



Dave Yost • Auditor of State

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greene County Agricultural Society
Greene County
120 Fairground Road
Xenia, Ohio 45385

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Greene County Agricultural Society, Greene 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 1B 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 the Greene County Agricultural Society, Greene 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 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

September 15, 2015

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

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

	2014	2013
Operating Receipts:		
Admissions	\$206,333	\$164,285
Privilege Fees	61,686	60,523
Rentals	245,060	240,188
Sustaining and Entry Fees	17,620	12,547
Pari-mutuel Wagering Commission	1,155	1,365
Other Operating Receipts	36,478	22,958
Total Operating Receipts	568,332	501,866
Operating Disbursements:		
Wages and Benefits	103,812	78,132
Utilities	99,373	83,655
Professional Services	184,156	172,352
Equipment and Grounds Maintenance	39,286	44,641
Race Purse	65,444	52,108
Senior Fair	8,771	6,819
Junior Fair	36,401	13,607
Capital Outlay	900	1,000
Other Operating Disbursements	219,059	179,442
Total Operating Disbursements	757,202	631,756
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(188,870)	(129,890)
Non-Operating Receipts (Disbursements):		
State Support	44,307	32,474
County Support	57,906	56,899
Donations/Contributions	95,253	90,171
Debt Service	(39,566)	(39,006)
Net Non-Operating Receipts (Disbursements)	157,900	140,538
Excess (Deficiency) of Receipts Over (Under) Disbursements	(30,970)	10,648
Cash Balance, Beginning of Year	53,607	42,959
Cash Balance, End of Year	<u>\$22,637</u>	<u>\$53,607</u>

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

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**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE 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 Greene County Agricultural Society, Greene County, (the Society) as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1839 to operate an annual agricultural fair. The Society sponsors the week-long Greene County Fair during July/August. During the fair, harness races are held, culminating in the running of the Greene County Harness Racing. Greene County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Greene 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 including facility rental, track and stall rental, and community events including *wedding receptions, High School Proms, family reunions, trade shows, auctions*. The reporting entity does not include any other activities or entities of Greene County, Ohio.

Notes 6 and 7 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

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.

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.

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

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

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

The Greene County Fair stake races are held during the Greene 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.

1. Sustaining and Entry Fees

Horse owners and the Greene County 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.

2. 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.

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 Nov 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$22,637</u>	<u>\$53,607</u>

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

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

3. HORSE RACING

A. 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 \$68,260, as State Support.

B. 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 along with State taxes, which are also paid from Pari-mutuel Wagering Commission, are netted against Pari-mutuel Wagering Commission, and the amount remaining is the Society's net portion.

	2014	2013
Total Amount Bet (Handle)	\$16,907	\$19,772
Less: Payoff to Bettors	(13,527)	(15,814)
Parimutuel Wagering Commission	3,380	3,958
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(1,594)	(1,888)
State Tax	(431)	(505)
Society's Portion	\$1,155	\$1,365

4. DEBT

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest Rate
Mortgage Note	\$329,165	6.42%

The Society entered into a note for \$429,424 with US Bank on January 1, 2008 at 6.42% interest rate. This was to replace three previous notes and included an amount of \$47,197 payable to the Attorney General of Ohio for an audit finding from a previous audit. The monthly payment is \$3,203 for 240 months which began February 10, 2008

Amortization of the above debt is scheduled as follows:

Year Ending November 30	Mortgage	Interest	Total
2015	\$17,731	\$20,701	\$38,432
2016	18,895	19,537	38,432
2017	20,144	18,288	38,432
2018	21,476	16,956	38,432
2019	22,897	15,535	38,432
2020-2024	139,296	52,864	192,160
2025-2027	88,726	7,825	96,551
Total	\$329,165	\$151,706	\$480,871

**GREENE COUNTY AGRICULTURAL SOCIETY
GREENE COUNTY**

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

5. RISK MANAGEMENT

The Society does not provide health coverage for full-time, supervisory employees through an insurance company.

The Greene County Commissioners provide general insurance coverage for all the buildings on the Greene 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 plus an umbrella policy with limits of \$2,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 31, 2015.

6. 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 Greene County Fair. The Society disbursed \$50,008 directly to the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Greene County paid the Society \$6,600 to support Junior Club work. 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 years ended 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$8,523	\$0
Receipts	9,135	20,981
Disbursements	(11,596)	(12,458)
Ending Cash Balance	\$6,062	\$8,523

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale 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 Greene County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Sale Committee retained this money thru November 30, 2013. Beginning December 1, 2013, the money was retained by the Greene County Agricultural Society. The accompanying financial statement does include the Junior Livestock Committee's activities.

2014	2013
\$14,147	\$14,934
13,514	5,003
(15,786)	(5,790)
\$11,875	\$14,147



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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

Greene County Agricultural Society
Greene County
120 Fairground Road
Xenia, Ohio 45385

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 Greene County Agricultural Society, Greene County, (the Society) as of and for the years ended November 30, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated September 15, 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 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 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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015



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GREENE COUNTY AGRICULTURAL SOCIETY

GREENE 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
NOVEMBER 5, 2015**