



Dave Yost • Auditor of State

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Crawford County Agricultural Society
Crawford County
610 Whetstone Street
Bucyrus, Ohio 44820

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement and related notes of the Crawford County Agricultural Society, Crawford County, Ohio, (the Society) as of and for the years ended November 30, 2013 and 2012.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement 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 statement, the Society prepared this financial statement 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 these requirements.

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The effects on the financial statement 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 statement referred to above does 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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Crawford County Agricultural Society, Crawford County, Ohio, as of November 30, 2013 and 2012, 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(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 January 21, 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

January 21, 2015

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Receipts:		
Admissions	\$ 98,076	\$ 113,999
Taxes	66	65
Privilege Fees	32,676	36,619
Rentals	90,358	86,739
Sustaining and Entry Fees	14,787	16,483
Other Racing Fees and Charges	12,621	800
Parimutuel Wagering Commission	703	698
Other Operating Receipts	<u>18,154</u>	<u>17,104</u>
 Total Operating Receipts	 <u>267,441</u>	 <u>272,507</u>
Operating Disbursements:		
Wages and Benefits	46,180	39,247
Administrative	9,203	13,805
Utilities	60,239	56,503
Advertising	13,708	13,090
Professional Services	86,010	140,978
Equipment and Grounds Maintenance	51,539	26,374
Rent and Lease	11,555	13,536
Race Purse	39,070	30,098
Other Race Expenses	3,939	3,892
Senior Fair	15,484	8,484
Junior Fair	14,511	15,020
Capital Outlay	16,487	4,000
Other Operating Disbursements	<u>13,512</u>	<u>13,730</u>
 Total Operating Disbursements	 <u>381,437</u>	 <u>378,757</u>
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 <u>(113,996)</u>	 <u>(106,250)</u>
Non-Operating Receipts (Disbursements):		
State Support	17,374	18,729
County Support	20,500	58,500
Restricted Donations/Contributions	30,576	25,977
Unrestricted Donations/Contributions	16,987	25,645
Investment Income	25	41
Other Non-Operating Receipts	0	10,656
Other Non-Operating Disbursements	<u>(1,733)</u>	<u>(676)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>83,729</u>	 <u>138,872</u>
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (30,267)	 32,622
 Cash Balance, Beginning of Year	 <u>82,723</u>	 <u>50,101</u>
 Cash Balance, End of Year	 <u>\$ 52,456</u>	 <u>\$ 82,723</u>

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

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**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2013 AND 2012**

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 Crawford County Agricultural Society, Crawford 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 1848 to operate an annual agricultural fair. The Society sponsors the week-long Crawford County Fair during July. During the fair, harness races are held. Crawford County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 24 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Crawford 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, and other community events. The reporting entity does not include any other activities or entities of Crawford County, Ohio.

Notes 5 and 6, 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

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 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.

This statement includes 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.

C. Deposits

The Society maintains an interest-bearing checking account.

D. Property, Plant, and Equipment

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

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2013 AND 2012
(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.

F. Race Purse

Harness stake races are held during the Crawford 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 Home Talent Colt Stakes 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 reports 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.

G. 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.

2. Deposits

The carrying amount of cash at November 30 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$52,456	\$82,723

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2013 AND 2012
(Continued)**

3. Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2013 and 2012, of \$6,832 and \$8,064, 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 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 Services Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Race Expenses, and the amount remaining is the Society's net portion.

	2013	2012
Total Amount Bet (Handle)	\$ 7,083	\$ 6,915
Less: Payoff to Bettors	(5,640)	(5,505)
Parimutuel Wagering Commission	1,443	1,410
Tote Service Set Up Fee	(100)	(100)
Tote Service Commission	(639)	(612)
State Tax	(202)	(198)
Society Portion	\$ 502	\$ 500

4. Risk Management

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

In 2012 and 2013, the Crawford County Commissioners provided general insurance coverage for all the buildings on the Crawford County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

For 2012, the County Commissioners also provided general liability and vehicle insurance, with limits of \$3,000,000 aggregate. This policy included crime coverage for employee dishonesty with limits of liability of \$15,000. The Society's general manager was bonded with coverage of \$30,000.

Beginning in 2013, 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2013 AND 2012
(Continued)**

4. Risk Management (Continued)

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, 2013, 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 obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Society's share of these unpaid claims collectible in future years is approximately \$5,803.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$0.00	\$8,290

**CRAWFORD COUNTY AGRICULTURAL SOCIETY
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2013 AND 2012
(Continued)**

4. Risk Management (Continued)

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.

The Crawford County Commissioners reimburse the Society for the insurance premiums paid to the Public Entities Pool of Ohio.

5. 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 Crawford County Fair. For the years ending November 30, 2013 and 2012, the Society disbursed \$14,511 and \$15,020, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair disbursements. Crawford County paid the Society \$500 to support Junior Club work each year. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	1,542	2,179
Receipts	11,050	8,741
Disbursements	<u>(10,135)</u>	<u>(9,378)</u>
Ending Cash Balance	<u>\$ 2,457</u>	<u>\$ 1,542</u>

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 Crawford County's auction. A 6% commission on Grand Champions, a 5% commission on reserve champions, and a 4% commission on all others, assessed 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, 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	<u>\$ 24,424</u>	<u>\$ 19,599</u>
Receipts	490,392	424,657
Disbursements	<u>(486,415)</u>	<u>(419,832)</u>
Ending Cash Balance	<u>\$ 28,401</u>	<u>\$ 24,424</u>

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

Crawford County Agricultural Society
Crawford County
610 Whetstone Street
Bucyrus, OH 44820

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 statement of the Crawford County Agricultural Society, Crawford County, Ohio, (the Society) as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statement, and have issued our report thereon dated January 21, 2015, 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 statement, 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 statement. 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 statement is 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*.

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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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

January 21, 2015



Dave Yost • Auditor of State

CRAWFORD COUNTY AGRICULTURAL SOCIETY

CRAWFORD 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
FEBRUARY 17, 2015**