



**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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# Mary Taylor, CPA

Auditor of State

Medina County Agricultural Society  
Medina County  
710 West Smith Road  
Medina, Ohio 44256

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 Society 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 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

June 18, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Medina County Agricultural Society  
Medina County  
710 West Smith Road  
Medina, Ohio 44256

To the Board of Directors:

We have audited the accompanying financial statements of Medina County Agricultural Society, Medina County, Ohio, (the Society) as of and for the years ended November 30, 2006 and 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 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 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 2005, or its changes in financial position or cash flows 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 Medina County Agricultural Society, Medina County, as of November 30, 2006 and 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 years ended November 30, 2006 and 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 June 18, 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.

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

June 18, 2007



**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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

	<b>2006</b>
<b>Operating Receipts:</b>	
Admissions	\$449,611
Privilege Fees	177,497
Rentals	62,663
Sustaining and Entry Fees	27,435
Parimutuel Wagering Commission	3,114
Other Operating Receipts	26,504
 Total Operating Receipts	 746,824
<b>Operating Disbursements:</b>	
Wages and Benefits	163,132
Utilities	80,120
Professional Services	131,675
Equipment and Grounds Maintenance	81,699
Race Purse	49,142
Senior Fair	36,656
Junior Fair	23,905
Capital Outlay	20,722
Other Operating Disbursements	283,160
 Total Operating Disbursements	 870,211
Deficiency of Operating Receipts Under Operating Disbursements	(123,387)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	29,155
County Support	3,300
Donations/Contributions	53,631
Investment Income	4,570
Debt Service - Principle	(20,421)
Debt Service - Interest	(3,062)
 Net Non-Operating Receipts (Disbursements)	 67,173
Deficiency of Receipts Under Disbursements	(56,214)
Cash Balance, Beginning of Year	303,026
<b>Cash Balance, End of Year</b>	<b>\$246,812</b>

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

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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

	<b>2005</b>
<b>Operating Receipts:</b>	
Admissions	\$530,505
Privilege Fees	186,634
Rentals	57,045
Sustaining and Entry Fees	31,300
Parimutuel Wagering Commission	4,331
Other Operating Receipts	33,122
 Total Operating Receipts	 842,937
<b>Operating Disbursements:</b>	
Wages and Benefits	150,341
Utilities	60,235
Professional Services	198,787
Equipment and Grounds Maintenance	82,759
Race Purse	57,833
Senior Fair	34,194
Junior Fair	17,026
Capital Outlay	2,000
Other Operating Disbursements	262,730
 Total Operating Disbursements	 865,905
Deficiency of Operating Receipts Under Operating Disbursements	(22,968)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	32,044
County Support	3,300
Donations/Contributions	35,098
Investment Income	3,185
Debt Service - Principle	(19,565)
Debt Service - Interest	(3,918)
 Net Non-Operating Receipts (Disbursements)	 50,144
Excess of Receipts Over Disbursements	27,176
Cash Balance, Beginning of Year	275,850
<b>Cash Balance, End of Year</b>	<b>\$303,026</b>

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

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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 Medina County Agricultural Society, Medina County, Ohio, (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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Medina County Fair during July. Medina County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Medina 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, harness racing during fair week and Junior Fair Board Activities. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including dog and horse shows. The reporting entity does not include any other activities or entities of Medina County, Ohio.

Notes 7 and 8, 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. 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's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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.

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2006 AND 2005  
(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**

Harness stake races are held during the Medina 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 Horseman's 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.

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2006, the Society had budgeted receipts of \$1,023,638 and actual receipts of \$837,480 resulting in a variance of (\$186,158). Additionally, the Society had budgeted disbursements of \$1,019,883, actual disbursements of \$893,694, resulting in a variance of \$126,189.

For the year ended November 30, 2005, the Society had budgeted receipts of \$944,745 and actual receipts of \$916,564 resulting in a variance of (\$28,181). Additionally, the Society had budgeted disbursements of \$936,763 and actual disbursements of \$889,388, resulting in a variance of \$47,375.

