



**Auditor of State
Betty Montgomery**

HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING 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

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Hocking County Agricultural Society
Hocking County
P.O. Box 133
Union Furnace, Ohio 43158

To the Board of Directors:

We have audited the accompanying financial statement of the Hocking County Agricultural Society, Hocking 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 Hocking County Agricultural Society, Hocking 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 February 25, 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 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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

February 25, 2003

This page intentionally left blank.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

Operating Receipts:

Admissions	\$ 142,486
Privilege Fees	20,105
Rentals	17,660
Sustaining and Entry Fees	12,985
Parimutuel Wagering Commission	0
Other Operating Receipts	7,832
Total Operating Receipts	<u>201,068</u>

Operating Disbursements:

Wages and Benefits	17,516
Utilities	13,794
Professional Services	71,496
Equipment and Grounds Maintenance	21,596
Administration Expense	11,092
Senior Fair	20,141
Junior Fair	16,750
Capital Outlay	7,822
Other Operating Disbursements	32,361
Total Operating Disbursements	<u>212,568</u>

Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(11,500)
---	----------

Non-Operating Receipts (Disbursements):

State Support	8,139
County Support	6,000
Debt Proceeds	0
Donations/Contributions - Restricted	7,146
Donations/Contributions - Unrestricted	11,231
Investment Income	299
Other Non-Operating Disbursements	(4,224)
Debt Service	(5,188)
Net Non-Operating Receipts (Disbursements)	<u>23,403</u>

Excess (Deficiency) of Receipts Over (Under) Disbursements	11,903
--	--------

Cash Balance, Beginning of Year	<u>22,166</u>
---------------------------------	---------------

Cash Balance, End of Year	<u>\$ 34,069</u>
----------------------------------	-------------------------

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

This page intentionally left blank.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hocking County Agricultural Society, Hocking 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 1853 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Hocking County Fair during September. Hocking 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-one directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Hocking 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 other year-round activities at the fairgrounds including facility rental, stall rental and community events such as demolition derbies. The reporting entity does not include any other activities or entities of Hocking County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 5. 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 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. 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.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Restricted Support

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

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 INVESTMENTS

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

Demand Deposits	\$	20,530
Savings Deposits		<u>13,539</u>
Total deposits	\$	<u><u>34,069</u></u>

Deposits: All of the deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

3. DEBT

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

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Note	<u>\$ 18,812</u>	6.00%

The mortgage note was originally obtained in 1998 for \$35,000 for the construction of a cattle barn. The note currently has an interest rate of 6.00% and is payable to Citizens Bank of Logan. The note is secured by property owned by the Society.

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

3. DEBT (Continued)

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

<u>Year Ending November 30:</u>	<u>Mortgage Note</u>
2003	\$ 5,173
2004	5,173
2005	5,173
2006	5,173
2007	<u>1,188</u>
Total	<u>\$ 21,880</u>

4. RISK MANAGEMENT

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds, pursuant to Ohio Revised Code Section 1711.24. General liability coverage is provided by the Ohio Fair Participating Plan with limits of \$2,000,000 and \$4,000,000 aggregate. Vehicle coverage is also provided by the Ohio Fair Participating Plan with a limit of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$10,000.

5. 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 Hocking County Fair. The Society disbursed \$16,750 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 Hocking County and \$4,641 by the State of Ohio 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	\$ 567
Receipts	1,300
Disbursements	<u>(1,016)</u>
Ending Cash Balance	<u>\$ 851</u>

**HOCKING COUNTY AGRICULTURAL SOCIETY
HOCKING COUNTY**

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

6. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee is a committee charged with running the Junior Fair Livestock Auction. This auction is held during fair week. The Livestock Committee is made up of individuals from the Board of Directors, local businesses, and individuals involved with 4-H. The Livestock Committee checking account is controlled by the Committee. Receipts from buyers and checks to sellers are accounted for in the Junior Livestock Sale Committee bank account. Monies to cover the cost of the auction are generated through a 3 percent commission per animal sold. The commission is retained in the Junior Livestock Sale Committee bank account. The accompanying financial statement does not include the bank activity of the Junior Livestock Sale Committee. The Junior Livestock Sale Committee's bank activity for the year ended November 30, 2002, follows:

Beginning Cash Balance	\$ 14,697
Receipts	176,288
Disbursements	<u>(181,484)</u>
Ending Cash Balance	<u>\$ 9,501</u>



**Auditor of State
Betty Montgomery**

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Hocking County Agricultural Society
Hocking County
P.O. Box 133
Union Furnace, Ohio 43158

To the Board of Directors:

We have audited the financial statement of the Hocking County Agricultural Society, Hocking County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated February 25, 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 February 25, 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 25, 2003.

Hocking County Agricultural Society
Hocking County
Independent Accountants' Report 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.

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 25, 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

HOCKING COUNTY AGRICULTURAL SOCIETY

HOCKING 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 25, 2003**