



Dave Yost • Auditor of State



**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report.....	1
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis)- For the Years Ended November 30, 2014 and 2013.....	3
Notes to the Financial Statement .....	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Geauga County Agricultural Society  
Geauga County  
P.O. Box 402  
14373 N. Cheshire Street  
Burton, Ohio 44021

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Geauga County Agricultural Society, Geauga County, (the Society) as of and for the years ended November 30, 2014 and 2013.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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(D), 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, 2014 and 2013, or changes in financial position 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 cash balances of Geauga County Agricultural Society, Geauga County as of November 30, 2014 and 2013, and its 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(D) permit, 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 6, 2015, 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 6, 2015

**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN BALANCE (CASH BASIS)  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>Operating Receipts:</b>		
Taxes	\$0	\$2,834
Admissions	563,732	\$563,658
Privilege Fees	272,387	249,035
Racing	11,496	12,669
Utilities	23,768	24,712
Rentals	170,668	172,439
Sustaining and Entry Fees	24,815	16,098
Restricted Support	51,133	55,763
Unrestricted Support	2,217	3,650
Interest	746	904
	<b>1,120,962</b>	<b>1,101,762</b>
<b>Operating Disbursements:</b>		
Wages and Benefits	218,579	207,973
Administrative	39,338	33,438
Racing	1,605	1,748
Supplies	61,953	56,991
Utilities	108,885	96,329
Professional Services	152,725	163,239
Equipment and Grounds Maintenance	220,904	218,440
Race Purse	48,219	42,969
Insurance	26,572	25,636
Rent / Lease	45,419	46,126
Senior Fair	82,703	80,493
Junior Fair	25,287	29,030
Capital Outlay	101,385	66,403
Other Operating Disbursements	24,764	34,016
	<b>1,158,338</b>	<b>1,102,831</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>(37,376)</b>	<b>(1,069)</b>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	40,307	32,508
County Support	27,494	27,934
Loan Proceeds	15,000	0
Debt Service	(38,937)	(45,811)
	<b>43,864</b>	<b>14,631</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>6,488</b>	<b>13,562</b>
Cash Balance, December 1	<b>529,671</b>	<b>516,109</b>
<b>Cash Balance, November 30</b>	<b>\$536,159</b>	<b>\$529,671</b>

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

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**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2014 AND 2013**

**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 Geauga County Agricultural Society, Geauga County, (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 1823 to operate an annual agricultural fair. The Society sponsors the week-long Geauga County Fair during Labor Day weekend. During the fair, numerous daily/nightly events are held, including harness racing. Geauga County is not financially accountable for the Society. The financial activity of the Junior Fair Board and Junior Livestock Committee are run through and incorporated with 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. Society members elect Board members from its membership. Members of the Society must be residents of Geauga 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the antique market, holiday dee-lights, and trade shows. The reporting entity does not include any other activities or entities of Geauga County, Ohio.

The financial activity of the Junior Fair Board and Junior Livestock Committee is reported by the Society.

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

**B. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 177-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts and 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 177-2-03(D) permit.

**C. Cash and Investments**

The Society has an interest bearing checking account and Money Market statement savings.

**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

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

**D. Property, Plant, and Equipment**

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**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.

**F. Race Purse**

Stake races are held during the Geauga 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 U.S. Trotting Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**I. Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 3 for additional information.

**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

**2. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2014 and 2013 follows:

	2014	2013
Demand deposits	\$319,467	\$348,715
Money Market Statement Savings	216,692	180,956
Total deposits	\$536,159	\$529,671

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

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money received to supplement purses for the years ended November 30, 2014 and 2013 was \$40,307 and \$32,508, respectively.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2014	2013
Total Amount Bet (Handle)	\$11,496	\$12,669
Less: Payoff to Bettors	(8,967)	(9,982)
Parimutuel Wagering Commission	2,529	2,687
Tote Service Set Up Fee	(750)	(750)
Tote Service Commission	(1,273)	(1,504)
State Tax	(300)	(300)
Society Portion	\$206	\$133

**GEAUGA COUNTY AGRICULTURAL SOCIETY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

**4. DEBT**

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest Rate
Note Payable for Building	\$210,000	3.95%
Geauga County Fair Foundation	15,000	2.5%
Total	\$225,000	

The Society entered into a Loan which bears an interest rate of 2.5 percent and is due to the Geauga County Fair Foundation. The note was entered into on November 20, 2014 in the amount of \$15,000 and matures November 14, 2014. Proceeds of the loan were used to purchase a new phone system for the administration building.

On July 14, 2011, the Agricultural Society secured an uncollateralized loan for the construction of building at a cost of approximately \$300,000. The loan is to be for ten (10) years, at simple/fixed interest of 3.95% with the initial payment made on November 14, 2012 and matures November 14, 2021.

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

Year ending November 30:	Building Note	Huntington Bank	Total
2015	\$38,295	\$5,375	\$43,670
2016	37,129	5,250	42,379
2017	35,925	5,125	41,050
2018	34,740		34,740
2019	33,555		33,555
2020-2021	63,561		63,561
Total	\$243,205	\$15,750	\$258,955

**5. RISK MANAGEMENT**

The Geauga County Commissioners provide general insurance coverage for all the buildings on the Geauga County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$3,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000 and an increase to \$52,000 during the fair. The Society's general manager is bonded with coverage of \$100,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2015.



# 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

Geauga County Agricultural Society  
Geauga County  
P.O. Box 402  
14373 N. Cheshire Street  
Burton, Ohio 44021

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 Geauga County Agricultural Society, Geauga County, (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2015, wherein we noted the Society followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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 6, 2015



# Dave Yost • Auditor of State

**GEAUGA COUNTY AGRICULTURAL SOCIETY**

**GEAUGA 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 19, 2015**