**3. CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$233,712	\$290,243
Certificates of deposit	<u>13,100</u>	<u>12,783</u>
Total deposits	<u>\$246,812</u>	<u>\$303,026</u>

**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

Ohio Fairs Fund monies are reported on the financial statements as State Support. These monies totaled \$17,704 and \$20,304 to supplement the purse for the two years ended November 30, 2006 and 2005, 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.

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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

**4. HORSE RACING (continued)**

Pari-mutuel Wagering (continued)

	2006	2005
Total Amount Bet (Handle)	\$ 15,379	\$ 21,265
Less: Payoff to Bettors	(12,265)	(16,934)
Parimutuel Wagering Commission	3,114	4,331
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(1,374)	(2,013)
State Tax	(422)	(576)
Society Portion	\$ 918	\$ 1,342

**5. DEBT**

Debt outstanding at November 30, 2006 was as follows:

	Principal	Interest Rate
Insurance Note	\$32,092	4% - 10%
Boom Lift Note	16,945	4.75%
Total	\$49,037	

The Insurance Note (original principal of \$76,000) bears a variable interest rate between 4 and 10 percent and is payable to Farmer's Savings Bank. The note was entered into on July 25, 2003 and matures August 15, 2008. The note proceeds were used to purchase a general liability policy for July 1, 2003 and July 1, 2004.

The Boom Lift Note (original principal of \$27,000) bears an interest rate of 4.75 percent and is payable to Farmer's Savings Bank. The note was entered into on October 15, 2004 and matures on October 15, 2009. The note proceeds were used to purchase a boom lift. The note is collateralized by the boom lift.

Amortization of the above debt is scheduled as follows:

	Insurance	Boom Lift		
Year ending November 30:	Note	Note	Interest	Total
2007	15,926	5,389	2,169	\$23,484
2008	16,166	5,645	1,236	23,047
2009	-	5,911	281	6,192
Total	\$32,092	\$16,945	\$3,686	\$52,723

**MEDINA COUNTY AGRICULTURAL SOCIETY  
MEDINA COUNTY**

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

**6. RISK MANAGEMENT**

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

The Medina County Commissioners provide general insurance coverage for all the buildings on the Medina County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by the County Risk Sharing Authority with aggregate limits of \$1,000,000 each and an umbrella policy of \$5,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$100,000 and \$50,000, respectively.

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

**7. 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 Medina County Fair. The Society disbursed \$23,905 and \$17,025 directly to vendors to support Junior Fair activities during fiscal years 2006 and 2005 respectively. These expenses are reflected as disbursements in the accompanying financial statement as Junior Fair Disbursement. Medina County paid the Society \$500 to support Junior Club work during both fiscal year 2006 and 2005. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30 follows:

	2006	2005
Beginning Cash Balance	\$ 503	\$ 352
Receipts	1,025	1,166
Disbursements	(608)	(1,015)
Ending Cash Balance	\$ 920	\$ 503

**8. 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 Medina County's auction. A commission of 3 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 November 30 follows:

	2006	2005
Beginning Cash Balance	\$ 8,444	\$ 8,729
Receipts	237,302	225,251
Disbursements	(237,206)	(225,536)
Ending Cash Balance	\$ 8,540	\$ 8,444

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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*

Medina County Agricultural Society  
Medina County  
710 West Smith Road  
Medina, Ohio 44256

To the Board of Directors:

We have audited the financial statements of the Medina County Agricultural Society, Medina County, Ohio, (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated June 18, 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 June 18, 2007, we reported another matter including internal control over financial reporting we did not deem a reportable condition.

### 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*.

Medina County Agricultural Society  
Medina 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 Board of Directors. It is not intended for anyone 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

June 18, 2007



**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**MEDINA 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 14, 2007**