



Dave Yost • Auditor of State



**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2010 and 2009 .....	5
Notes to the Financial Statements .....	6
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Prior Audit Findings .....	13

**This page intentionally left blank.**



# Dave Yost • Auditor of State

Agricultural Society  
Seneca County  
P.O. Box 756  
Tiffin, Ohio 44883-0756

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 an 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 adverse 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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 25, 2011

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society  
Seneca County  
P.O. Box 756  
Tiffin, Ohio 44883-0756

To the Board of Directors:

We have audited the accompanying financial statements of the Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2010 and 2009. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. 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 years ended November 30, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Agricultural Society, Seneca County, as of November 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 25, 2011, 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.



**Dave Yost**  
Auditor of State

March 25, 2011



**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Admissions	\$188,921	\$198,824
Privilege Fees	50,045	54,288
Rentals	81,154	77,656
Sustaining and Entry Fees	20,745	21,615
Parimutuel Wagering Commission	2,970	2,813
Other Fees	37,280	38,714
Other Operating Receipts	15,977	16,262
Total Operating Receipts	397,092	410,172
<b>Operating Disbursements:</b>		
Wages and Benefits	66,053	66,037
Utilities	49,277	43,689
Professional Services	106,452	113,430
Equipment and Grounds Maintenance	65,886	66,039
Race Purse	38,535	40,991
Senior Fair	31,962	39,503
Junior Fair	19,259	14,671
Capital Outlay	28,940	150,735
Other Operating Disbursements	48,042	48,032
Total Operating Disbursements	454,406	583,127
Deficiency of Operating Receipts Under Operating Disbursements	(57,314)	(172,955)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	22,192	23,704
County Support	8,550	9,500
Debt Proceeds		75,000
Donations/Contributions	32,081	121,528
Investment Income	107	293
Debt Service	(20,045)	(43,673)
Net Non-Operating Receipts	42,885	186,352
Excess (Deficiency) of Receipts Over (Under) Disbursements	(14,429)	13,397
Cash Balance, Beginning of Year	76,285	62,888
<b>Cash Balance, End of Year</b>	<b>\$61,856</b>	<b>\$76,285</b>

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

**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009**

**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 Agricultural Society, Seneca 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 1842 to operate an annual agricultural fair. The Society sponsors the week-long Seneca County Fair during July. During the fair, harness races are held, culminating in the running of the Seneca County Speed Program. Seneca County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-five directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Seneca 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 camping. The reporting entity does not include any other activities or entities of Seneca 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 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 the Auditor of State prescribes or permits.

**C. 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.

**D. 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.

**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Race Purse**

Harness stake races are held during the Seneca 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 North Central Ohio Colt Circuit 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.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 20, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	<u>\$61,856</u>	<u>\$76,285</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money to supplement the race purse. The Society received \$11,040 for the year ended November 30, 2010 and \$12,144 for the year ended November 30, 2009. This revenue is reported as State Support on the 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.

	2010	2009
Total Amount Bet (Handle)	\$ 14,924	\$ 14,087
Less: Payoff to Bettors	(11,954)	(11,274)
Parimutuel Wagering Commission	2,970	2,813
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(1,300)	(1,207)
State Tax	(370)	(356)
Society Portion	\$ 700	\$ 650

**4. DEBT**

Debt outstanding at November 30, 2010 was as follows:

	Principal	Interest Rate
Promissory Note	\$32,784	4%

The note bears an interest rate of 4 percent and is due to the Republic Banking Company. The note was entered into on July 1, 2009 and was originally scheduled to mature on October 18, 2018. The Society has made extra principal payments in an attempt to pay off the debt early. Proceeds of the note were used to consolidate a previous note with new proceeds used to construct a new building.

**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**4. DEBT (CONTINUED)**

Amortization of the above debt principal is scheduled as follows:

Year ending November 30:	Promissary Note
2011	\$8,982
2012	8,981
2013	8,982
2014	5,839
Total	<u>\$32,784</u>

**5. RISK MANAGEMENT**

The Seneca County Commissioners provide general insurance coverage for all the buildings on the Seneca County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability with a limit of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer is bonded with coverage of \$40,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2011.

**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 Seneca County Fair. The Society disbursed \$19,259 in fiscal year 2010 and \$14,671 in fiscal year 2009 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Seneca County paid the Society \$500 for each fiscal year 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 year ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	<u>\$9,409</u>	<u>\$12,264</u>
Receipts	30,635	19,881
Disbursements	<u>(25,394)</u>	<u>(22,736)</u>
Ending Cash Balance	<u>\$14,650</u>	<u>\$9,409</u>

**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**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 Seneca County's auction. A commission of two and one half 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. The Junior Livestock Committee's financial activity for the year ended November 30, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$9,325	\$9,817
Receipts	355,133	317,341
Disbursements	<u>(351,961)</u>	<u>(317,833)</u>
Ending Cash Balance	<u><u>\$12,497</u></u>	<u><u>\$9,325</u></u>



# Dave Yost • Auditor of State

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

Agricultural Society  
Seneca County  
P.O. Box 756  
Tiffin, Ohio 44883-0756

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2010 and 2009 and have issued our report thereon dated March 25, 2011 wherein we noted the Society followed 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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*.

We did note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated March 25, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Directors and others within the Society. We intend it for no one other than these specified parties.

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

March 25, 2011



**AGRICULTURAL SOCIETY  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2010 AND 2009**

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>
2008-001	Finding for Recovery Repaid Under Audit	Yes	

**This Page is Intentionally Left Blank.**



# Dave Yost • Auditor of State

**SENECA COUNTY AGRICULTURAL SOCIETY**

**SENECA 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  
APRIL 14, 2011**