



**Auditor of State
Betty Montgomery**

HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Holmes County Agricultural Society
Holmes County
P.O. Box 232
Millersburg, Ohio 44654

To the Board of Directors:

We have audited the accompanying financial statement of Holmes County Agricultural Society, Holmes 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 June 10, 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

June 10, 2003

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

	2002
Operating Receipts:	
Admissions	\$155,394
Privilege Fees	44,969
Rentals	7,407
Other	15,402
	<hr/>
Total Operating Receipts	223,172
	<hr/>
Operating Disbursements:	
Wages and Benefits	36,590
Utilities	14,984
Professional Services	63,137
Equipment and Grounds Maintenance	52,441
Senior Fair	19,233
Junior Fair	16,602
Capital Outlay	34,723
Other	44,102
	<hr/>
Total Operating Disbursements	281,812
	<hr/>
Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	(58,640)
	<hr/>
Non-Operating Receipts (Disbursements):	
State Support	8,139
County Support	57,500
Donations/Contributions	126,002
Investment Income	1,542
Debt Service	(3,960)
	<hr/>
Net Non-Operating Receipts (Disbursements)	189,223
	<hr/>
Excess of Receipts Over Disbursements	130,583
	<hr/>
Cash Balance, Beginning of Year	22,778
	<hr/>
Cash Balance, End of Year	<u><u>\$153,361</u></u>

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

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**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Holmes County Agricultural Society, Holmes 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 1966 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Holmes County Fair during August. Holmes 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 18 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Holmes 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. Other year round activities at the fairgrounds include facility rental and community events. The reporting entity does not include any other activities or entities of Holmes 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

The Society maintains monies in a checking account, money market savings account and certificate of deposit. Certificates of deposit are valued at cost.

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated disbursements. The Board approves the budget in its final form during the first six months of each fiscal year.

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. 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. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted disbursements of \$250,650, actual disbursements of \$285,772 resulting in a variance of \$35,122.

3. CASH

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

	<u>2002</u>
Demand deposits	\$52,286
Certificates of deposit	<u>101,075</u>
Total deposits	<u><u>\$153,361</u></u>

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

4. DEBT

The Society secured a line of credit up to \$20,000 for general operations from Commercial & Savings Bank at a rate of 3.75%. At November 30, 2002, the Society had no outstanding balance owed on this line of credit.

5. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Holmes County Commissioners provide general insurance coverage for all the buildings on the Holmes County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability coverage is provided by T.H.E. Insurance Company with limits of \$1,000,000. The Society's Treasurer is bonded with coverage of \$40,000.

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

6. RELATED PARTY TRANSACTIONS

Kerry Taylor, a Board member, is part owner of Millersburg Electric from which the Society acquired electrical services during the year. The Society paid \$3,051 for this service.

Matt Feikert and Tim Keikert, Board members, are father and son. The Society paid Feikert Concrete and Feikert Sand and Gravel \$3,997 and \$125, respectively for services throughout the year. Tim Feikert is a shareholder of Feikert Concrete.

Joyce Croskey, the wife of Board member Jim Croskey, was contracted to clean the bathrooms during the week of the fair and was paid \$900.

Guy Stallman, the father of Board member Scott Stallman, worked for the Society and was paid \$2,320.

Ben Hipp, a Board member, was paid \$1,500 to serve as a Building & Grounds Co-Chairman, and earned an additional \$4,920 for additional services related to flood disaster cleanup.

Gail Cochran, Treasurer, is a Loan Secretary at the Commercial and Savings Bank (CSB). The Society maintains a checking account, a certificate of deposit, and has a line of credit at CSB.

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 Holmes County Fair. The Society disbursed \$19,102 directly to vendors to support Junior Fair activities which includes \$2,500 for PA system rental charged to the Equipment and Grounds Maintenance line item. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Holmes 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	\$3,524
Receipts	35,143
Disbursements	<u>(22,742)</u>
Ending Cash Balance	<u><u>\$ 15,925</u></u>

HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002

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 Holmes County's auction. Monies to cover the cost of the auction are generated through a 2% commission assessed on the auction price 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	\$ 5,294
Receipts	240,503
Disbursements	<u>(241,206)</u>
Ending Cash Balance	<u>\$ 4,591</u>



Auditor of State Betty Montgomery

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

Holmes County Agricultural Society
Holmes County
P.O. Box 232
Millersburg, Ohio 44654

To the Board of Directors:

We have audited the financial statement of Holmes County Agricultural Society, Holmes County, Ohio, (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated June 10, 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 June 10, 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 June 10, 2003.

Holmes County Agricultural Society
Holmes County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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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

June 10, 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

HOLMES COUNTY AGRICULTURAL SOCIETY

HOLMES 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
JULY 22, 2003**