



**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2016-2015**



**Dave Yost • Auditor of State**



**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Franklin County Agricultural Society  
Franklin County  
P.O. Box 6  
Hilliard, Ohio 43026

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements, and related notes of Franklin County Agricultural Society, Franklin County, Ohio (the Society) as of and for the years ended November 30, 2016 and 2015.

### ***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 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2016 and 2015, 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 Franklin County Agricultural Society, Franklin County, Ohio as of November 30, 2016 and 2015, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2017, 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

February 20, 2017

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

	<b>2016</b>
Operating Receipts:	
Admissions	\$ 189,566
Privilege Fees	81,288
Sponsorships	27,231
Rentals	181,801
Sustaining and Entry Fees	15,288
Parimutuel Wagering Commission	201
Racing Fees and Charges	30,990
Other Operating Receipts	8,385
Total Operating Receipts	534,750
Operating Disbursements:	
Wages and Benefits	109,147
Administrative	2,388
Utilities	73,764
Race Purse	95,431
Professional Services	80,410
Entertainment	65,588
Property Services	45,633
Advertising	25,509
Repairs	16,624
Insurance / Liability	50,599
Equipment and supplies	74,345
Senior Fair	6,553
Junior Fair	17,385
Other Operating Disbursements	12,182
Total Operating Disbursements	675,558
Excess of Operating Receipts (Under) Operating Disbursements	(140,808)
Non-Operating Receipts (Disbursements):	
State Support	74,739
County Support	3,300
Grants	38,400
Donations/Contributions	12,900
Interest Income	12
Sale of Assets	15,000
Other Non-Operating Receipts	272
Other Non-Operating Expenses	(230)
Net Non-Operating Receipts (Disbursements)	144,393
Excess of Receipts Over Disbursements	3,585
Cash Balance Beginning of Year	125,378
Cash Balance Ending of Year	\$ 128,963

See Accompanying Notes to the Financial Statements.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2015**

	<b>2015</b>
Operating Receipts:	
Admissions	\$ 201,486
Privilege Fees	84,813
Sponsorships	33,762
Rentals	181,118
Sustaining and Entry Fees	27,354
Parimutuel Wagering Commission	178
Racing Fees and Charges	27,263
Other Operating Receipts	7,920
Total Operating Receipts	563,894
Operating Disbursements:	
Wages and Benefits	93,132
Administrative	2,497
Utilities	70,839
Race Purse	87,117
Professional Services	44,925
Entertainment	58,050
Property Services	51,450
Advertising	20,647
Repairs	17,772
Insurance / Liability	55,794
Equipment and supplies	39,132
Senior Fair	7,908
Junior Fair	43,280
Other Operating Disbursements	8,679
Total Operating Disbursements	601,222
Excess of Operating Receipts (Under) Operating Disbursements	(37,328)
Non-Operating Receipts (Disbursements):	
State Support	69,495
County Support	2,500
Donations/Contributions	1,876
Interest Income	14
Other Non-Operating Expenses	(60)
Net Non-Operating Receipts (Disbursements)	73,825
Excess of Receipts Over Disbursements	36,497
Cash Balance Beginning of Year	88,881
Cash Balance Ending of Year	\$ 125,378

See Accompanying Notes to the Financial Statements.



**Franklin County Agriculture Society**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2016 and 2015*

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**Note 1 – Reporting Entity**

The Agricultural Society of Franklin County (the Society), Franklin County, is a body politic and corporate 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 on September 6, 1851 to operate an annual agricultural fair. The Society sponsors the eight-day long Franklin County Fair during July. During the fair, harness races are held. Franklin County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Franklin County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including animal shows. The Society does not include any other activities or entities of Franklin County, Ohio.

Notes 8 and 9, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's fiscal year 2015 financial activity is reported in the Society's financial statements.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Society's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 117-2-03(D) permit.

***Deposits and Investments***

The Society maintains an interest bearing savings account.

**Franklin County Agriculture Society**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2016 and 2015*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Capital Assets***

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

***Race Purse***

Stake races are held during the Franklin 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 the 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 statements 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 4 for additional information.

***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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

**Note 3 – Deposits**

The Society maintains deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2016 and 2015 were \$128,963 and 125,378 respectively.

***Deposits***

All deposits are insured by the Federal Depository Insurance Corporation.

**Franklin County Agriculture Society**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2016 and 2015*

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**Note 4 – Horse Racing**

***State Support Portion of Purse***

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2016 and 2015 were \$70,463 and \$69,495 respectively, as State Support.

***Pari-mutuel Wagering***

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, 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, which for fiscal year 2016 and 2015 was \$201 and \$178, respectively.

**Note 5 – Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is current.

The Franklin County Commissioners provide general insurance coverage for all the buildings on the Franklin County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015 PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligations of the respective government.

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*Franklin County*  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2016 and 2015*

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**Note 5 – Risk Management (Continued)**

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles and reported the following assets, liabilities and net position December 31, 2014 and 2015 (the latest information available).

	2015	2014
Assets	\$35,402,177	\$38,307,677
Liabilities	(\$12,363,257)	(\$12,759,127)
Net Positon	\$23,038,920	\$25,548,550

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Social Security**

Society employees contributed to Social Security. This plan provides retirement benefits including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants’ gross salaries. The Society has paid all contributions required through November 30, 2016.

**Note 7 – Construction and Contractual Commitments**

The Society entered into a lease/purchase agreement with the Franklin County Commissioners in 1986 for land used by the Society for parking. The agreement extended to October 2, 2009, and was renewed annually through September 30, 2015, for \$1 per year. The outstanding balance of \$299,469 has been deferred by a mutual consent and does not represent a default under the lease agreement. The Society has an option to purchase the property for the deferred balance of \$299,469.

**Note 8 – Junior Fair Board**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, and Girl Scout organization representatives, is responsible for the Junior Fair Division activities of the Franklin County Fair. The Society disbursed \$11,331 for the year ended November 30, 2016, directly to the vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,276 for the year ended November 30, 2016, by the Ohio Department of Agriculture for its support of Junior Fair work.

The Junior Fair Board previously operated under the Federal identification number of the Society. The

**Franklin County Agriculture Society**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Years Ended November 30, 2016 and 2015*

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**Note 8 – Junior Fair Board (Continued)**

accompanying financial statements do include the activity for fiscal year ended November 30, 2015. On December 1, 2015, the Junior Fair Board opened a separate Key Bank checking account to account for the Junior Fair Board activities separate from the Society. These accompanying financial statements do not include this activity for the fiscal year ended November 30, 2016.

The Junior Fair Board’s financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	10,057
Receipts	35,379
Disbursements	(38,797)
Ending Cash Balance	\$ 6,639

**Note 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 Franklin County’s auction. A commission of 7 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, 2016 and 2015 follows:

	2016	2015
Beginning Cash Balance	\$ 14,112	\$ (2,800)
Receipts	87,501	134,555
Disbursements	(90,048)	(117,643)
Ending Cash Balance	\$ 11,565	\$ 14,112

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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*

Franklin County Agricultural Society  
Franklin County  
P.O. Box 6  
Hilliard, Ohio 43026

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 cash balances, receipts, and disbursements of the Franklin County Agricultural Society, Franklin County, Ohio, (the Society) as of and for the years ended November 30, 2016 and 2015 and the related notes to the financial statements and have issued our report thereon dated February 20, 2017, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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

February 20, 2017





# Dave Yost • Auditor of State

FRANKLIN COUNTY AGRICULTURAL SOCIETY

FRANKLIN 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  
APRIL 4, 2017