



OHIO AUDITOR OF STATE
KEITH FABER



**CUYAHOGA COUNTY AGRICULTURAL SOCIETY
CUYAHOGA COUNTY
NOVEMBER 30, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Cuyahoga County Agricultural Society
Cuyahoga County
164 Eastland Road
Berea, Ohio 44017

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 the Cuyahoga County Agricultural Society, Cuyahoga County, Ohio (the Society) as of and for the years ended November 30, 2020 and 2019.

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 such 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 opinions.

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, 2020 and 2019, and the respective 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, receipts and disbursements, and related notes of the Cuyahoga County Agricultural Society, Cuyahoga County as of November 30, 2020 and 2019, 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 Matters

As discussed in Note 9 to the financial statements for the year ended November 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 8, 2021

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Cuyahoga County Agricultural Society
Cuyahoga County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2020

	2020
Operating Receipts	
Taxes	\$ 3,967
Privilege Fees	41,392
Rentals	661,830
Other Operating Receipts	1,401
<i>Total Operating Receipts</i>	<i>708,590</i>
Operating Disbursements	
Wages and Benefits	217,930
Utilities	136,324
Professional Services	138,825
Equipment and Grounds Maintenance	69,616
Property and Rent Services	38,649
Senior Fair	7,087
Junior Fair	937
Capital Outlay	50,000
Other Operating Disbursements	186,302
<i>Total Operating Disbursements</i>	<i>845,670</i>
<i>Excess (Deficiency) of Operating Receipts</i>	<i>(137,080)</i>
Non-Operating Receipts (Disbursements)	
State Support	19,218
Donations/Contributions	123,250
Investment Income	1,457
Debt Service	(5,200)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>138,725</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>1,645</i>
Cash Balance, Beginning of Year	562,467
<i>Cash Balance, End of Year</i>	<i>\$ 564,112</i>

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

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2020

Note 1 – Reporting Entity

The Cuyahoga County Agricultural Society (the Society), Cuyahoga 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 in 1893 to operate an annual agricultural fair. The Society sponsors the six day Cuyahoga County Fair during the month of August. During the fair, harness races are held, culminating in the running of the Ohio Fair Racing Conference. Cuyahoga County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. These activities were postponed in 2020 due to the COVID-19 virus. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including a weekly flea market. Various cultural and commercial events were held in 2020 only if/when approval was received by the Ohio Department of Health. The reporting entity does not include any other activities or entities of Cuyahoga County, Ohio.

The Junior Fair Board and Junior Livestock Sales Committee’s financial activity are 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.

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2020

Deposits and Investments

At November 30, 2020, the Society held no investments.

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.

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.

Race Purse

Due to COVID-19 restrictions, all races were cancelled during 2020.

Pari-mutuel Wagering

Due to COVID-19 restrictions all races being cancelled, no Pari-mutual wagering took place.

Note 3 – 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 November 30 was as follows:

	2020
Demand deposits	<u>\$564,112</u>
Total deposits	<u><u>\$564,112</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The Society participates in the Ohio Pooled Collateral System. At November 30, 2019, \$0 of deposits were not insured or collateralized.

Note 4 – Horse Racing

Due to COVID-19 restrictions and all races being cancelled, no Pari-mutuel wagering took place.

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2020

Note 5 – 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 June 30, 2021.

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Cuyahoga County Commissioners provide general insurance coverage for all the buildings on the Cuyahoga County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$25,000 respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$20,000.

The Society paid \$0 for losses that exceeded insurance coverage.

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, 2020.

Note 7 – Junior Fair Board

The Junior Fair Board activities are run through the Society's books and are included in the financial statement.

