



Mary Taylor, CPA
Auditor of State

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Years Ended November 30, 2008 and 2007.....	5
Notes to the Financial Statement	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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Mary Taylor, CPA Auditor of State

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

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 an 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

August 24, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 the accompanying financial statements of Geauga County Agricultural Society, Geauga County, Ohio, (the Society) as of and for the years ended November 30, 2008 and November 30, 2007. 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.

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, 2008 and November 30, 2007 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, 2008 and November 30, 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Geauga County Agricultural Society, Geauga County, as of November 30,

2008 and November 30, 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 24, 2009, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 24, 2009

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Taxes	\$497	\$247
Admissions	564,670	\$564,554
Privilege Fees	239,956	232,864
Racing	24,228	28,772
Utilities	21,888	21,189
Rentals	125,846	138,543
Sustaining and Entry Fees	33,861	22,795
Restricted Support	50,066	50,213
Unrestricted Support	1,575	23,392
Interest	8,057	16,465
	1,070,644	1,099,034
Operating Disbursements:		
Wages and Benefits	146,424	144,942
Administrative	41,829	28,336
Racing	819	1,416
Supplies	27,491	31,656
Utilities	92,644	77,397
Professional Services	426,352	378,031
Equipment and Grounds Maintenance	19,413	21,844
Race Purse	49,843	56,893
Insurance	24,741	28,444
Rent / Lease	46,617	43,082
Senior Fair	84,386	78,584
Junior Fair	29,472	26,115
Capital Outlay	170,750	136,390
Other Operating Disbursements	7,033	3,253
	1,167,814	1,056,383
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(97,170)	42,651
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	40,300	3,300
Capital Outlay	(37,000)	0
Debt Service	(42,950)	(40,442)
	(13,502)	(8,098)
Excess (Deficiency) of Receipts Over (Under) Disbursements	(110,672)	34,553
Cash Balance, December 1	393,612	359,059
Cash Balance, November 30	\$282,940	\$393,612

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, 2008 AND 2007**

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 the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements accounting basis. 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 account and Certificates of Deposit.

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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

2. BUDGETARY ACTIVITY

For the year ended November 30, 2008, the Society had budgeted receipts of \$1,114,907, actual receipts of \$1,137,092, resulting in a variance of \$22,185. Additionally, the Society had budgeted disbursements of \$1,265,224, actual disbursements of \$1,247,764, resulting in a variance of \$17,460.

For the year ended November 30, 2007, the Society had budgeted receipts of \$997,598, actual receipts of \$1,131,378, resulting in a variance of \$133,780. Additionally, the Society had budgeted disbursements of \$1,146,039, actual disbursements of \$1,096,825, resulting in a variance of \$49,214.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2008 and 2007 follows:

	2008	2007
Demand deposits	\$232,940	\$393,612
Certificates of deposit	50,000	0
Total deposits	282,940	393,612

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 purses for the years ended November 30, 2008 and 2007. The State supplements for the two fiscal years were \$21,279 and \$25,233, 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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

4. HORSE RACING (Continued)

	2008	2007
Total Amount Bet (Handle)	\$ 8,995	\$ 9,770
Less: Payoff to Bettors	(6,434)	(7,012)
Parimutuel Wagering Commission	2,561	2,758
Tote Service Set Up Fee	(300)	(300)
Tote Service Commission	(1,272)	(1,403)
State Tax	(240)	(247)
Society Portion	\$ 749	\$ 808

5. DEBT

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Note Payable for Grounds Equipment	\$9,903	4.99%
Huntington National Bank	57,812	3.725%
Total	\$67,715	

The Society entered into a Grounds Equipment Loan which bears an interest rate of 4.99 percent and is due to the Kubota Credit Corporation. The note was entered into on May 18, 2007 in the amount of \$12,900 and matures May 18, 2011. Proceeds of the note were used to purchase the equipment and the loan was collateralized by the equipment purchased.

On January 20, 2005, the Agricultural Society secured an uncollateralized loan for the construction of a 30' x 200' building at a cost of approximately \$150,000. The loan is to be for five (5) years, at simple/fixed interest of 3.725% with the initial payment due on December 15, 2005 and matures December 15, 2010.

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

	Equipment Note	Huntington Bank	Total
Year ending November 30, 2008:			
2009	\$3,641	\$32,235	\$35,876
2010	3,640	31,118	\$34,758
2011	3,640	0	\$3,640
Total	\$10,921	\$63,353	\$74,274

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For both 2008 and 2007 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2008 and 2007.

7. 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 2009.

8. RELATED PARTY TRANSACTIONS

A Board member's relative is owner of a company which provided the Society with excavating services for fairground land and underground infrastructure improvements during the audit period. The Society paid \$26,355 and \$12,600 for acquisitions in FY 2008 and 2007, respectively.

A Board member is part owner of a company from which the Society acquired printing services and office supplies during the audit period. The Society paid the supplier \$8,059 and \$7,603 for supplies and printing services in FY 2008 and 2007, respectively.

A Board member is part owner of a trucking company which the Society acquires hauling services and grindings for the fairground roadways. The company provided services and materials of \$7,935 and \$14,606 in FY 2008 and 2007, respectively.

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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*

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 the financial statements of the Geauga County Agricultural Society, Geauga County, (the Society as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated August 24, 2009, wherein we noted the Society followed 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We intend this report solely for the information and use of the audit committee, management and Society Board. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 24, 2009



Mary Taylor, CPA
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
SEPTEMBER 8, 2009**