



Dave Yost • Auditor of State



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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

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

We have audited the accompanying financial statements and related notes of Seneca County 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 Seneca County 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 10, 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 10, 2017

**Seneca County Agricultural Society**  
**Seneca County**

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

<hr/> <hr/>	
<b>Operating Receipts</b>	
Admissions	\$220,888
Privilege Fees	51,794
Rentals	114,198
Sustaining and Entry Fees	10,800
Pari-mutuel Wagering Commission	195
Other Operating Receipts	<u>145,765</u>
<i>Total Operating Receipts</i>	<u>543,640</u>
<b>Operating Disbursements</b>	
Wages and Benefits	80,711
Utilities	87,760
Professional Services	117,129
Equipment and Grounds Maintenance	75,137
Race Purse	81,720
Senior Fair	45,482
Junior Fair	15,026
Capital Outlay	105,508
Other Operating Disbursements	<u>44,360</u>
<i>Total Operating Disbursements</i>	<u>652,833</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(109,193)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	64,839
County Support	5,800
Donations/Contributions	102,889
Investment Income	81
Debt Service	<u>(4,259)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>169,350</u>
<i>Excess of Receipts Over Disbursements</i>	60,157
Cash Balance, Beginning of Year	<u>73,904</u>
<i>Cash Balance, End of Year</i>	<u><u>\$134,061</u></u>

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

**Seneca County Agricultural Society**  
**Seneca County**

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

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**Note 1 – Reporting Entity**

The Agricultural Society of Seneca County (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 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 25 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, track and stall rental, and community events including flea markets, auctions, garage sales and gun shows. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 8, 9, and 10, respectively; summarize the Junior Fair Board’s, Junior Livestock Sale Committee’s and Junior Fair Foundation 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.



**Seneca County Agricultural Society**  
**Seneca County**

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

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***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***

Seneca County Speed Program 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 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.

***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.

**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>\$134,061</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Seneca County Agricultural Society**  
**Seneca County**

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

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**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 \$4,401, as State Support.

***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.

	<u>2016</u>
Total Amount Bet (Handle)	\$ 8,040
Less: Payoff to Bettors	<u>(6,419)</u>
Parimutuel Wagering Commission	1,621
Tote Service Set Up Fee	(934)
Tote Service Commission	(330)
State Tax	<u>(215)</u>
Society Portion	<u>\$ 142</u>

**Note 5 – Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2017

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 and vehicle insurance, with limits of \$3,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's general manager is bonded with coverage of \$40,000.

**Note 6 – Social Security**

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2016.

**Seneca County Agricultural Society**  
**Seneca County**

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

**Note 7 – Debt**

Debt outstanding at November 30, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissary Note	\$3,500	3.59%

The note was entered into on August 29, 2011. Extra principal payments have been made in 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 (livestock pavilion). It is anticipated that the loan will be paid off in 2017.

Amortization of the above debt is scheduled as follows:

Year ending	
November 30:	<b>Promissary Note</b>
2017	\$ 3,500

**Note 8 – 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 \$15,026 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	\$ 29,968
Receipts	27,593
Disbursements	(32,244)
Ending Cash Balance	\$ 25,317

**Note 9 – 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 3 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:

**Seneca County Agricultural Society**  
**Seneca County**

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

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	2016
Beginning Cash Balance	\$ 23,334
Receipts	452,676
Disbursements	<u>(437,421)</u>
Ending Cash Balance	<u>\$ 38,589</u>

**Note 10 – Junior Fair Foundation Committee**

The Junior Fair Foundation Committee is an all-volunteer, non-profit tax-exempt organization. Its purpose is to improve the welfare of the Seneca County Junior Fair participants. The organization is dedicated to providing an opportunity for the youth of Seneca County to learn and develop leadership skills through participation in Junior Fair activities and programs. Proceeds from this fund raising committee helps to fund a variety of improvements on the fairgrounds and projects that benefit Junior Fair youth. The Junior Fair Foundation Committee's financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 228,315
Receipts	143,865
Disbursements	<u>(196,561)</u>
Ending Cash Balance	<u>\$ 175,619</u>

**Note 11 – Other Operating Receipts**

Other operating receipts are primarily made up of membership fees, parking receipts and entry fees.

