



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Attica Independent Agricultural Society
Seneca County
15127 East Township Road 12
P.O. Box 433
Attica, Ohio 44807-0433

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Attica Independent Agricultural Society, Seneca County, Ohio, (the Society) as of and for the years ended November 30, 2016 and 2015.

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 opinions.

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

As described in Note 2 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, 2016 and 2015, or changes in financial position or cash flows 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 cash balances of Attica Independent Agricultural Society, Seneca County, Ohio, as of November 30, 2016 and 2015, and its 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2017, 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

August 17, 2017

Attica Independent Agricultural Society
Seneca County

*Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2016*

Operating Receipts	
Admissions	\$22,552
Privilege Fees	6,525
Rentals	59,506
Sustaining and Entry Fees	78,660
Other Operating Receipts	<u>68,727</u>
<i>Total Operating Receipts</i>	<u>235,970</u>
Operating Disbursements	
Wages and Benefits	2,650
Utilities	40,224
Professional Services	25,597
Equipment and Grounds Maintenance	40,334
Race Purse	83,727
Senior Fair	17,715
Junior Fair	2,375
Capital Outlay	29,544
Other Operating Disbursements	<u>102,003</u>
<i>Total Operating Disbursements</i>	<u>344,169</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(108,199)</u>
Non-Operating Receipts (Disbursements)	
State Support	14,739
County Support	800
Donations/Contributions	89,967
Investment Income	86
Debt Service	<u>(20,857)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>84,735</u>
<i>Excess of Disbursements Over Receipts</i>	(23,464)
Cash Balance, Beginning of Year	<u>73,007</u>
<i>Cash Balance, End of Year</i>	<u><u>\$49,543</u></u>

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

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2016

Note 1 – Reporting Entity

The Attica Independent Agricultural Society (the Society), Seneca County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1876 to operate an annual agricultural fair. The Society sponsors the 5 day – long Attica Independent Fair during August. During the fair, harness races are held, culminating in the running of the Attica Fair Horse Races. Seneca County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Seneca County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental, and track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 7 and 8, respectively; summarize the Junior Fair Board’s and Junior Livestock Sale Committee’s and financial activity.

The Society’s management believes this financial statement presents all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

Basis of Accounting

This financial statement follows 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.

This statement includes 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.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2016
(Continued)

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.

Race Purse

Attica Fair stake races are held during the Attica Independent 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 Ohio Harness Horsemen's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports 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.

Note 3 – Deposits

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	2016
Demand deposits	<u>\$49,543</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2016 was \$4,000, as State Support.

Note 5 – 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

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2016
(Continued)

governments. PEP provides property and casualty coverage for its members. 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 York. 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, 2016, 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 government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Society's share of these unpaid claims collectible in future years is approximately \$13,000.

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.

<u>2016 Contributions to PEP</u> \$20,993
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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.

**Attica Independent Agricultural Society
Seneca County**

*Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2016
(Continued)*

Note 6 – Debt

Debt outstanding at November 30, 2016 was as follows:

	Principal	Interest Rate
Promissary Note	\$137,964	3.02%

The note was entered into on September 9, 2014 and will mature April 1, 2025. Proceeds of the note were used to build a new building for the Junior Fair show arena and hog building.

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

Year ending November 30:	Promissary Note
2017	\$ 16,250
2018	16,250
2019	16,250
2020	16,250
2021	16,250
2022-2026	56,714
	\$ 137,964

Note 7 – 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 Attica Independent Fair. The Society disbursed \$2,375 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 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board’s financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 6,068
Receipts	5,852
Disbursements	(7,551)
Ending Cash Balance	\$ 4,369

Note 8 – 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 Attica Junior Fair Livestock auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee’s activities. The Junior Livestock Committee’s financial activity for the year ended November 30, 2016 follows:

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2016
(Continued)

	2016
Beginning Cash Balance	\$ 12,200
Receipts	198,489
Disbursements	<u>(197,216)</u>
Ending Cash Balance	<u>\$ 13,473</u>

Note 9 – Other Operating Receipts

Other operating receipts are primarily made up of membership fees, utility reimbursements and sales during activities held at the fairgrounds.

