

PREBLE COUNTY AGRICULTURAL SOCIETY

PREBLE COUNTY

AUDIT REPORT

FOR THE YEARS ENDED NOVEMBER 30, 2017 and 2016





Dave Yost • Auditor of State

Board of Directors
Preble County Agricultural Society
722 South Franklin Street
Eaton, OH 45320

We have reviewed the *Independent Auditor's Report* of the Preble County Agricultural Society, Preble County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2015 through November 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Preble County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 24, 2018

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PREBLE COUNTY AGRICULTURAL SOCIETY
PREBLE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Preble County Agricultural Society
Preble County
722 South Franklin Street
Eaton, Ohio 45320

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Preble County Agricultural Society, Preble County, (the Society) as of and for the years ended November 30, 2017 and 2016.

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 such 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 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, 2017 and 2016, or changes in financial position 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, receipts and disbursements, and related notes of the Preble County Agricultural Society, Preble County as of November 30, 2017 and 2016, and 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018, 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.



Charles E. Harris & Associates, Inc.
July 24, 2018

Preble County Agricultural Society
Preble County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2017

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Operating Receipts	
Admissions	\$272,393
Privilege Fees	107,600
Rentals	157,400
Sustaining and Entry Fees	86,073
Pari-mutuel Wagering Commission	1,543
Other Operating Receipts	<u>86,329</u>
<i>Total Operating Receipts</i>	<u>711,338</u>
 Operating Disbursements	
Wages and Benefits	159,440
Utilities	82,045
Professional Services	103,171
Equipment and Grounds Maintenance	106,598
Race Purse	100,433
Senior Fair	127,079
Junior Fair	22,005
Capital Outlay	72,915
Other Operating Disbursements	<u>105,550</u>
<i>Total Operating Disbursements</i>	<u>879,236</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	 (167,898)
 Non-Operating Receipts (Disbursements)	
State Support	14,280
County Support	2,400
Sale of Fixed Assets	320
Donations/Contributions	152,959
Investment Income	<u>210</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>170,169</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 2,271
 Cash Balance, Beginning of Year	 <u>142,199</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$144,470</u></u>

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

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2017**

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 Preble County Agricultural Society, Preble 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 April 1850 to operate an annual agricultural fair. The Society sponsors the week-long Famous Preble County Fair during July and August. During the fair, harness races are held, culminating in the running of the Speed Program. Preble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 13 Directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Preble County and pay an annual members fee to the Society.

Reporting Entity

The reporting entity included all activity occurring on the fairgrounds. This included the annual fair and harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Preble 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 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include 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.

C. Deposits

The Society maintained all funds in checking accounts and interest-bearing savings accounts. Interest earned is recognized and recorded when received.

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2017
(Continued)**

D. 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.

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

Speed Program stake races are held during the Preble 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. The 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 commissions (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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2017
(Continued)**

2. Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2017 was as follows:

Demand deposits	\$144,470
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Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2017 was \$3,983 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.

Total Amount Bet (Handle)	\$ 7,605
Less: Payoff to Bettors	<u>(6,062)</u>
Pari-mutuel Wagering Commission	1,543
Tote Service Set Up Fee	(1,000)
Tote Service Commission	(136)
State Tax	<u>(212)</u>
Society Portion	<u>\$ 195</u>

4. Debt

Debt outstanding at November 30, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fairgrounds General Obligation Bonds	\$15,000	3% to 3.75%
County Loan	<u>52,300</u>	0%
Total	<u>\$67,300</u>	

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2017
(Continued)**

The Preble County Agricultural Society issued County Fairground General Obligation Bonds in the amount of \$200,000 dated July 1, 1996 for the purpose of refinancing the debt which was incurred to provide funds to the County Agricultural Society to acquire and construct improvements at the County Fairgrounds. The outstanding principal balance at November 30, 2003 was \$155,000. In June 2005, these bonds were refinanced. The refunded portion was \$125,000; the un-funded portion was \$20,000. The bonds mature in 2018.

Preble County loaned the Society \$34,163 and \$18,137 on December 21, 2001 and February 2002 respectively to pay an overdue electric bill with Dayton Power and Light. There are no set terms or a time schedule for repayment. No payments were made to Preble County for this loan during 2017.

Amortization of the above debt is scheduled as follows:

Year ending <u>November 30:</u>	General Obligation <u>Bond</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$15,000</u>	<u>\$540</u>	<u>\$15,540</u>
Total	<u>\$15,000</u>	<u>\$540</u>	<u>\$15,540</u>

5. Risk Management

The Preble County Commissioners provide general insurance coverage for all the buildings on the Preble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General Liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$3,000,000 and no annual aggregation. This policy included crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer and President are bonded with coverage of \$20,000 each person.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2018.