**Seneca County 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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<b>Operating Receipts</b>	
Admissions	\$230,373
Privilege Fees	51,183
Rentals	101,636
Sustaining and Entry Fees	7,620
Pari-mutuel Wagering Commission	231
Other Operating Receipts	<u>87,025</u>
<i>Total Operating Receipts</i>	<u>478,068</u>
<b>Operating Disbursements</b>	
Wages and Benefits	90,736
Utilities	78,452
Professional Services	116,594
Equipment and Grounds Maintenance	80,920
Race Purse	66,406
Senior Fair	52,833
Junior Fair	16,445
Capital Outlay	67,260
Other Operating Disbursements	<u>54,095</u>
<i>Total Operating Disbursements</i>	<u>623,741</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(145,673)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	68,695
County Support	2,800
Donations/Contributions	65,185
Investment Income	69
Debt Service	<u>(7,966)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>128,783</u>
<i>Excess of Disbursements Over Receipts</i>	(16,890)
Cash Balance, Beginning of Year	<u>90,794</u>
<i>Cash Balance, End of Year</i>	<u><u>\$73,904</u></u>

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

**Seneca County Agricultural Society**  
**Seneca County**

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

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**Note 1 – Reporting Entity**

The Agricultural Society of Seneca County (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 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 25 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, track and stall rental, and community events including flea markets, auctions, garage sales and gun shows. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 8, 9, and 10, respectively; summarize the Junior Fair Board’s, Junior Livestock Sale Committee’s and Junior Fair Foundation 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.

**Seneca County Agricultural Society**  
**Seneca County**

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

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***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***

Seneca County Speed Program 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 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.

***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.

**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:

	2015
Demand deposits	<u>\$73,904</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Seneca County Agricultural Society**  
**Seneca County**

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

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**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 \$4,401, as State Support.

***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.

	<u>2015</u>
Total Amount Bet (Handle)	\$ 7,272
Less: Payoff to Bettors	<u>(5,811)</u>
Parimutuel Wagering Commission	1,461
Tote Service Set Up Fee	(500)
Tote Service Commission	(539)
State Tax	<u>(191)</u>
Society Portion	<u>\$ 231</u>

**Note 5 – Risk Management**

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2017

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 and vehicle insurance, with limits of \$3,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's general manager is bonded with coverage of \$40,000.

**Note 6 – Social Security**

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2015.



**Seneca County Agricultural Society**  
**Seneca County**

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

**Note 7 – Debt**

Debt outstanding at November 30, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissary Note	\$7,500	3.59%

The note was entered into on August 29, 2011. Extra principal payments have been made in 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 (livestock pavilion). It is anticipated that the loan will be paid off in 2017.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	<u>Promissary Note</u>
2016	\$ 4,000
2017	3,500
	\$ 7,500

**Note 8 – 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 \$16,445 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. These 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	23,091
Receipts	35,215
Disbursements	(28,338)
Ending Cash Balance	\$ 29,968

**Note 9 – 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 3 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:

**Seneca County Agricultural Society**  
**Seneca County**

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

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	2015
Beginning Cash Balance	\$ 16,273
Receipts	453,594
Disbursements	<u>(446,533)</u>
Ending Cash Balance	<u>\$ 23,334</u>

**Note 10 – Junior Fair Foundation Committee**

The Junior Fair Foundation Committee is an all-volunteer, non-profit tax-exempt organization. Its purpose is to improve the welfare of the Seneca County Junior Fair participants. The organization is dedicated to providing an opportunity for the youth of Seneca County to learn and develop leadership skills through participation in Junior Fair activities and programs. Proceeds from this fund raising committee helps to fund a variety of improvements on the fairgrounds and projects that benefit Junior Fair youth. The Junior Fair Foundation Committee's financial activity for the year ended November 30, 2015 follows:

	2015
Beginning Cash Balance	\$ 222,175
Receipts	130,805
Disbursements	<u>(124,665)</u>
Ending Cash Balance	<u>\$ 228,315</u>

**Note 11 – Other Operating Receipts**

Other operating receipts are primarily made up of membership fees, parking receipts and entry fees



# 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

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

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 Seneca County 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 10, 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*.

***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 10, 2017

**SENECA COUNTY AGRICULTURAL SOCIETY  
SENECA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

The Society's management is responsible for the fair presentation of the financial statements. An error was noted in the 2015 financial statement resulting in a reclassification due to State Support Receipts being improperly classified as Other Operating Receipts in the amount of \$54,200.

This error was a result of inadequate policies and procedures over reviewing the financial statements. The accompanying financial statements have been adjusted to correct this error. 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 report above.

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# 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  
AUGUST 29, 2017**