



**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

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Mary Taylor, CPA

Auditor of State

Seneca County 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 a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

July 31, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Seneca County 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 Seneca County Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2006 and 2005. 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidential matter supporting amounts reported as other operating receipts and donations/contributions in the Society's fund for fiscal years 2006 and 2005.

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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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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, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence for amounts reported as other operating receipts and donations/contributions in the Society's fund for fiscal years 2006 and 2005, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Seneca County Agricultural Society, as of November 30, 2006 and 2005, 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 July 31, 2007, 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.



Mary Taylor, CPA
Auditor of State

July 31, 2007

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$166,323	\$181,593
Privilege Fees	57,515	58,251
Rentals	68,254	74,643
Sustaining and Entry Fees	24,182	23,085
Parimutuel Wagering Commission	3,696	2,847
Other Fees	35,404	37,111
Other Operating Receipts	24,319	25,192
 Total Operating Receipts	 379,693	 402,722
Operating Disbursements:		
Wages and Benefits	65,931	62,133
Utilities	36,165	40,461
Professional Services	108,728	131,269
Equipment and Grounds Maintenance	61,903	63,564
Race Purse	57,429	53,786
Senior Fair	31,831	28,269
Junior Fair	14,073	19,645
Capital Outlay	800	42,918
Other Operating Disbursements	55,424	54,310
 Total Operating Disbursements	 432,284	 496,355
 Deficiency of Operating Receipts Under Operating Disbursements	 (52,591)	 (93,633)
Non-Operating Receipts (Disbursements):		
State Support	29,155	32,044
County Support	10,000	10,000
Donations/Contributions	47,205	62,241
Investment Income	105	159
Debt Service	(12,095)	(22,698)
 Net Non-Operating Receipts	 74,370	 81,746
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 21,779	 (11,887)
 Cash Balance, Beginning of Year	 41,545	 53,432
 Cash Balance, End of Year	 \$63,324	 \$41,545

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

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 Seneca County Agricultural Society (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. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

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.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(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.

2. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$63,324</u>	<u>\$41,545</u>

The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(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 \$17,704 for the year ended November 30, 2006, and \$20,304 for the year ended November 30, 2005. 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.

	2006	2005
Total Amount Bet (Handle)	\$18,685	\$14,586
Less: Payoff to Bettors	(14,989)	(11,739)
Parimutuel Wagering Commission	3,696	2,847
Tote Service Set Up Fee	(900)	(900)
Tote Service Commission	(1,528)	(1,067)
State Tax	(446)	(306)
Society Portion	\$822	\$574

4. DEBT

Debt outstanding at November 30, 2006 was as follows:

	Principal	Interest Rate
Mortgage	\$48,500	7.50%

The mortgage bears an interest rate of 7.50 percent and is due to the Republic Banking Company. The mortgage was entered into on October 26, 2000 and was originally scheduled to mature on October 15, 2020. The Society has made extra principal payments in an attempt to pay off the debt early. Proceeds of the note were used to consolidate the debt of the society, and are collateralized by real estate.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Mortgage
2007	\$ 6,558
2008	6,558
2009	6,558
2010	6,558
2011	6,558
2012-2015	32,790
2016	5,981
Total	71,561
Less Interest	(23,061)
Balance	\$ 48,500

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 legal liability and wrongful acts, with limits of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000 during the year and \$25,000 during fair week. 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 August 2007.

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 \$14,073 in fiscal year 2006 and \$19,645 in fiscal year 2005 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursements. Seneca County paid the Society \$500 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 years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$11,662	\$10,201
Receipts	30,633	15,654
Disbursements	(26,801)	(14,193)
Ending Cash Balance	\$15,494	\$11,662

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

7. JUNIOR LIVESTOCK 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 statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Beginning Cash Balance	\$16,496	\$7,738
Receipts	335,357	349,663
Disbursements	<u>(341,382)</u>	<u>(340,905)</u>
Ending Cash Balance	<u><u>\$10,471</u></u>	<u><u>\$16,496</u></u>



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Seneca County Agricultural Society (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated July 31, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We qualified our report because of our inability to obtain sufficient evidential matter supporting other operating receipts and donations/contributions for fiscal years 2006 and 2005. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2006-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2006-001 listed above to be a material weakness. In a separate letter to the Society's management dated July 31, 2007, we reported other matters involving internal control over financial reporting which we did not deem a reportable condition.

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

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

Mary Taylor, CPA
Auditor of State

July 31, 2007

SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005

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

FINDING NUMBER 2006-001

Material Weakness – Accountability over Donations/Contributions and Other Operating Receipts

Proper supporting documentation should be maintained for all receipts. Triplicate receipts are completed by the Fiscal Officer or a Director for every amount received during the fiscal year. However, the Society did not maintain adequate supporting documentation for donations and contributions or other operating receipts. Lack of supporting documentation enhances the possibility of posting errors and increases the opportunity for theft to occur.

We recommend the Society maintain supporting documentation for all receipts, such as a contribution form, donation letter, remittance slip or copy of the check. For donations and contributions received, we also recommend the Board formally accept these amounts in open meetings and document in the minutes the person or organization contributing the funds as well as the amount of the contribution or donation.

Officials' Response: We did not receive a response from Officials to the finding reported above.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Material Weakness – Lack of accountability over admissions	Yes	
2004-002	Ohio Revised Code § 149.351 Failure to retain records	Yes	



Mary Taylor, CPA
Auditor of State

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 28, 2007**