



Dave Yost • Auditor of State

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Agricultural Society
Noble County
10972 Cain Road
Caldwell, Ohio 43724

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2015 and 2014.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 this financial statement 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 statement is 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 statement 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 1 of the financial statement, the Society prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 statement 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 this statement 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 § 117.38 and Ohio Administrative Code § 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 statement referred to above does 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, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Agricultural Society, Noble County, Ohio, as of November 30, 2015 and 2014, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, 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

December 16, 2016

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

	2015	2014
Operating Receipts:		
Admissions	\$85,610	\$104,270
Taxes	732	624
Privilege Fees	20,446	19,221
Rentals	49,625	45,631
Sustaining and Entry Fees	21,125	18,824
Pari-mutuel Wagering Commission	11,553	7,901
Other Operating Receipts	0	500
 Total Operating Receipts	 189,091	 196,971
Operating Disbursements:		
Wages and Benefits	18,902	17,410
Administrative	3,580	3,992
Utilities	38,518	31,264
Professional Services	65,277	72,139
Equipment and Grounds Maintenance	31,558	32,956
Supplies	14,796	22,093
Race Purse	71,100	46,808
Senior Fair	4,522	2,635
Junior Fair	12,679	12,519
Contests	9,863	17,215
Capital Outlay	86,901	68,389
Other Operating Disbursements	22,512	41,531
 Total Operating Disbursements	 380,208	 368,951
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (191,117)	 (171,980)
Non-Operating Receipts (Disbursements):		
State Support	68,695	44,807
County Support	2,800	2,800
Donations/Contributions	89,655	46,629
Investment Income	329	585
 Net Non-Operating Receipts (Disbursements)	 161,479	 94,821
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (29,638)	 (77,159)
 Cash Balance, Beginning of Year	 103,040	 180,199
 Cash Balance, End of Year	 \$73,402	 \$103,040

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

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**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Noble County (the Society), as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1952 to operate an annual agricultural fair. The Society sponsors the week-long Noble County Fair during August. During the fair, harness races are held. Noble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Noble 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 include facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Noble 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

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) or permit.

C. Deposits

The Society values certificates of deposit at cost.

D. Property, Plant, and Equipment

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

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. Race Purse

Harness stake races are held during the Noble 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 Southern Valley 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 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 3 for additional information.

G. 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 Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2015 and 2014 was as follows:

	2015	2014
Demand deposits	\$5,265	\$35,153
Certificates of deposit	22,304	22,193
Other time deposits (savings and NOW accounts)	45,833	45,694
Total deposits	\$73,402	\$103,040

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2015 and 2014, was \$10,225 and \$11,287, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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.

	2015	2014
Total Amount Bet (Handle)	\$2,808	\$2,819
Less: Payoff to Bettors	(2,238)	(2,245)
Parimutuel Wagering Commission	570	574
Tote Service Set Up Fee	(1,000)	(900)
Tote Service Commission	0	0
State Tax	(78)	(80)
Society Portion	(\$508)	(\$406)

4. RISK MANAGEMENT

The Noble County Commissioners provide general insurance coverage for all the buildings on the Noble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$10,000.

5. SOCIAL SECURITY

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2015 and 2014 employees contributed 6.2% of their gross salaries. The Society contributed for 2015 and 2014 an amount equal to 6.2% of participant's gross salaries through November 30, 2015.

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 Noble County Fair. The Society disbursed \$12,679 in 2015 and \$12,519 in 2014 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Noble County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity.

**AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2015 AND 2014
(Continued)**

6. JUNIOR FAIR BOARD (Continued)

The Junior Fair Board's financial activity for the years ended November 30, 2015 and 2014, follows

	2015	2014
Beginning Cash Balance	\$ 899	\$ 1,904
Receipts	5,765	4,184
Disbursements	(3,059)	(5,189)
Ending Cash Balance	\$ 3,605	\$ 899

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 Noble County's auction. A commission of 3% 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, 2015 and 2014, follows:

	2015	2014
Beginning Cash Balance	\$ 34,139	\$ 2,674
Receipts	540,645	539,981
Disbursements	(537,486)	(508,516)
Ending Cash Balance	\$ 37,298	\$ 34,139



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

Agricultural Society
Noble County
10972 Cain Road
Caldwell, Ohio 43724

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 statement of the cash balances, receipts and disbursements of the Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2015 and 2014, and the related notes to the financial statement, and have issued our report thereon dated December 16, 2016, wherein we noted the Society followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 opinion on the financial statement, 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 a 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 statement. 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is 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

December 16, 2016



Dave Yost • Auditor of State

NOBLE COUNTY AGRICULTURAL SOCIETY

NOBLE 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
DECEMBER 29, 2016**