



**Auditor of State  
Betty Montgomery**



**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Van Wert County Agricultural Society  
Van Wert County  
1055 South Washington Street  
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the accompanying financial statement of the Van Wert County Agricultural Society (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 March 13, 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.

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

**Betty Montgomery**  
Auditor of State

March 13, 2003

**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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

	<u>2002</u>
<b>Operating Receipts:</b>	
Admissions	\$312,471
Privilege Fees	121,937
Rentals	185,738
Sustaining and Entry Fees	27,012
Parimutuel Commissions and Racing Fees	10,376
Other Operating Receipts	<u>114,713</u>
 Total Operating Receipts	 <u>772,247</u>
<b>Operating Disbursements:</b>	
Wages and Benefits	122,526
Utilities	56,772
Professional Services	116,255
Equipment and Grounds Maintenance	139,398
Race Purse	138,989
Senior Fair	53,241
Junior Fair	25,612
Capital Outlay	44,781
Other Operating Disbursements	<u>166,309</u>
 Total Operating Disbursements	 <u>863,883</u>
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	<u>(91,636)</u>
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	41,300
Debt Proceeds	4,500
Donations/Contributions	65,000
Investment Income	888
Debt Service	<u>(50,955)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>99,360</u>
 Excess of Receipts Over Disbursements	 7,724
 Cash Balance, Beginning of Year	 <u>9,298</u>
 <b>Cash Balance, End of Year</b>	 <u><u>\$17,022</u></u>

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

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**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Van Wert County Agricultural Society, Van Wert 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 during 1856 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Van Wert County Fair during August and September. During the fair, harness races are held, culminating in the running of the Harvest and Peony Races. Van Wert 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 fifteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Van Wert 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 community events including the Apple Festival, the Peony Festival, and the Old Fashioned Farmers Day. The reporting entity does not include any other activities or entities of Van Wert 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**

Cash deposits are valued at cost.

**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.

**E. Restricted Support**

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT 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.

**G. Race Purse**

Northwestern Ohio Super stake races are conducted during the Van Wert 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 Northwestern 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 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.

**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 3 for additional information.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Society uses.

**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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

**2. CASH AND INVESTMENTS**

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

	2002
Demand deposits	\$17,022

**Deposits:** \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$28,488 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 Parimutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2002
Total Amount Bet (Handle)	\$129,896
Less: Payoff to Bettors	(103,583)
Parimutuel Wagering Commission	26,313
Tote Service Commission	(12,683)
State Tax	(3,254)
Society Portion	\$10,376

**4. DEBT**

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
John Deere Tractor Loan	\$4,520	8.00%
Restroom Repair / Construction Loan	37,842	7.77%
Horse Barn Repair Loan	87,433	7.00%
Administrative Building Roof Replacement Loan	32,584	7.00%
Operating Cost / Loss Loan	171,957	8.00%
John Deere Chopper Note	4,500	4.75%
County Loan	10,000	
Total	\$348,836	

**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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

**4. DEBT (Continued)**

The commercial loan issued for the John Deere Tractor bears an interest rate of 8.00%. The commercial loan was entered into on August 17, 1998 and matures September 1, 2003. Proceeds of the loan were used to purchase a tractor.

The promissory note issued for the John Deere Chopper bears an interest rate of 4.75%. The loan was entered into on February 27, 2002 and matures February 15, 2007. Proceeds of the loan were used to purchase a John Deere Chopper.

The real estate loan issued for the Administrative Building Roof bears and interest rate of 7.00%. The loan was entered into on October 29, 1999 and matures November 1, 2019. Proceeds of the loan were used to replace the roof on the Administrative Buildings located on the fairgrounds.

The real estate loan issued for the Horse Barn bears an interest rate of 7.00%. The loan was entered into on April 27, 1999 and matures on October 1, 2018. Proceeds of the loan were used to make the necessary repairs on the horse barn.

The real estate loan issued for the Operating Cost / Loss bears an interest rate of 8.00%. The loan was entered into on November 29, 2000 and matures on November 1, 2020. Proceeds of the loan were used to cover the operating loss incurred by the fairgrounds and to cover the daily operating expenditures that needed to be paid.

The real estate loan issued for the Restroom Repair / Construction bears an interest rate of 7.77%. The loan was entered into on September 1, 1998 and matures on December 1, 2007. Proceeds of the loan were used to repair and construct restrooms located on the fairgrounds.

Van Wert County loaned the Society \$25,000 on June 27, 2000 for repairs to fairground buildings. The loan from the County shall be paid back to the County at a rate of five thousand dollars (\$5,000) per year.

The Agricultural Society also has a \$25,000 line of credit available with a local financial institution to cover operating expenses incurred during the fair. The interest rate for the line of credit is 7.5%. They had no outstanding balance as of November 30, 2002.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Real Estate Loan	Commercial Loans	Promissory Note	County Loan	Interest
2003	15,263	4,520	900	5,000	25,427
2004	16,428		900	5,000	23,934
2005	17,681		900		22,680
2006	19,030		900		21,331
2007	19,482		900		19,922
2008-2012	73,388				81,316
2013-2017	105,573				49,131
2018-2020	62,971				9,010
Total	<u>\$329,816</u>	<u>\$4,520</u>	<u>\$4,500</u>	<u>\$10,000</u>	<u>\$252,751</u>

**VAN WERT COUNTY AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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

**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.

**6. RISK MANAGEMENT**

The Van Wert County Commissioners provide general insurance coverage for all the buildings on the Van Wert County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an Acord Insurance Company. The total coverage for Van Wert County is \$36,383,591. The Agricultural Society's coverage is approximately \$4,382,420. The Society's Secretary-Treasurer is bonded with coverage of \$65,000.

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, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Van Wert County Fair. The Society disbursed \$25,612 directly to vendors to support Junior Fair activities. 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, 2002 follows:

Beginning Cash Balance	\$1,222
Receipts	4,008
Disbursements	<u>(5,059)</u>
Ending Cash Balance	<u><u>\$171</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 Van Wert County's auction. Monies to cover the cost of the auction are generated through a 25% commission on the gross sales 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	\$6,445
Receipts	4,360
Disbursements	<u>(1,862)</u>
Ending Cash Balance	<u><u>\$8,943</u></u>

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## **Auditor of State Betty Montgomery**

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

Van Wert County Agricultural Society  
Van Wert County  
1055 South Washington Street  
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the financial statement of the Van Wert County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated March 13, 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*.

#### **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 March 13, 2003.

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Van Wert County Agricultural Society  
Van Wert 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 13, 2003





**Auditor of State  
Betty Montgomery**

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**VAN WERT COUNTY AGRICULTURAL SOCIETY**

**VAN WERT 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 15, 2003**