



**Auditor of State
Betty Montgomery**

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

Geauga County Agricultural Society
Geauga County
P.O. Box 402
14373 N. Cheshire Street
Burton, Ohio 44021

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 government 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 27, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Agricultural Society
Geauga County
P.O. Box 402
14373 N. Cheshire Street
Burton, Ohio 44021

To the Board of Directors:

We have audited the accompanying financial statements of the Geauga County Agricultural Society, Geauga County, Ohio, (the Society) as of and for the years ended November 30, 2004 and November 30, 2003. 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 year ended November 30, 2004. 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 Agricultural Societies 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 year ended November 30, 2004 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, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Geauga County Agricultural Society, Geauga County, Ohio, as of November 30, 2004 and November 30, 2003, and its 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 year ended November 30, 2004. 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 27, 2005, 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.



Betty Montgomery
Auditor of State

June 27, 2005

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Taxes	\$331	\$0
Admissions	524,720	\$403,760
Privilege Fees	241,778	215,420
Rentals	137,388	173,980
Sales by Fairboard	0	360
Racing Fees and Charges	58,405	67,940
Utilities	15,770	6,884
Restrict Support	16,310	16,662
Unrestricted Support	7,312	16,138
Sale of Notes	60,000	50,000
Sale of Real Property	150	0
Interest	2,253	1,838
	1,064,417	952,982
Operating Disbursements:		
Wages and Benefits	149,837	193,718
Administrative	25,647	24,139
Racing	44,006	51,767
Supplies	17,693	27,318
Utilities	80,254	83,304
Professional Services	311,313	243,084
Equipment and Grounds Maintenance	33,255	38,989
Insurance	44,614	33,360
Rent / Lease	35,856	35,871
Capital Outlay	12,129	132,129
Debt Service	67,656	60,752
Senior Fair	78,092	81,738
Junior Fair	22,899	17,858
Other Operating Disbursements	0	1,697
	923,251	1,025,724
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	141,166	(72,742)
Non-Operating Receipts (Disbursements):		
State Support	33,982	36,925
County Support	3,300	3,300
Utilities	0	(2,800)
Racing	(25,140)	(29,384)
Advertising	0	(3,332)
Junior Fair	(1,505)	(4,709)
	10,637	0
Excess (Deficiency) of Receipts Over (Under) Disbursements	151,803	(72,742)
Cash Balance, Beginning of Year	187,081	259,823
Cash Balance, End of Year	\$338,884	\$187,081

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

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**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

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 Geauga County Agricultural Society, Geauga 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 1823 to operate an annual agricultural fair. The Society sponsors the week-long Geauga County Fair during Labor Day weekend. During the fair, numerous nightly events are held, including harness racing. Geauga County is not financially accountable for the Society. The financial activity of the Junior Fair Board and Junior Livestock Committee are run through and incorporated with the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of twenty-one directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Geauga 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the antique market, holiday dee-lights, and trade shows. The reporting entity does not include any other activities or entities of Geauga County, Ohio.

The financial activity of the Junior Fair Board and Junior Livestock Sale Committee is reported by the Society.

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

The Society has an interest bearing checking account and Certificates of Deposit.

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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(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

Stakes races are held during the Geauga 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 the 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 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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$991,500, actual receipts of \$1,101,699, resulting in a variance of \$110,199. Additionally, the Society had budgeted disbursements of \$985,150, actual disbursements of \$949,897, resulting in a variance of \$35,253.

For the year ended November 30, 2003, the Society had budgeted receipts of \$930,000, actual receipts of \$993,205, resulting in a variance of \$63,205. Additionally, the Society had budgeted disbursements of \$1,072,750, actual disbursements of \$1,065,949, resulting in a variance of \$6,801.

3. CASH

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$38,884	\$87,081
Certificates of deposit	300,000	100,000
Total deposits	\$338,884	\$187,081

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

The financial statements report Ohio Fairs Fund money, received to supplement the purse for the year ended November 30, 2004 was \$21,848 and for the year ended November 30, 2003 was \$24,384 and is included within 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, 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.

**GEAUGA COUNTY AGRICULTURAL SOCIETY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

4. HORSE RACING (Continued)

	2004	2003
Total Amount Bet (Handle)	\$ 12,824	\$ 16,063
Less: Payoff to Bettors	10,254	12,829
Parimutuel Wagering Commission	2,570	3,234
Tote Service Set Up Fee	(300)	(300)
Tote Service Commission	(1,163)	(1,504)
State Tax	(331)	(428)
Society Portion	\$ 776	\$ 1,002

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For both 2004 and 2003 employees contributed 6.2% of their gross salaries. The Society contributed an amount of equal to 6.2% of participant's gross salaries through November 30, 2004 and 2003.

6. RISK MANAGEMENT

The Geauga County Commissioners provide general insurance coverage for all the buildings on the Geauga County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000 and an increase to \$52,000 during the fair. The Society's general manager is bonded with coverage of \$100,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2005.

7. SUBSEQUENT EVENTS

On January 20, 2005, the Agricultural Society secured an uncollateralized loan for the construction of a 30' x 200' building, at a cost of approximately \$150,000. The loan is to be for five (5) years, at simple/fixed interest of 3.725% with the initial payment of \$32,794 due on December 15, 2005.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Geauga County Agricultural Society
Geauga County
P.O. Box 402
14373 N. Cheshire Street
Burton, Ohio 44021

To the Board of Directors:

We have audited the financial statements of the Geauga County Agricultural Society, Geauga County, Ohio, (the Society) as of and for the years ended November 30, 2004 and November 30, 2003, and have issued our report thereon dated June 27, 2005, 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.

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*.

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Geauga County Agricultural Society
Geauga 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 audit committee, management, and the Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 27, 2005



**Auditor of State
Betty Montgomery**

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GEAUGA COUNTY AGRICULTURAL SOCIETY

GEAUGA 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 12, 2005**