



**Auditor of State  
Betty Montgomery**



SENECA COUNTY AGRICULTURAL SOCIETY

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

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Seneca County Agricultural Society  
P.O. Box 756  
Tiffin, Ohio 44883-0756

To the Board of Directors:

We have audited the accompanying financial statement of the Seneca County Agricultural Society, Seneca 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 February 20, 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 20, 2003

**SENECA COUNTY AGRICULTURAL SOCIETY**

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

	<u>2002</u>
<b>Operating Receipts:</b>	
Admissions	\$150,189
Privilege Fees	63,183
Rentals	64,342
Sustaining and Entry Fees	19,176
Pari-mutuel Wagering Commission	3,100
Other Operating Receipts	<u>53,309</u>
Total Operating Receipts	<u>353,299</u>
<b>Operating Disbursements:</b>	
Wages and Benefits	53,573
Utilities	40,061
Professional Services	105,716
Equipment and Grounds Maintenance	62,856
Race Purse	55,424
Senior Fair	24,470
Junior Fair	19,601
Capital Outlay	15,011
Other Operating Disbursements	<u>61,153</u>
Total Operating Disbursements	<u>437,865</u>
(Deficiency) of Operating Receipts (Under) Operating Disbursements	<u>(84,566)</u>
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	5,000
Donations/Contributions	58,509
Investment Income	298
Debt Service	<u>(9,901)</u>
Net Non-Operating Receipts	<u>92,533</u>
Excess of Receipts Over Disbursements	7,967
Cash Balance, Beginning of Year	<u>10,634</u>
<b>Cash Balance, End of Year</b>	<b><u><u>\$18,601</u></u></b>

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

**This page intentionally left blank.**



# SENECA COUNTY AGRICULTURAL SOCIETY

## NOTES TO THE FINANCIAL STATEMENT NOVEMBER 30, 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of the Entity

The Seneca County Agricultural Society, Seneca 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 1842 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Seneca County Fair during June. During the fair, harness races are held, culminating in the running of the Seneca County Speed Program. Seneca 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 twenty-four directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Seneca 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 including facility rental, track and stall rental, and camping. The reporting entity does not include any other activities or entities of Seneca 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. 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.

#### D. 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.

**SENECA COUNTY AGRICULTURAL SOCIETY**

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

**E. Race Purse**

Harness Racing stake races are conducted during the Seneca 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 North Central Ohio Colt Circuit 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.

**F. Pari-mutuel 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 pari-mutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 3 for additional information.

**2. CASH**

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

	2002
Demand deposits	<u>\$18,601</u>

**Deposits:** Up to \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$29,488 and is included within State Support on the accompanying financial statement.

*Pari-mutuel Wagering*

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-

**SENECA COUNTY AGRICULTURAL SOCIETY**

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

mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2002</u>
Total Amount Bet (Handle)	\$15,804
Less: Payoff to Bettors	<u>(12,704)</u>
Pari-mutuel Wagering Commission	3,100
Tote Service Set Up Fee	(900)
Tote Service Commission	(1,217)
State Tax	<u>(328)</u>
Society Portion	<u><u>\$655</u></u>

**4. DEBT**

Debt outstanding at November 30, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Consolidation of Debt Note	<u><u>\$107,053</u></u>	6.00%

The \$107,053 Note bears an interest rate of 6% and is due to the Republic Banking Company. The Note was entered into on October 26, 2000 and matures on October 15, 2020. Proceeds of the note were used to consolidate the Debt of the Society, and are collateralized by real estate.

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>Consolidation</u> <u>Note</u>	<u>Interest</u>	<u>Total</u>
2003	\$3,470	\$6,431	\$9,901
2004	3,678	6,223	9,901
2005	3,899	6,002	9,901
2006	4,133	5,768	9,901
2007	4,380	5,521	9,901
2008-20012	26,173	23,332	49,505
2013-20017	35,025	14,480	49,505
20018-2020	26,295	3,408	29,703
Total	<u><u>\$107,053</u></u>	<u><u>\$71,165</u></u>	<u><u>\$178,218</u></u>

**5. 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, 2002.

**SENECA COUNTY AGRICULTURAL SOCIETY**

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

**6. RISK MANAGEMENT**

The Seneca County Commissioners provide general insurance coverage for all the buildings on the Seneca County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability is provided by an insurance company with limits of \$2,000,000 per occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

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.

**7. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, and Girl Scout, Youth organization representatives, is responsible for the Junior Fair Division activities of the Seneca County Fair. The Society disbursed \$19,601 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 Seneca 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	\$808
Receipts	14,105
Disbursements	<u>(14,000)</u>
Ending Cash Balance	<u><u>\$913</u></u>

**8. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Sale 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 Seneca County's auction. Monies to cover the cost of the auction are generated through a 2.5% commission and are retained by the Junior Livestock Sale Committee. The accompanying financial statement does not include the activities of the Junior Livestock Sale Committee. The Junior Livestock Sale Committee's financial activity for the year ended November 30, 2002 follows:

Beginning Cash Balance	\$9,601
Receipts	326,072
Disbursements	<u>(302,914)</u>
Ending Cash Balance	<u><u>\$32,759</u></u>



**Auditor of State  
Betty Montgomery**

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

Seneca County Agricultural Society  
P.O. Box 756  
Tiffin, Ohio 44883-0756

To the Board of Directors:

We have audited the financial statement of the Seneca County Agricultural Society, Seneca County, Ohio (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated February 20, 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, and contracts, 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 February 20, 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. 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 February 20, 2003.

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.

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

**Betty Montgomery**  
Auditor of State

February 20, 2003



**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

**SENECA COUNTY AGRICULTURAL SOCIETY**

**SENECA 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  
MARCH 20, 2003**