deposit Insurance Corporation.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002, was \$25,488 and is included within State Support on the accompanying financial statement.

4. DEBT

Debt outstanding at November 30, 2002, was as follows:

	Principal	Interest Rate
Note Payable for a Lunch Stand	\$14,580	6.25%

The \$14,580 Lunch Stand Note bears an interest rate of 6.25% and is due to the Citizens National Bank of Woodsfield. The note was entered into on October 12, 2002 and matures October 11, 2003. Proceeds of the note were used to construct a lunch stand at the fairgrounds. This note is unsecured.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Lunch Stand	Interest	Total
2003	\$14,580	\$909	\$15,489

5. RISK MANAGEMENT

The Society maintains general insurance coverage for all the buildings on the Monroe County Fairgrounds. General liability and vehicle coverage is provided by an insurance company with limits of \$ 2,000,000 / \$ 4,000,000 and \$2,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000/ \$10,000. The Society's Treasurer is bonded with coverage of \$20,000.

6. 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 Monroe County Fair. The Society disbursed \$9,788 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Monroe County for its support of Junior Club work. 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, 2002, follows:

Beginning Cash Balance	\$ 592
Receipts	116
Disbursements	(321)
Ending Cash Balance	\$ 387

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

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

7. 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 Monroe County's auction. Monies to cover the cost of the auction are generated through a 4% commission on the gross sale of all animals sold, 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, 2002, follows:

Beginning Cash Balance	\$ 14,694
Receipts	130,317
Disbursements	<u>(125,247)</u>
Ending Cash Balance	<u>\$ 19,764</u>



**Auditor of State
Betty Montgomery**

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

Monroe County Agricultural Society
Monroe County
P.O. Box 111
Woodsfield, Ohio 43793

To the Board of Directors:

We have audited the financial statement of the Monroe County Agricultural Society, Monroe County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated October 31, 2003, wherein we noted we were unable to satisfy ourselves as to the completeness of admission receipts for 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated October 31, 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 statement 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 Schedule of Findings as items 2002-001 through 2002-004.

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. 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. However, of the reportable conditions described above, we consider item 2002-001 to be a material weakness. We also 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 October 31, 2003.

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.



Betty Montgomery
Auditor of State

October 31, 2003

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2002-001

Material Weakness - General Admission and Grandstand Ticket Reconciliation

The Society did not separately account for general admissions. To calculate general admission receipts, season and membership ticket admissions, which can be accounted for, are subtracted from total admission receipts for the day. In addition, the ride company did not reconcile ride tickets and ride wristbands sold to cash collected.

Also, an examination of the Society's ticket count for grandstand ticket collections was not conducted by Fair Board officials due to tickets at the grandstand can be resold throughout the event, thus providing no accountability of number of tickets sold daily to cash collected.

We recommend the Society maintain a daily ticket accountability report for each ticket seller to account for general admission ticket sales. This report should indicate the beginning ticket number and ending ticket number and be reconciled to cash collections each fair day. Each daily ticket accountability report per seller should be reconciled at the end of his/her shift. This reconciliation should be verified by a fair board official prior to monies deposited at the bank. The Fair Board should require the ride company to present a daily report to them indicating the number of ride tickets and ride wristbands sold so a daily reconciliation of cash collections can be performed.

To maintain ticket accountability for events held at the grandstand, we recommend the Fair Board discontinue reselling the same tickets for grandstand events. The Fair Board should also maintain a daily ticket accountability report for grandstand events as explained in the previous paragraph regarding general admission ticket sales.

FINDING NUMBER 2002-002

Reportable Condition - Other Receipt Supporting Documentation

The Society did not always maintain supporting documentation for rentals – grounds, building, and stalls, pens, and barns; sustaining and entry fees; sponsorships and promotions; and other miscellaneous revenue such as sale of supplies, utility reimbursements, class entry fees, and contest fees.

Lack of supporting documentation could lead to a lack of accountability of all revenue of the Society, as well as incomplete financial statements due to unrecorded revenue activity.

We recommend the Society maintain some type of supporting documentation for all revenue received. This could entail photocopies of checks received, a listing of dates for which stalls and pens were rented, or other supporting documentation which could then be attached to the duplicate receipt to further enhance audit trail and accountability.

**MONROE COUNTY AGRICULTURAL SOCIETY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2002-003

Reportable Condition - Cash Reconciliation Process

The Society's month end cash reconciliation did not entail comparing their cash book balance to the depository balance. Additionally, no reconciliation information is presented to the Board for their review and approval. This resulted in numerous audit hours being needed to completely reconcile the Society's balances and could result in errors or irregularities occurring and not being detected in a timely manner and uninformed financial decisions could be made by the Board.

We recommend the Treasurer reconcile the bank account balances to the cashbook balance on a monthly basis. We also recommend the Treasurer present the monthly reconciliations to the Board for their review and approval.

FINDING NUMBER 2002-004

Reportable Condition - Note Debt Activity

The Society issued a note during the period to refinance a previous note that was issued to construct a lunch stand at the fairgrounds. However, the Society did not record the proceeds of the new note, or the corresponding payment to retire the old note on their ledgers. By not recording the proceeds of debt and debt payments as described above, the financial statement receipts and expenditures were understated. The accompanying financial statement was adjusted to properly record the debt activity.

We recommend that upon the issuance of new debt, the face value of the debt be recorded as proceeds or if debt is rolled over into a new note the proceeds of the new note should be recorded as a receipt and the retirement of the old note should be reflected as an expenditure. This will help to ensure the debt is properly reported in the financial statement.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MONROE COUNTY AGRICULTURAL SOCIETY

MONROE 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
DECEMBER 2, 2003**