



**Auditor of State**  
**Betty Montgomery**



**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Years Ended November 30, 2003 and 2002.....	3
Notes to the Financial Statement.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County Agricultural Society  
Mahoning County  
PO Box 250  
Canfield, Ohio 44406

To the Board of Directors:

We have audited the accompanying financial statement of Mahoning County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and 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, 2003 and November 30, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 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.

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

July 15, 2004

**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND NOVEMBER 30, 2002**

	<u>2003</u>	<u>2002</u>
<b>Operating Receipts:</b>		
Admissions	\$1,306,701	\$1,694,753
Privilege Fees	679,747	733,941
Sales	26,147	24,044
Sustaining and Entry Fees	27,717	30,499
Utilities	162,011	126,766
Fees	12,835	12,877
Rentals	497,949	330,005
Parimutuel Wagering Commission	<u>6,754</u>	<u>10,950</u>
 Total Operating Receipts	 <u>2,719,861</u>	 <u>2,963,835</u>
<b>Operating Disbursements:</b>		
Wages and Benefits	782,641	768,454
Utilities	284,342	239,191
Professional Services	599,614	585,758
Equipment and Grounds Maintenance	348,123	305,721
Race Purse	83,009	91,895
Senior Fair	154,459	136,488
Junior Fair	57,477	49,568
Capital Outlay	654,838	435,986
Other Operating Disbursements	<u>355,827</u>	<u>276,049</u>
 Total Operating Disbursements	 <u>3,320,330</u>	 <u>2,889,110</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 <u>(600,469)</u>	 <u>74,725</u>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	36,925	38,627
County Support	78,308	4,700
Restricted Support (Donations/Contributions)	21,863	22,907
Unrestricted Support (Donations/Contributions)	95	275
Taxes	4,300	2,486
Investment Income	<u>23,000</u>	<u>33,575</u>
 Net Non-Operating Receipts (Disbursements)	 <u>164,491</u>	 <u>102,570</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	 <u>(435,978)</u>	 <u>177,295</u>
Cash Balance, Beginning of Year	<u>1,223,250</u>	<u>1,045,955</u>
 <b>Cash Balance, End of Year</b>	 <b><u><u>\$787,272</u></u></b>	 <b><u><u>\$1,223,250</u></u></b>

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

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**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Mahoning County Agricultural Society, Mahoning 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 1845 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August/September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Mahoning 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 seventeen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Mahoning 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. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

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 Society. All Junior Fair Board activity is included in the Society's financial statements.

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.

**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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.

**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**

Home Talent Stake races are conducted during the Canfield 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 Canfield Harness Horseman's 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.

**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

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

**2. CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$330,098	\$827,819
Certificates of deposit	457,174	395,431
Total deposits	\$787,272	\$1,223,250

**Deposits:** \$400,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was collateralized by the financial institution's public entity deposit pool.

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 and November 2002, respectively was \$36,925 and \$38,627 and is included within State Support on the accompanying financial statements.

*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.

	2003	2002
Total Amount Bet (Handle)	\$ 33,409	\$ 54,303
Less: Payoff to Bettors	(26,655)	(43,353)
Parimutuel Wagering Commission	6,754	10,950
Tote Service Set Up Fee	(900)	(900)
Tote Service Commission	(3,014)	(4,876)
State Tax	(910)	(1,327)
Society Portion	\$ 1,930	\$ 3,847

**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

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

**4. RETIREMENT SYSTEM**

In December 1998 the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is entirely funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3% of their compensation for the year, not to exceed \$6,000.

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

**5. RISK MANAGEMENT**

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

The Mahoning County Commissioners provide general insurance coverage for all the buildings on the Canfield Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by an insurance company with limits of \$5,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$9,000,000. The Society's general manager is bonded with coverage of \$12,400.

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.

**6. 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 Mahoning County's auction. Monies to cover the cost of the auction are generated through a 1% commission per head for steer and a 2% commission per head for all other animals, assessed on the auction price and are retained by the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2003 and November 30, 2002 follows:

	<b>2003</b>	<b>2002</b>
Beginning Cash Balance	\$ 4,523	\$ 4,742
Receipts	279,297	282,320
Disbursements	(283,096)	(282,539)
Ending Cash Balance	\$ 724	\$ 4,523

**MAHONING COUNTY AGRICULTURAL SOCIETY  
MAHONING COUNTY**

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

**7. WESTERN RESERVE VILLAGE**

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the Agricultural Society. However, maintenance and improvements of these structures are performed by the Western Reserve Village Board. This Board receives donations from people visiting the Village to help with maintenance and improvements of these structures. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the years ended November 30, 2003 and November 30, 2002 follows:

	<b>2003</b>	<b>2002</b>
Beginning Cash Balance	\$ 16,969	\$ 12,092
Receipts	6,875	17,710
Disbursements	<u>(4,397)</u>	<u>(12,833)</u>
Ending Cash Balance	<u>\$ 19,447</u>	<u>\$ 16,969</u>

**8. VETERANS MEMORIAL BUILDING**

The Veterans Memorial Building is also located on the fairgrounds. The building is owned by the Agricultural Society. However, maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters into with various branches of the U.S. Armed Services and veterans groups to set up displays, encampments and exhibits on the grounds around the building. The accompanying financial statement does not include the activities of the Veterans Memorial building.

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## **Auditor of State Betty Montgomery**

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

Mahoning County Agricultural Society  
Mahoning County  
PO Box 250  
Canfield, Ohio 44406

To the Board of Directors:

We have audited the financial statement of Mahoning County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and November 30, 2002, and have issued our report thereon dated July 15, 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 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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Society in a separate letter dated July 15, 2004.

Mahoning County Agricultural Society  
Mahoning 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 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.

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**Betty Montgomery**  
Auditor of State

July 15, 2004





**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

**MAHONING COUNTY AGRICULTURAL SOCIETY**

**MAHONING 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  
SEPTEMBER 9, 2004**