



Dave Yost • Auditor of State

**MEDINA COUNTY AGRICULTURAL SOCIETY
MEDINA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Medina County Agricultural Society
Medina County
710 West Smith Road
Medina, Ohio 44256

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Medina County Agricultural Society, Medina County, Ohio, (the Society) as of and for the years ended November 30, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Medina County Agricultural Society, Medina County, Ohio as of November 30, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 3, 2013

**MEDINA COUNTY AGRICULTURAL SOCIETY
MEDINA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating Receipts:		
Admissions	\$568,725	\$608,696
Privilege Fees	205,193	186,025
Rentals	262,513	256,523
Other Operating Receipts	<u>21,234</u>	<u>18,790</u>
Total Operating Receipts	<u>1,057,665</u>	<u>1,070,034</u>
Operating Disbursements:		
Wages and Benefits	282,413	249,367
Supplies	67,619	55,778
Utilities	102,497	114,392
Professional Services	208,004	159,458
Equipment and Grounds Maintenance	102,873	103,344
Advertising	43,685	40,806
Insurance	80,253	82,746
Senior Fair	38,992	37,150
Junior Fair	22,212	24,282
Contest	38,900	39,791
Capital Outlay	73,870	51,375
Other Operating Disbursements	<u>84,170</u>	<u>56,625</u>
Total Operating Disbursements	<u>1,145,488</u>	<u>1,015,114</u>
Excess of Operating Receipts Over (Under) Operating Disbursements	<u>(87,823)</u>	<u>54,920</u>
Non-Operating Receipts (Disbursements):		
State Support	5,665	5,748
County Support	3,300	3,300
Donations/Contributions	84,421	59,571
Investment Income	596	815
Debt Service	<u>(4,397)</u>	<u>(6,205)</u>
Net Non-Operating Receipts (Disbursements)	<u>89,585</u>	<u>63,229</u>
Excess of Receipts Over Disbursements	1,762	118,149
Cash Balance, Beginning of Year	<u>508,090</u>	<u>389,941</u>
Cash Balance, End of Year	<u><u>\$509,852</u></u>	<u><u>\$508,090</u></u>

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

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**MEDINA COUNTY AGRICULTURAL SOCIETY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Agricultural Society, Medina County, Ohio, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1845 to operate an annual agricultural fair. The Society sponsors the week-long Medina County Fair during July/August. Medina County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Medina 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 Junior Fair Board activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including dog and horse shows. The reporting entity does not include any other activities or entities of Medina County, Ohio.

Notes 4 and 5, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MEDINA COUNTY INDEPENDENT AGRICULTURAL SOCIETY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

2. DEPOSITS AND INVESTMENTS

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	\$489,827	\$492,073
Certificates of deposit	20,025	16,017
Total deposits	<u>\$509,852</u>	<u>\$508,090</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. RISK MANAGEMENT

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

The Medina County Commissioners provide general insurance coverage for all the buildings on the Medina County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by the County Risk Sharing Authority with aggregate limits of \$1,000,000 each and an umbrella policy of \$5,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$100,000 and \$50,000, respectively. The Society also obtains insurance coverage through the Public Entities Pool of Ohio (PEP) for the grounds, general liability, and automobile insurance.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through March 2013.

**MEDINA COUNTY INDEPENDENT AGRICULTURAL SOCIETY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011
(Continued)**

4. 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 Medina County Fair. The Society disbursed \$22,212 and \$24,282 directly to vendors to support Junior Fair activities during 2012 and 2011, respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Medina County paid the Society \$500 to support Junior Club work during both 2012 and 2011. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$808	\$373
Receipts	504	1,198
Disbursements	(25)	(763)
Ending Cash Balance	\$1,287	\$808

5. 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 Medina County's auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$9,557	\$9,375
Receipts	363,041	318,955
Disbursements	(362,488)	(318,773)
Ending Cash Balance	\$10,110	\$9,557

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Medina County Agricultural Society
Medina County
710 West Smith Road
Medina, Ohio 44256

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Medina County Agricultural Society, Medina County, Ohio, (the Society) as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2013, wherein we noted the Society followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 3, 2013



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MEDINA COUNTY AGRICULTURAL SOCIETY

MEDINA 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
MAY 23, 2013**