



Dave Yost • Auditor of State



FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Franklin County Agricultural Society  
Franklin County  
P.O. Box 6  
Hilliard, Ohio 43026

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of Franklin County Agricultural Society, Franklin County, Ohio (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 Franklin County Agricultural Society, Franklin County, Ohio 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 April 29, 2016, 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

April 29, 2016

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2014**

	2014
<b>Operating Receipts:</b>	
Admissions	\$ 183,165
Privilege Fees	80,840
Sponsorships	35,978
Rentals	161,105
Sustaining and Entry Fees	23,506
Parimutuel Wagering Commission	151
Harness Racing	18,653
Repayment of Unauthorized Disbursements (Former Treasurer)	50,225
Other Operating Receipts	9,658
<b>Total Operating Receipts</b>	<b>563,281</b>
<b>Operating Disbursements:</b>	
Wages and Benefits	99,882
Entertainment	56,004
Utilities	79,826
Equipment and Grounds Maintenance	63,051
Professional Services	80,401
Race Purse	53,189
Advertising	20,313
Junior Fair	41,494
Senior Fair	9,646
Harness Racing	4,618
Insurance/Liability	47,242
Other Operating Disbursements	19,803
<b>Total Operating Disbursements</b>	<b>575,469</b>
<b>Operating Receipts (Under) Operating Disbursements</b>	<b>(12,188)</b>
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	44,308
County Support	3,300
Donations/Contributions	3,117
Interest & Other Non-Operating Receipts	115
Capital Outlay	(10,059)
<b>Net Non-Operating Receipts (Disbursements)</b>	<b>40,781</b>
<b>Excess Total Receipts Over Total Disbursements</b>	<b>28,593</b>
<b>Cash Balance December 1, 2013</b>	<b>60,288</b>
<b>Cash Balance November 30, 2014</b>	<b>\$ 88,881</b>

See Accompanying Notes to the Financial Statements.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2013**

	<b>2013</b>
<b>Operating Receipts:</b>	
Admissions	\$ 137,779
Privilege Fees	73,563
Sponsorships	23,700
Rentals	177,146
Sustaining and Entry Fees	8,564
Parimutuel Wagering Commission	340
Harness Racing	19,752
Repayment of Unauthorized Disbursements (Former Treasurer)	75,000
Other Operating Receipts	10,951
<b>Total Operating Receipts</b>	<b>526,795</b>
<b>Operating Disbursements:</b>	
Wages and Benefits	99,178
Entertainment	65,757
Utilities	68,528
Equipment and Grounds Maintenance	57,950
Professional Services	80,049
Race Purse	43,655
Advertising	23,394
Junior Fair	14,429
Senior Fair	9,930
Harness Racing	4,599
Insurance/Liability	40,737
Other Operating Disbursements	16,803
<b>Total Operating Disbursements</b>	<b>525,009</b>
 <b>Operating Receipts Over Operating Disbursements</b>	 <b>1,786</b>
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	32,474
County Support	3,300
Donations/Contributions	27,102
Interest & Other Non-Operating Receipts	5,098
Capital Outlay	(16,863)
Other Non-Operating Disbursements	(84)
<b>Net Non-Operating Receipts (Disbursements)</b>	<b>51,027</b>
 <b>Excess Total Receipts Over Total Disbursements</b>	 <b>52,813</b>
 <b>Cash Balance December 1, 2012</b>	 <b>7,475</b>
 <b>Cash Balance November 30, 2013</b>	 <b>\$ 60,288</b>

See Accompanying Notes to the Financial Statements.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 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 Franklin County Agricultural Society, Franklin 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 September 6, 1851 to operate an annual agricultural fair. The Society sponsors the eight day Franklin County Fair during July. During the fair, harness races are held. Franklin County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Franklin 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 animal shows. The reporting entity does not include any other activities or entities of Franklin 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 maintains an interest bearing savings account.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 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**

Stake races are held during the Franklin 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 U.S. Trotting 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.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

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

**2. DEPOSITS**

The Society maintains deposits insured by the Federal Deposit Insurance Corporation. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposit at November 30, 2014 and 2013 were \$88,881 and 60,288 respectively

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended 2014, and 2013, were \$9,151 and \$10,832 respectively. These amounts are included within the State Support on the accompanying financial statements.

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. State taxes are also paid from Pari-mutuel Wagering Commission and the amount remaining is the Society's net portion, which for fiscal year 2014 and 2013 were \$151 and \$340 respectively.

**4. RISK MANAGEMENT**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Franklin County Commissioners provide general insurance coverage for all the buildings on the Franklin County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provided property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP.

PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

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

**4. RISK MANAGEMENT (Continued)**

primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligations of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles in the United States of America. See the 2014 Balance Sheet Summary in the 2015 Financial Stability Rating information from Demotech, Inc. – Pages 8 and 9.

Based upon discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay the claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>Contributions to PEP</b>
2014 - \$47,242
2013 - \$39,907

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of the capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Settled claims have not exceeded coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Society pays the Ohio Bureau of Workers Compensation a premium based on a rate per \$100 of wages. The rate is calculated based upon the accident history and administrative costs.

**5. LEASE/PURCHASE AGREEMENT**

The Society entered into a lease/purchase agreement with the Franklin County Commissioners in 1986 for land used by the Society for parking. The agreement extended to October 2, 2009, and was renewed annually through September 30, 2015, for \$1 per year. The outstanding balance of \$299,469 has been deferred by mutual consent and does not represent a default under the lease agreement. The Society has an option to purchase the property for the deferred balance of \$299,469.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

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

**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 Franklin County Fair. The Society disbursed \$14,429 for the year ended November 30, 2013, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,241 for the year ended November 30, 2013, by the Ohio Department of Agriculture for its support of Junior Fair work.

Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board for year ended November 30, 2013. The Junior Fair Board operates under the Federal identification number of the Society. The accompanying financial statement does not include the activities of the Junior Fair Board for year ended November 30, 2013. Junior Fair Board closed their Heartland checking account and operated from the Society account beginning December 1, 2013. The accompanying financial statements do include activities of the Junior Fair Board for the year ended November 30, 2014.

The Junior Fair Board's financial activity for the year ended November 30, 2013 follows:

	2013
Beginning Cash Balance (overdraft)	<u>\$ 2,865</u>
Receipts	35,092
Disbursements	<u>(33,518)</u>
Ending Cash Balance	<u>\$ 4,439</u>

**7. 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 Franklin County auction. A commission of 7 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities.

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

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

**7. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)**

The Junior Livestock Committee's financial activity for the year ended November 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Beginning Cash Balance (overdraft)	\$ (2,511)	\$ (3,786)
Receipts	121,297	99,578
Disbursements	<u>(121,586)</u>	<u>(98,303)</u>
Ending Cash Balance	<u>\$ (2,800)</u>	<u>\$ (2,511)</u>



# 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*

Franklin County Agricultural Society  
Franklin County  
P.O. Box 6  
Hilliard, Ohio 43026

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 Franklin County Agricultural Society, Franklin County, Ohio, (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 April 29, 2016 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

April 29, 2016

**FRANKLIN COUNTY AGRICULTURAL SOCIETY  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Bank to Book Reconciliation	Yes	
2012-002	Expenditure of Public Fund/Proper Public Purpose- Finding for Recovery	Yes	

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# Dave Yost • Auditor of State

**FRANKLIN COUNTY AGRICULTURAL SOCIETY**

**FRANKLIN 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  
JUNE 23, 2016**