



**Auditor of State  
Betty Montgomery**



CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

We have audited the accompanying financial statements of the Champaign County Agricultural Society, (the Society), as of and for the years ended November 30, 2003 and 2002. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements 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 statements referred to above presents fairly, in all material respects, the cash balances of the Society as of November 30, 2003 and 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 August 30, 2004, 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.

Champaign County Agricultural Society  
Champaign 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

August 30, 2004

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2003**

	<b>2003</b>
<b>Operating Receipts:</b>	
Admissions	\$341,323
Privilege Fees	68,931
Rentals	146,525
Sustaining and Entry Fees	68,110
Parimutuel Wagering Commission	5,856
Other Operating Receipts	62,961
Total Operating Receipts	693,706
<b>Operating Disbursements:</b>	
Wages and Benefits	64,729
Utilities	88,258
Professional Services	120,510
Equipment and Grounds Maintenance	131,199
Race Purse	116,585
Senior Fair	46,088
Junior Fair	30,323
Other Operating Disbursements	108,393
Total Operating Disbursements	706,085
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(12,379)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	36,925
County Support	3,300
Donations/Contributions	118,002
Investment Income	210
Debt Service	(143,076)
Net Non-Operating Receipts (Disbursements)	15,361
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,982
Cash Balance, Beginning of Year	31,798
<b>Cash Balance, End of Year</b>	<b>\$34,780</b>

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

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$299,431
Privilege Fees	70,946
Rentals	156,632
Sustaining and Entry Fees	73,125
Parimutuel Wagering Commission	6,950
Other Operating Receipts	52,871
Total Operating Receipts	659,955
<b>Operating Disbursements:</b>	
Wages and Benefits	72,741
Utilities	91,666
Professional Services	132,646
Equipment and Grounds Maintenance	141,961
Race Purse	124,076
Senior Fair	53,328
Junior Fair	31,171
Capital Outlay	89,995
Other Operating Disbursements	109,190
Total Operating Disbursements	846,774
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(186,819)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
County Support	18,300
Debt Proceeds	117,921
Donations/Contributions	130,520
Investment Income	2,160
Debt Service	(210,716)
Net Non-Operating Receipts (Disbursements)	96,812
Excess (Deficiency) of Receipts Over (Under) Disbursements	(90,007)
Cash Balance, Beginning of Year	121,805
<b>Cash Balance, End of Year</b>	<b>\$31,798</b>

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



**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Champaign County Agricultural Society, Champaign 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 1841 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Champaign County Fair during August. During the fair, harness races are held. Champaign 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 26 directors serving staggered three-year terms, elected from the membership of 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 flea markets. The reporting entity does not include any other activities or entities of Champaign County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 8 and Note 9, respectively.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

**B. Basis of Accounting**

These financial statements follow 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**

All funds are maintained in checking, savings, or money market accounts.

**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.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 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**

Stake races are conducted during the Champaign 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 Western 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.

**2. CASH**

The carrying amount of cash at November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$34,780	\$31,798

**Deposits:** Deposits were covered by Federal Depository Insurance Corporation (FDIC).

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**3. HORSE RACING**

**State Support Portion of Purse**

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 and 2002 was \$28,384 and \$29,488, respectively, 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 accompany 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.

	<b>2003</b>	<b>2002</b>
Total Amount Bet (Handle)	\$71,269	\$81,924
Less: Payoff to Bettors	(56,894)	(65,444)
Parimutuel Wagering Commission	14,375	16,480
Tote Service Commission	(6,603)	(7,555)
State Tax	(1,916)	(1,975)
Society Portion	<u>\$5,856</u>	<u>\$6,950</u>

**4. DEBT**

Debt outstanding at November 30, 2003 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Wardell Land Purchase	\$134,275	7.50%
Swine Building Renovation	\$91,082	5.25%
Sheep Pens	\$7,629	5.25%
Rabbit Barn Extension	\$1,131	5.25%
Poultry Barn	\$12,669	5.25%
Horse Arena	75,267	5.25%
Total	<u>\$322,053</u>	

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**4. DEBT (Continued)**

**A. Loans**

The \$134,275 Wardell Land Purchase loan bears an interest rate of 7.50% and is due to the Citizens National Bank of Urbana. The loan was entered into on April 30, 1996 and matures on January 1, 2012. Proceeds of the loan were used for the purchase of land. After fiscal year end on February 27, 2004, the Society refinanced the loan with 5.50% interest and a maturity date of July 27, 2014.

Amortization of the outstanding debt is scheduled as follows:

<b>Year ending November 30:</b>	<b>Wardell Farm</b>		<b>Total</b>
	<b>Land Loan</b>	<b>Interest</b>	
2004	\$0	\$5,555	\$5,555
2005	10,100	5,277	15,377
2006	10,100	4,722	14,822
2007	10,100	4,166	14,266
2008	10,100	3,611	13,711
2009 - 2013	50,500	9,721	60,221
2014	10,100	278	10,378
<b>Total</b>	<b>\$101,000</b>	<b>\$33,330</b>	<b>\$134,330</b>

The above amortization represents the outstanding payments for the Wardell Farm Loan refinanced on February 27, 2004. See Note 9 for details of refinance.

**B. Lines of Credit**

On May 7, 2002, a line of credit was established for \$120,500 at 5.25% interest for the renovation of the swine building. At November 30, 2003, the balance of the letter was \$91,082. Repayment is based on funds received from various organizations and 10% of hog sale. The line of credit matures on July 7, 2012.

On June 6, 2001, a line of credit was established for \$16,000 at 5.25% interest for the completion of sheep pens. At November 30, 2003, the balance of the letter was \$7,629. Repayment is in the amount of \$3,200 plus interest on an annual basis. The line of credit matures on June 6, 2006.

