



Dave Yost • Auditor of State



**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashtabula County Agricultural Society  
Ashtabula County  
P.O. Box 546  
Jefferson, Ohio 44047

To the Board of Directors:

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

We have audited the accompanying financial statements and related notes of Ashtabula County Agricultural Society, Ashtabula County, (the Society) as of and for the years ended November 30, 2014 and 2013.

### ***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 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 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, 2014 and 2013, or 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 combined cash balances of Ashtabula County Agricultural Society, Ashtabula County as of November 30, 2014 and 2013, and its combined 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 July 7, 2015, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 7, 2015

**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE (CASH BASIS)  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>Operating Receipts:</b>		
Taxes	1,357	1,220
Admissions	264,852	268,441
Privilege Fees	61,206	62,953
Racing Fees	12,430	12,034
Rentals	90,559	79,668
Sustaining and Entry Fees	10,600	11,316
Other Operating Receipts	9,373	7,118
Total Operating Receipts	<b>450,377</b>	<b>442,750</b>
<b>Operating Disbursements:</b>		
Wages and Benefits	77,649	76,654
Administrative Expenses	14,833	12,824
Supplies	28,275	28,168
Utilities	48,357	43,800
Professional Services	130,889	142,218
Property Expenses	18,538	19,326
Race Expenses	49,559	44,038
Senior Fair	32,469	31,986
Junior Fair	15,584	16,939
Capital Outlay	7,026	20,508
Other Fair Expenses	315,859	271,707
Other Operating Disbursements	105,172	101,569
Total Operating Disbursements	<b>844,211</b>	<b>809,737</b>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<b>(393,834)</b>	<b>(366,987)</b>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	44,307	32,474
County Support	2,400	2,400
Donations/Contributions	379,617	330,026
Investment Income	151	75
Net Non-Operating Receipts (Disbursements)	<b>426,475</b>	<b>364,975</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<b>32,641</b>	<b>(2,012)</b>
Cash Balance, Beginning of Year	<b>71,883</b>	<b>73,895</b>
<b>Cash Balance, End of Year</b>	<b>\$104,524</b>	<b>\$71,883</b>

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

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**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2014 AND 2013**

**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 Ashtabula County Agricultural Society, Ashtabula 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 1822 to operate an annual agricultural fair. The Society sponsors the week-long Ashtabula County Fair during August. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Ashtabula County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashtabula 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. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events including horse shows and the Covered Bridge Festival. The reporting entity does not include any other activities or entities of Ashtabula County, Ohio.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Accounting Basis**

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.

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.

**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.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Property, Plant, and Equipment**

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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**

Home Talent Colt stake races are held during the Ashtabula 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 Colt Stakes 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 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.

**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

**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 November 30, 2014 and 2013 was as follows:

	2014	2013
Demand deposits	\$100,430	\$67,889
Certificates of deposit	4,094	3,994
Total deposits	104,524	71,883

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Horse Racing**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2014 and 2013 was \$44,307 and \$32,474, 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.

	2014	2013
Total Amount Bet (Handle)	\$3,062	\$2,961
Less: Payoff to Bettors	(2,466)	(2,389)
Parimutuel Wagering Commission	596	572
Tote Service Set Up Fee	(300)	(300)
Tote Service Commission	(173)	(159)
State Tax	(65)	(60)
Society Portion	\$58	\$53

**ASHTABULA COUNTY AGRICULTURAL SOCIETY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2014 AND 2013  
(Continued)**

**4. Risk Management**

The Ashtabula County Commissioners provide general insurance coverage for all the buildings on the Ashtabula County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 per occurrence. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society's financial secretary is bonded with coverage of \$27,500 held by the County Commissioners and \$50,000 held by the Agricultural Society Board.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2015.



# Dave Yost • Auditor of State

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

Ashtabula County Agricultural Society  
Ashtabula County  
P.O. Box 546  
Jefferson, Ohio 44047

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 Ashtabula County Agricultural Society, Ashtabula County, (the Society) as of and for the year ended November 30, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 7, 2015 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.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the 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 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 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 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 7, 2015



# Dave Yost • Auditor of State

**ASHTABULA COUNTY AGRICULTURAL SOCIETY**

**ASHTABULA 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  
JULY 23, 2015**