

428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY  
Regular Audit  
For the Years Ended November 30, 2014 and 2013**

[www.perrycpas.com](http://www.perrycpas.com)

*...“bringing more to the table”*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs





# Dave Yost • Auditor of State

Board of Directors  
Portage County Agricultural Society  
P.O. Box 213  
Randolph, Ohio 44265

We have reviewed the *Independent Auditor's Report* of the Portage County Agricultural Society, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Portage County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 25, 2015

**This page intentionally left blank.**

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Statements of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) - For the Years Ended November 30, 2014 and 2013.....	3
Notes to the Financial Statement.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9
Schedule of Audit Findings .....	11

**This page intentionally left blank.**



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

## INDEPENDENT AUDITOR'S REPORT

May 15, 2015

Portage County Agricultural Society  
Portage County  
P.O. Box 213  
Randolph, Ohio 44265

To the Board of Directors:

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting the 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 the 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 statement 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.

...*"bringing more to the table"*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statement, the Society prepared the 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, 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 Portage County Agricultural Society, Portage 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 May 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

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

	<b>2014</b>	<b>2013</b>
<b>Operating Receipts:</b>		
Admissions	\$ 424,766	\$ 469,499
Privilege Fees	172,746	182,726
Rentals	128,097	121,422
Fees	5,136	10,755
Utilities	6,621	6,381
Other Operating Receipts	157,590	78,958
Total Operating Receipts	894,956	869,741
<b>Operating Disbursements:</b>		
Wages and Benefits	135,003	149,165
Utilities	70,847	54,524
Professional Services	117,381	92,286
Equipment and Grounds Maintenance	118,061	95,056
Supplies	60,480	67,577
Senior Fair	57,491	84,535
Junior Fair	21,485	17,413
Contest Expenses	41,126	56,046
Capital Outlay	307,460	474,829
Other Operating Disbursements	92,468	96,806
Total Operating Disbursements	1,021,802	1,188,237
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(126,846)	(318,496)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	5,416	5,542
County Support	3,300	3,300
Debt Proceeds	240,000	-
Debt Service - Principal	(48,000)	-
Debt Service - Interest	(6,083)	-
Interest Income	5,746	2,669
Net Non-Operating Receipts (Disbursements)	200,379	11,511
Excess (Deficiency) of Receipts Over (Under) Disbursements	73,533	(306,985)
Cash Balance, Beginning of Year	518,632	825,617
<b>Cash Balance, End of Year</b>	<b>\$ 592,165</b>	<b>\$ 518,632</b>

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

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS 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 Portage County Agricultural Society, Portage 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 1803 to operate an annual agricultural fair. The Society sponsors the week-long Randolph Fair during August. During the fair, Portage 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 Portage 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. Other year round activities at the fairgrounds including facility rental, grounds rentals and storage rentals. The reporting entity does not include any other activities or entities of Portage County, Ohio.

Notes 5 and 6 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society 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 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.

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED 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.

**2. DEPOSITS**

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2014 and 2013 was as follows:

	<b>2014</b>	<b>2013</b>
Demand Deposits	\$ 315,996	\$ 278,547
Other Deposits (Savings)	276,169	240,085
Total Deposits	\$ 592,165	\$ 518,632

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. DEBT**

Debt outstanding at November 30, 2014 was as follows:

	Principal	Interest Rate
Note Payable for Restroom Renovation	\$ 192,000	Variable

The Society entered into an agreement with the Portage Community Bank on December 2, 2013 to loan \$240,000 for the renovation of restrooms. This loan has a variable interest rate and matures on December 2, 2018.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending	Restroom Renovation Loan
November 30:	
2015	\$ 52,800
2016	51,600
2017	50,400
2018	49,200
Total	\$ 204,000

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

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

**4. RISK MANAGEMENT**

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

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides 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. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Society.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Society's share of these unpaid claims collectible in future years is approximately \$19,000.

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

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

**4. RISK MANAGEMENT (Continued)**

Financial Position (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay 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><u>Contributions to PEP</u></b>	
<b><u>2014</u></b>	<b><u>2013</u></b>
\$ 27,089	\$ 24,773

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 their 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.

**5. 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 Portage County Fair. The Society disbursed \$21,485 and \$17,413 in 2014 and 2013, respectively directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Portage County paid the Society \$500 in 2014 and 2013 to support Junior Fair Club work. All Junior Fair Board activity is accounted for in the Portage County Agricultural Society bank accounts.

**6. 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 through the Portage County's auction. Monies to cover the cost of the auction are generated through a 1.5% commission per head for steer, 4% for pigs and lambs, and a 5% commission per head for all other animals, assessed on the auction price and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 follows:

**PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY**

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

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

	<u>2014</u>	<u>2013</u>
Beginning Cash Balance	\$ 62,740	\$ 53,175
Receipts	477,191	414,055
Disbursements	<u>(470,159)</u>	<u>(404,490)</u>
Ending Cash Balance	<u>\$ 69,772</u>	<u>\$ 62,740</u>



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

May 15, 2015

Portage County Agricultural Society  
Portage County  
P.O. Box 213  
Randolph, Ohio 44265

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 statement of the **Portage County Agricultural Society**, (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statement and have issued our report thereon dated May 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weakness. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

**... "bringing more to the table"**

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



**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*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 15, 2015.

**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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



PORTAGE COUNTY AGRICULTURAL SOCIETY  
PORTAGE COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2014-001

**Significant Deficiency**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the proper accounts as established by the *Uniform System of Accounting for Agricultural Societies*.

During 2014 and 2013, receipts and disbursements were not posted into accurate receipt and disbursement classifications based on the source of the receipt or nature of the disbursement. The following posting errors were noted:

- A Certificate of Deposit balance was transferred to a savings account and recorded as an Other Operating Receipt and Capital Outlay Disbursement, resulting in an overstatement of receipts and disbursements.
- Debt payments were recorded as Capital Outlay instead of Debt Service – Principal and Debt Service - Interest.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

We recommend the Society refer to *Uniform System of Accounting for Agricultural Societies* for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – Officials did not provide a response to this finding.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**PORTAGE COUNTY AGRICULTURAL SOCIETY**

**PORTAGE 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 7, 2015**