On July 30, 2001, a line of credit was established for \$4,300 at 5.25% interest for the construction of a rabbit barn extension. At November 30, 2003, the balance of the letter was \$1,131. Repayment is in the amount of \$860 plus interest on an annual basis. The line of credit matures on July 30, 2006.

On June 19, 2001, a line of credit was established for \$20,000 at 5.25% interest for the construction of a poultry barn. At November 30, 2003, the balance of the letter was \$12,669. Repayment is in the amount of \$2,860 plus interest on an annual basis. The line of credit matures on June 19, 2008.

On May 23, 2001, a line of credit was established for \$120,000 at 5.25% interest for the completion of the horse arena. At November 30, 2003, the balance of the letter was \$75,267. Repayment is in the amount of \$12,000 plus interest on an annual basis. The line of credit matures on May 23, 2011.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**5. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2003 and 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, 2003.

**6. RISK MANAGEMENT**

The Champaign County Commissioners provide general insurance coverage for all the buildings on the Champaign County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$1,000,000 and \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$13,500. The Society's general manager is bonded with coverage of \$1,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2004.

**7. SUBSEQUENT EVENTS**

**Debt**

In February 2004, the Society refinanced its existing Wardell Farm Ground loan. The loan was received in a single advance of \$101,000. The Society is responsible to repay the loan over 10 years at an interest rate of 5.50%. Principal payments of \$10,100 will be paid annually each January and interest payments will be paid semi-annually each June and December. See Note 4 for amortization table.

In February 2004, the Society also entered into a new line of credit for its Michael Horticulture Building Addition. The loan will be received in two or three advances or draws not to exceed a total of \$15,000. The Society is responsible to repay the loan over 3 years at an interest rate of 5.5%. Principal payments of \$5,000 will be paid annually each February and interest payments will be paid quarterly each March, June, September, and December. No amortization table is available for the line of credit since the draws are not predictable.

**8. 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 Champaign County Fair. The Society disbursed \$30,323 in 2003 and \$31,171 in 2002 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 statements do not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2003 and 2002 follows:

	<b>2003</b>	<b>2002</b>
Beginning Cash Balance	\$522	\$0
Receipts	252	1,451
Disbursements	(519)	(929)
Ending Cash Balance	\$255	\$522

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**9. 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 Champaign County's auction. Monies to cover the cost of the auction are generated through a commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2003 and 2002 follows:

	<b>2003</b>	<b>2002</b>
Beginning Cash Balance	\$19,247	\$4,419
Receipts	302,158	348,001
Disbursements	(298,150)	(333,173)
Ending Cash Balance	\$23,255	\$19,247

**10. PRIOR PERIOD ADJUSTMENT**

The ending fund balance for the year ended November 30, 2001 was adjusted to remove the Junior Livestock Sale Committee activity and to add previously unrecorded savings accounts. The effect of the prior period fund balance adjustment is as follows:

Fund Balance, November 30, 2001	\$103,157
Remove Junior Livestock Sale	(4,419)
Add Unrecorded Savings Accounts	23,067
Restated Fund Balance, November 30, 2001	\$121,805



## **Auditor of State Betty Montgomery**

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

Champaign County Agricultural Society  
Champaign County  
384 Park Avenue  
P.O. Box 38157  
Urbana, Ohio 43078

To the Board of Directors:

We have audited the financial statements of the Champaign County Agricultural Society, (the Society), as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated August 30, 2004. 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 statements are 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 August 30, 2004.

#### **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 management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

**Internal Control Over Financial Reporting  
(Continued)**

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. We consider reportable condition 2003-001 listed above 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 the Society's management in a separate letter dated August 30, 2004.

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

August 30, 2004



CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS  
NOVEMBER 30, 2003

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

FINDING NUMBER 2003-001

**Material Weakness**

**Unrecorded Savings Accounts**

During our review of debt payments from outside organizations, we determined the organizations maintained savings accounts created under the Society's name and federal tax identification number. The savings accounts were not recorded on the Society's accounting books and the Society does not know if others have access to the accounts. The savings accounts have resulted in misstated financial statements and an increased vulnerability to theft. The audited financial statements have been adjusted to reflect the activity of the savings accounts including the following:

• Prior Period Increase in Fund Balance	\$23,067
• 2002 Increase in Debt Service Disbursements	\$13,860
• 2003 Increase in Donations/Contributions	\$ 9,775
• 2003 Increase in Debt Service Disbursements	\$ 4,360

To improve accountability and reporting of cash, we recommend the Treasurer maintain the savings accounts and record the cash balances on the Society's books. The Board should also implement procedures in order to determine who has access to the accounts and set limits on who should retain access to the accounts to decrease chances of theft and/or fraud.

FINDING NUMBER 2003-002

**Reportable Condition**

**Debt Proceeds and Disbursements**

All debt transactions should be recorded in the accounting ledgers as debt proceeds and/or debt service disbursements. During the audit period, the Society expended funds to pay the principal and interest for its Wardell Farm Land mortgage loan and also refinanced its Swine building line of credit. The Wardell Farm Land loan payments, in the amount of \$29,000 for both 2002 and 2003, were posted as capital outlay rather than debt service disbursements. The refinance of the Swine building line of credit in 2002 was not shown as new debt proceeds, in the amount of \$76,957, and corresponding payoff of the previous line of credit. These posting errors resulted in audit adjustments, which are reflected in the audit report financial statements. To improve financial reporting and accountability, we recommend the Society record all debt transactions as debt proceeds and/or debt service disbursements to properly reflect all activity with its associated loans and lines of credit.





**Auditor of State  
Betty Montgomery**

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY**

**CHAMPAIGN 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 7, 2004**