



**Mary Taylor, CPA**  
Auditor of State



**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

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# Mary Taylor, CPA

Auditor of State

Cuyahoga County Agricultural Society  
Cuyahoga County  
164 Eastland Road  
P.O. Box 135  
Berea, Ohio 44017

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA  
Auditor of State

July 13, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga County Agricultural Society  
Cuyahoga County  
164 Eastland Road  
P.O. Box 135  
Berea, Ohio 44017

To the Board of Directors:

We have audited the accompanying financial statements of Cuyahoga County Agricultural Society, Cuyahoga County, (the Society) as of and for the years ended November 30, 2006 and November 30, 2005. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2006 and November 30, 2005. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2006 and November 30, 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2006 and November 30, 2005, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Cuyahoga County Agricultural Society, Cuyahoga County, as of November 30, 2006 and November 30, 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2006 and November 30, 2005. The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA  
Auditor of State

July 13, 2007



**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Operating Receipts:</b>		
Taxes	\$876	\$336
Admissions	342,513	\$302,222
Privilege Fees	192,499	209,832
Sales by Fairboard	32,097	2,432
Racing Fees and Charges	108,088	46,631
Utilities	1,185	4,041
Rentals	471,366	425,278
Sustaining and Entry Fees	5,823	5,265
Restricted Support	8,490	19,273
Unrestricted Support	5,126	4,806
Interest	10,590	15,633
	<b>1,178,653</b>	<b>1,035,749</b>
<b>Operating Disbursements:</b>		
Wages and Benefits	318,965	329,341
Administrative	81,611	103,435
Supplies	698	639
Utilities	132,083	122,135
Racing	127,266	76,137
Professional Services	213,893	219,877
Equipment and Grounds Maintenance	18,840	37,430
Insurance	64,475	15,092
Rent / Lease	20,821	24,648
Senior Fair	42,296	49,081
Junior Fair	10,843	12,356
Capital Outlay	38,932	46,358
Other Operating Disbursements	31,021	65,948
	<b>1,101,744</b>	<b>1,102,477</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>76,909</b>	<b>(66,728)</b>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	29,155	32,044
County Support	3,300	3,300
	<b>32,455</b>	<b>35,344</b>
Net Non-Operating Receipts (Disbursements)	<b>32,455</b>	<b>35,344</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>109,364</b>	<b>(31,384)</b>
Cash Balance, Beginning of Year	<b>120,825</b>	<b>152,209</b>
<b>Cash Balance, End of Year</b>	<b>\$230,189</b>	<b>\$120,825</b>

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

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**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 AND 2005**

**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 Cuyahoga County Agricultural Society, Cuyahoga 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 1896 to operate an annual agricultural fair. The Society sponsors the week-long Cuyahoga County Fair during August. During the fair, numerous nightly events are held, including harness racing. Cuyahoga 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 Board of Directors manages the Society. 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 Cuyahoga 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. The reporting entity does not include any other activities or entities of Cuyahoga County, Ohio.

The financial activity of the Junior Fair Board and Junior Livestock Sale 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. Basis of Accounting**

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

**C. Cash and Investments**

The Society has an interest bearing checking and savings account.

**D. Budgetary Process**

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 AND 2005  
(Continued)**

**E. 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.

**F. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**G. 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.

**H. Race Purse**

Stake races are held during the Cuyahoga 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 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 4 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 4 for additional information.

**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 AND 2005  
(Continued)**

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2006, the Society had budgeted receipts of \$996,490, actual receipts of \$1,211,107, resulting in a variance of \$214,617. Additionally, the Society had budgeted disbursements of \$934,742, actual disbursements of \$1,101,744, resulting in a variance of (\$167,002).

For the year ended November 30, 2005, the Society had budgeted receipts of \$1,171,030, actual receipts of \$1,071,093, resulting in a variance of (\$99,937). Additionally, the Society had budgeted disbursements of \$1,170,693, actual disbursements of \$1,102,478, resulting in a variance of \$68,215.

**3. CASH**

The carrying amount of cash and investments at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$230,187	\$120,825
Total deposits	230,187	120,825

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

**4. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2006 was \$21,704 and for the year ended November 30, 2005 was \$24,304 and is included within State Support on the accompanying financial statements.

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.

**CUYAHOGA COUNTY AGRICULTURAL SOCIETY  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 AND 2005  
(Continued)**

	2006	2005	
Total Amount Bet (Handle)	\$ 87,649	\$ 17,854	
Less: Payoff to Bettors	(57,712)	(10,249)	
Parimutuel Wagering Commission	29,937	7,605	
Tote Service Commission	(18,759)	(3,675)	
State Tax	(3,220)	(512)	
Society Portion	\$ 7,958	\$ 3,418	

**5. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For both FY 2006 and FY 2005 employees contributed 6.2% of their gross salaries. The Society contributed an amount of equal to 6.2% of participant's gross salaries through November 30, 2006 and 2005.

**6. RISK MANAGEMENT**

The Cuyahoga County Commissioners provide general insurance coverage for all the buildings on the Cuyahoga 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 \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$20,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2007.

**7. RELATED PARTY TRANSACTIONS**

A Board member was retained by the Board as their legal counsel. The Board paid the member \$4,000 in legal fees in fiscal years 2006 and 2005.



# Mary Taylor, CPA

Auditor of State

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

Cuyahoga County Agricultural Society  
Cuyahoga County  
164 Eastland Road  
P.O. Box 135  
Berea, Ohio 44017

To the Board of Directors:

We have audited the financial statements of the Cuyahoga County Agricultural Society, Cuyahoga County, (the Society) as of and for the years ended November 30, 2006 and November 30, 2005, and have issued our report thereon dated July 13, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated July 13, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### 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, providing an opinion 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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Cuyahoga County Agriculture Society  
Cuyahoga County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for anyone other than these specified parties.

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Mary Taylor, CPA  
Auditor of State

July 13, 2007





**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**CUYAHOGA 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  
AUGUST 16, 2007**