Note 8 – Junior Livestock Sale Committee

The Junior Livestock activities are run through the Society's books and are included in the financial statement.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Cuyahoga County Agricultural Society
Cuyahoga County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2019

	2019
Operating Receipts	
Taxes	\$ 6,762
Admissions	374,731
Privilege Fees	251,695
Rentals	842,497
Other Operating Receipts	87,376
<i>Total Operating Receipts</i>	<i>1,563,061</i>
Operating Disbursements	
Wages and Benefits	443,050
Utilities	192,262
Professional Services	377,055
Equipment and Grounds Maintenance	110,082
Property and Rent Services	141,841
Senior Fair	43,137
Junior Fair	30,451
Capital Outlay	124,937
Other Operating Disbursements	122,992
<i>Total Operating Disbursements</i>	<i>1,585,807</i>
<i>Excess (Deficiency) of Operating Receipts</i>	<i>(22,746)</i>
Non-Operating Receipts (Disbursements)	
State Support	2,426
Local Support	3,300
Donations/Contributions	64,576
Investment Income	1,813
Debt Service	(2,891)
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>69,224</i>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>46,478</i>
Cash Balance, Beginning of Year	515,989
<i>Cash Balance, End of Year</i>	<i>\$ 562,467</i>

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

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2019

Note 1 – Reporting Entity

The Cuyahoga County Agricultural Society (the Society), Cuyahoga 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 in 1893 to operate an annual agricultural fair. The Society sponsors the six day Cuyahoga County Fair during the month of August. During the fair, harness races are held, culminating in the running of the Ohio Fair Racing Conference. Cuyahoga County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fourteen 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing (weather permitting) during fair week only. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including a weekly flea market, various cultural and commercial events. The reporting entity does not include any other activities or entities of Cuyahoga County, Ohio.

The Junior Fair Board and Junior Livestock Sales Committee's financial activity are 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.

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2019

Deposits and Investments

At November 30, 2020, the Society held no investments.

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.

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.

Race Purse

Due to inclement weather, all races were cancelled during 2019 Cuyahoga County Fair.

Pari-mutuel Wagering

Due to all races being cancelled during the 2019 Fair, no Pari-mutual wagering took place.

Note 3 – 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 November 30 was as follows:

	2019
Demand deposits	<u>\$562,467</u>
Total deposits	<u><u>\$562,467</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The Society participates in the Ohio Pooled Collateral System. At November 30, 2019, \$0 of deposits were not insured or collateralized.

Note 4 – Horse Racing

Due to inclement weather, the Society did not participate in Horse Racing during the August 2019 fair.

Pari-mutuel Wagering

Due to all races being cancelled, no Pari-mutual wagering took place during fair week.

Cuyahoga County Agricultural Society
Cuyahoga County
Notes to the Financial Statements
For the Year Ended November 30, 2019

Note 5 – 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 June 30, 2020.

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Cuyahoga County Commissioners provide general insurance coverage for all the buildings on the Cuyahoga County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$25,000 respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$20,000.

The Society paid \$0 for losses that exceeded insurance coverage.

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, 2019.

Note 7 – Junior Fair Board

The Junior Fair Board activities are run through the Society's books and are included in the financial statement.

Note 8 – Junior Livestock Sale Committee

The Junior Livestock activities are run through the Society's books and are included in the financial statement.

OHIO AUDITOR OF STATE KEITH FABER



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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

Cuyahoga County Agricultural Society
Cuyahoga County
164 Eastland Road
Berea, Ohio 44107

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 as of and for the years ended November 30, 2020 and 2019, and related notes of the Cuyahoga County Agricultural Society, Cuyahoga County, (the Society) and have issued our report thereon dated July 8, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Society.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 8, 2021



Cuyahoga County Agricultural Society

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NOVEMBER 30, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Various line items were either overstated or understated by immaterial amounts when compared to amounts in the trial balance.	Corrected	
2018-002	Although the Secretary prepared monthly financial reports for the Board at each meeting, the Society failed to perform adequate monitoring over financial activities. The Society also has issues with segregation of duties in the admissions, payroll, and nonpayroll cycles.	Corrected	
2018-003	Bank reconciliations were not done timely and were incomplete, inaccurate and not mathematically correct.	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA COUNTY AGRICULTURAL SOCIETY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/27/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov