



**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007



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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 30, 2009

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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 Directors:

We have audited the accompanying financial statements of Seneca County Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2008 and 2007. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2008 and 2007, 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Seneca County Agricultural Society, Seneca County, as of November 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009, 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

March 30, 2009

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Operating Receipts:		
Admissions	\$209,684	\$198,547
Privilege Fees	55,881	53,699
Rentals	78,585	67,423
Sustaining and Entry Fees	21,100	20,615
Parimutuel Wagering Commission	3,248	3,199
Other Fees	39,529	42,394
Other Operating Receipts	<u>22,618</u>	<u>20,442</u>
 Total Operating Receipts	 <u>430,645</u>	 <u>406,319</u>
Operating Disbursements:		
Wages and Benefits	63,308	65,949
Utilities	39,568	36,843
Professional Services	129,926	120,537
Equipment and Grounds Maintenance	82,954	62,402
Race Purse	44,459	48,345
Senior Fair	44,741	48,580
Junior Fair	13,043	20,380
Capital Outlay	10,429	87,343
Other Operating Disbursements	<u>60,224</u>	<u>52,470</u>
 Total Operating Disbursements	 <u>488,652</u>	 <u>542,849</u>
Deficiency of Operating Receipts Under Operating Disbursements	 <u>(58,007)</u>	 <u>(136,530)</u>
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	10,000	10,000
Donations/Contributions	34,787	119,142
Investment Income	663	1,067
Debt Service	<u>(15,140)</u>	<u>(21,610)</u>
 Net Non-Operating Receipts	 <u>56,458</u>	 <u>137,643</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,549)	1,113
Cash Balance, Beginning of Year	<u>64,437</u>	<u>63,324</u>
Cash Balance, End of Year	<u><u>\$62,888</u></u>	<u><u>\$64,437</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
NOVEMBER 30, 2008 AND 2007**

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. Accounting Basis

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

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

C. Property, Plant, and Equipment

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

D. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(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. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$62,888</u>	<u>\$64,437</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(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 \$13,848 for the year ended November 30, 2008, and \$17,696 for the year ended November 30, 2007. 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.

	2008	2007
Total Amount Bet (Handle)	\$ 16,249	\$ 16,278
Less: Payoff to Bettors	(13,001)	(13,079)
Parimutuel Wagering Commission	3,248	3,199
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(1,452)	(1,448)
State Tax	(414)	(372)
Society Portion	\$ 782	\$ 779

4. DEBT

Debt outstanding at November 30, 2008, was as follows:

	Principal	Interest Rate
Mortgage	\$17,241	7.25%

The mortgage bears an interest rate of 7.25 percent and is due to the Republic Banking Company. The mortgage was entered into on October 26, 2000 and 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 STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

4. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Mortgage
2009	9,183
2010	8,058
Total	\$17,241

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 2009.

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 \$13,043 in fiscal year 2008 and \$20,380 in fiscal year 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. Seneca County paid the Society \$500 for each fiscal year to support Junior Fair 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, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$ 16,097	\$ 15,494
Receipts	20,594	26,153
Disbursements	(24,427)	(25,550)
Ending Cash Balance	\$ 12,264	\$ 16,097

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Seneca County's auction. A commission of two and one half percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 10,938	\$ 10,471
Receipts	338,385	350,713
Disbursements	<u>(339,506)</u>	<u>(350,246)</u>
Ending Cash Balance	<u>\$ 9,817</u>	<u>\$ 10,938</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, Seneca County, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated March 30, 2009, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

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

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www.auditor.state.oh.us

We noted certain matters that we reported to the Society's management in a separate letter dated March 30, 2009.

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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

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.



Mary Taylor, CPA
Auditor of State

March 30, 2009

SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007

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

FINDING NUMBER 2008-001

Finding for Recovery Repaid Under Audit

The Fiscal Officer incorrectly paid William Enders, Building and Grounds Caretaker, the gross amount of his payroll (\$1,260.16) rather than the net amount (\$1,008.15) for a difference of \$252.01 on the payroll check issued April 1, 2008. Mr. Enders' time sheet for March 31, 2008, correctly reflected the gross amount, payroll deductions and net pay. The Fiscal Officer, however, incorrectly paid the gross amount, resulting in an overpayment of \$252.01.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against William Enders, Buildings and Grounds Caretaker, in the amount of \$252.01, in favor of the Seneca County Agricultural Society's General Fund.

The finding was repaid by William Enders on March 13, 2009, and credited to the Society's General Fund.

Officials' Response: The Society will take steps to ensure this error will not occur in the future.

**SENECA COUNTY AGRICULTURAL SOCIETY
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Material Weakness – Accountability over Donations/Contributions and Other Operating Receipts.	No	Partially corrected. Repeated in the management letter.



Mary Taylor, CPA
Auditor of State

SENECA COUNTY AGRICULTURAL SOCIETY

SENECA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 16, 2009**