

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

**FINANCIAL STATEMENT  
(AUDITED)**

**FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

**JAMES MARCINKO II, TREASURER**





# Dave Yost • Auditor of State

Board of Directors  
Fairfield County Agricultural Society  
P.O. Box 945  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Fairfield County Agricultural Society, Fairfield County, prepared by Julian & Grube, Inc., for the audit period December 1, 2011 through November 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fairfield County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 28, 2014

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**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

**FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Fairfield County Agricultural Society  
Fairfield County  
P.O. Box 945  
Lancaster, Ohio 43130

To the Board of Directors:

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

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

#### ***Management's Responsibility for the Financial Statements***

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 Fairfield County Agricultural 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 Fairfield County Agricultural 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 Fairfield County Agricultural 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.

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***

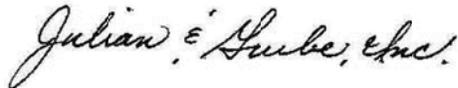
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Fairfield County Agricultural Society as of November 30, 2013 and 2012, or changes in financial position or cash flows statement 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 cash balances of the Fairfield County Agricultural Society, Fairfield County, Ohio, as of November 30, 2013 and 2012, 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 June 2, 2014, on our consideration of the Fairfield County Agricultural 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 Fairfield County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 2, 2014

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>Operating Receipts:</b>		
Taxes	\$ 4,255	\$ 3,845
Admissions	344,343	344,062
Privilege Fees	189,912	183,268
Sales	21,820	21,141
Racing Fees and Charges	19,479	17,396
Pari-mutuel Wagering Commission	7,311	5,428
Utilities	43,394	42,636
Fees	11,959	11,432
Rentals	150,732	156,775
	<b>793,205</b>	<b>785,983</b>
<b>Operating Disbursements:</b>		
Wages and Benefits	232,004	234,328
Administrative	15,263	15,740
Racing Supplies	3,836	5,872
Supplies	46,232	49,105
Utilities	105,423	99,306
Race Purse	66,337	51,108
Professional Services	80,011	91,079
Property Services	51,621	58,683
Advertising	29,250	31,000
Repairs	29,576	40,688
Insurance	27,608	27,772
Rent and Leases	19,579	17,610
Capital Outlay	208,187	36,987
Senior Fair	31,170	34,762
Debt Service	1,017	1,227
Contest Expenses	19,318	22,023
Junior Fair	49,000	43,620
Other Operating Disbursements	38,374	61,328
	<b>1,053,805</b>	<b>922,238</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>(260,600)</b>	<b>(136,255)</b>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	32,474	18,729
County Support	4,500	4,500
Restricted Support	161,620	48,621
Unrestricted Support	38,327	62,214
Investment Income	1,942	2,217
Sale of Assets	1,410	4,110
	<b>240,273</b>	<b>140,391</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>(20,327)</b>	<b>4,136</b>
Cash Balance, Beginning of Year	<b>674,157</b>	<b>670,021</b>
<b>Cash Balance, End of Year</b>	<b>\$653,830</b>	<b>\$674,157</b>

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

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

**NOTE 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 Fairfield County Agricultural Society, Fairfield 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 1850 to operate an annual agricultural fair. The Society sponsors the week-long Fairfield County Fair. Fairfield County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of sixteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Fairfield County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. 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 trade shows, horse shows and classic car shows. The reporting entity does not include any other activities or entities of Fairfield 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**

The financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society values certificates of deposit at cost.

**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.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

**NOTE 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 Races are held during the Fairfield 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 Ohio Colt Racing 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 reports these fees as Racing Fees and Charges.

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.

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2013 was as follows:

	2013	2012
Demand Deposits	\$205,437	\$176,924
Certificates of Deposit	448,392	497,233
Total Deposits	\$653,829	\$674,157

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Society; or collateralized by the financial institution's public entity deposit pool.

**NOTE 3 - HORSE RACING**

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2013 and November 30, 2012 was \$26,932 and \$13,064, 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 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.

	2013	2012
Total Amount Bet (Handle)	\$ 35,867	\$ 26,736
Less: Payoff to Bettors	(28,556)	(21,308)
Parimutuel Wagering Commission	7,311	5,428
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(3,299)	(2,367)
State Tax	(1,023)	(746)
Society Portion	\$ 2,389	\$ 1,715

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY  
FAIRFIELD COUNTY**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

**NOTE 4 - RISK MANAGEMENT**

The Fairfield County Commissioners provide general insurance coverage for all the buildings on the Fairfield County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and 5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's general manager is bonded with coverage of \$30,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through December 30, 2013.

**NOTE 5 - JUNIOR FAIR BOARD**

A member of the Board of Directors also serves as a member of the Junior Fair Board. The Junior Fair Board discusses activities and makes recommendations to the Society's Board of Directors. All decisions about Junior Fair activities must be approved by the Society. The financial activities of the Junior Fair are included in the Society's financial statements.

**NOTE 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 Fairfield County's auction. A commission of 3.5 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 year ended December 31, 2013 follows:

	2013	2012
Beginning Cash Balance	\$ 9,952	\$ 9,288
Receipts	400,069	357,641
Disbursements	<u>(400,152)</u>	<u>(356,977)</u>
Ending Cash Balance	<u>\$ 9,869</u>	<u>\$ 9,952</u>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required By *Government Auditing Standards***

Fairfield County Agricultural Society  
Fairfield County  
P.O. Box 945  
Lancaster, Ohio 43130

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Controller General of the United States' *Government Auditing Standards*, the financial statement of the Fairfield County Agricultural Society, Fairfield County, Ohio, 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 June 2, 2014 wherein we noted the Fairfield County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Fairfield County Agricultural 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 Fairfield County Agricultural 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 Fairfield County Agricultural 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.

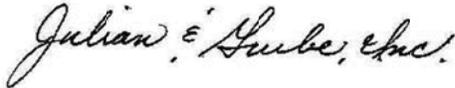
Board of Directors  
Fairfield County Agricultural Society

***Compliance and Other Matters***

As part of reasonably assuring whether the Fairfield County Agricultural 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*.

***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 Fairfield County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Fairfield County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
June 2, 2014



# Dave Yost • Auditor of State

**FAIRFIELD COUNTY AGRICULTURAL SOCIETY**

**FAIRFIELD 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 7, 2014**