Attica Independent Agricultural Society
Seneca County

*Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2015*

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Operating Receipts	
Admissions	\$36,653
Privilege Fees	7,613
Rentals	59,248
Sustaining and Entry Fees	11,700
Other Operating Receipts	<u>63,028</u>
<i>Total Operating Receipts</i>	<u>178,242</u>
Operating Disbursements	
Wages and Benefits	2,638
Utilities	37,957
Professional Services	28,935
Equipment and Grounds Maintenance	34,403
Race Purse	65,048
Senior Fair	42,743
Junior Fair	7,694
Capital Outlay	232,869
Other Operating Disbursements	<u>81,585</u>
<i>Total Operating Disbursements</i>	<u>533,872</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(355,630)</u>
Non-Operating Receipts (Disbursements)	
State Support	68,695
County Support	800
Debt Proceeds	170,464
Donations/Contributions	103,239
Investment Income	136
Debt Service	<u>(18,617)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>324,717</u>
<i>Excess of Disbursements Over Receipts</i>	(30,913)
Cash Balance, Beginning of Year	<u>103,920</u>
<i>Cash Balance, End of Year</i>	<u><u>\$73,007</u></u>

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

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2015

Note 1 – Reporting Entity

The Attica Independent Agricultural Society (the Society), Seneca County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1876 to operate an annual agricultural fair. The Society sponsors the 5 day – long Attica Independent Fair during August. During the fair, harness races are held, culminating in the running of the Attica Fair Horse Races. Seneca County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Seneca County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year round activities at the fairgrounds including facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 7 and 8, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

Basis of Accounting

This financial statement follows 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.

This statement includes 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.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2015
(Continued)

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.

Race Purse

Attica Fair stake races are held during the Attica Independent 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 Ohio Harness Horsemen's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports 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.

Note 3 – Deposits

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2015
Demand deposits	<u>\$73,007</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2015 was \$4,000, as State Support.

Note 5 – 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.

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2015
(Continued)

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. 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 York. 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, 2015, 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 government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

	<u>2015</u>
Assets	\$48,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015 the liabilities above include approximately 11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Society's share of these unpaid claims collectible in future years is approximately \$13,000.

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.

<u>2015 Contributions to PEP</u> <u>\$21,131</u>

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

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2015
(Continued)

of whether a claim occurred or was reported prior to the withdrawal.

Note 6 – Debt

Debt outstanding at November 30, 2015 was as follows:

	Principal	Interest Rate
Promissary Note	\$154,214	3.02%

The note was entered into on September 9, 2014 and will mature April 1, 2025. Proceeds of the note were used to build a new building for the Junior Fair show arena and hog building.

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

Year ending	Promissary Note
November 30	
2016	\$ 16,250
2017	16,250
2018	16,250
2019	16,250
2020	16,250
2021-2025	72,964
	\$ 154,214

Note 7 – 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 Attica Independent Fair. The Society disbursed \$7,694 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 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board’s financial activity for the year ended November 30, 2015 follows:

	2015
Beginning Cash Balance	\$ 5,756
Receipts	8,343
Disbursements	(8,031)
Ending Cash Balance	\$ 6,068

Attica Independent Agricultural Society
Seneca County

Notes to the Financial Statements
For the Fiscal Year Ended November 30, 2015
(Continued)

Note 8 – 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 Attica Junior Fair Livestock Committee's auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2015 follows:

	2015
Beginning Cash Balance	\$ 10,673
Receipts	200,689
Disbursements	<u>(199,162)</u>
Ending Cash Balance	<u>\$ 12,200</u>

Note 9 – Other Operating Receipts

Other operating receipts are primarily made up of membership fees, utility reimbursements and sales during activities held at the fairgrounds.



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

Attica Independent Agricultural Society
Seneca County
15127 East Township Road 12
P.O. Box 433
Attica, Ohio 44807-0433

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 Attica Independent Agricultural Society, Seneca County, Ohio (the Society) as of and for the years ended November 30, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2017, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

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

August 17, 2017

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY
SENECA COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness

The Society's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements that resulted in several audit adjustments. The adjustments were as follows:

- Debt payments of \$41,714 were not included on the financial statements (2016)
- Other Operating Disbursements of \$52,100 were not included on the financial statements (2016)
- Other Operating Receipts of \$44,812 were not included on the financial statements (2016)
- Investment income was not included on the financial statements (\$21 – 2016; \$81 - 2015)
- State support receipts were improperly classified as sustaining and entry fee receipts (\$54,200 – 2015)

The accompanying financial statements have been adjusted to correct these errors. These errors are a result of inadequate policies and procedures over reviewing the financial statements. To help ensure the Society's financial statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the annual report by the Secretary and Board of Directors to identify and correct errors, omissions, and misclassifications.

Officials' Response

We did not receive a response from officials to the finding reported above.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY
SENECA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material weakness in financial reporting due to errors in financial statements	Not Corrected. Repeated in this report as finding 2016-001.	This was the first time the Fiscal Officer filed statements on the Hinkle system and was unsure of how the statements worked. Information was left off of the financial statement shell. The fiscal officer will submit accurate information into the Hinkle system in the future.



Dave Yost • Auditor of State

ATTICA INDEPENDENT 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
AUGUST 31, 2017**