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 Preble County Fair. The Society disbursed \$20,883 in 2017 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Preble County paid the Society \$100 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 year ended November 30, 2017 as follows:

	<u>2017</u>
Beginning Cash Balance	\$ 5,029
Receipts	11,942
Disbursements	<u>(8,256)</u>
Ending Cash Balance	<u>\$ 8,715</u>

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2017
(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 Preble County's auction. Monies to cover the cost of the auction are generated through a per head, per group of animals (pen) commission, and are retained by the Junior Livestock Committee. 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, 2017 follows:

	<u>2017</u>
Beginning Cash Balance	\$ 5,581
Receipts	450,149
Disbursements	<u>(447,595)</u>
Ending Cash Balance	<u>\$ 8,135</u>

Preble County Agricultural Society
Preble County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2016

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Operating Receipts	
Admissions	\$ 269,135
Privilege Fees	109,324
Rentals	155,868
Sustaining and Entry Fees	21,919
Pari-mutuel Wagering Commission	1,833
Other Operating Receipts	<u>77,082</u>
<i>Total Operating Receipts</i>	<u>635,161</u>
 Operating Disbursements	
Wages and Benefits	172,471
Utilities	81,382
Professional Services	119,910
Equipment and Grounds Maintenance	96,455
Race Purse	86,220
Senior Fair	97,730
Junior Fair	19,068
Capital Outlay	3,826
Other Operating Disbursements	<u>139,499</u>
<i>Total Operating Disbursements</i>	<u>816,561</u>
 <i>Excess (Deficiency) of Operating Receipts</i>	 (181,400)
 Non-Operating Receipts (Disbursements)	
State Support	14,739
County Support	2,400
Donations/Contributions	209,037
Investment Income	<u>190</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>226,366</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 44,966
 Cash Balance, Beginning of Year (Restated)	 <u>97,233</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$142,199</u></u>

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

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2016**

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 Preble County Agricultural Society, Preble 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 April 1850 to operate an annual agricultural fair. The Society sponsors the week-long Famous Preble County Fair during July and August. During the fair, harness races are held, culminating in the running of the Speed Program. Preble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 13 Directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Preble County and pay an annual members fee to the Society.

Reporting Entity

The reporting entity included all activity occurring on the fairgrounds. This included the annual fair and harness racing during fair week. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Preble 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 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include 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.

C. Deposits

The Society maintained all funds in checking accounts and interest-bearing savings accounts. Interest earned is recognized and recorded when received.

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2016
(Continued)**

D. 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.

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

Speed Program stake races are held during the Preble 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. The 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 commissions (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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

Preble County Agricultural Society
Preble County

Notes to the Financial Statements
November 30, 2016
(Continued)

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

2. Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2016 was as follows:

Demand deposits	\$142,199
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Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2016 was \$14,739 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.

Total Amount Bet (Handle)	\$ 9,087
Less: Payoff to Bettors	<u>(7,255)</u>
Pari-mutuel Wagering Commission	1,833
Tote Service Set Up Fee	(350)
Tote Service Commission	(743)
State Tax	<u>(244)</u>
Society Portion	<u>\$ 495</u>

**Preble County Agricultural Society
Preble County**

**Notes to the Financial Statements
November 30, 2016
(Continued)**

4. Debt

Debt outstanding at November 30, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fairgrounds General Obligation Bonds	\$15,000	3% to 3.75%
County Loan	<u>52,300</u>	0%
Total	\$67,300	

The Preble County Agricultural Society issued County Fairground General Obligation Bonds in the amount of \$200,000 dated July 1, 1996 for the purpose of refinancing the debt which was incurred to provide funds to the County Agricultural Society to acquire and construct improvements at the County Fairgrounds. The outstanding principal balance at November 30, 2003 was \$155,000. In June 2005, these bonds were refinanced. The refunded portion was \$125,000; the un-funded portion was \$20,000. The bonds mature in 2017.

Preble County loaned the Society \$34,163 and \$18,137 on December 21, 2001 and February 2002 respectively to pay an overdue electric bill with Dayton Power and Light. There are no set terms or a time schedule for repayment. No payments were made to Preble County for this loan during 2016.

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>General Obligation Bond</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$15,000</u>	<u>\$540</u>	<u>\$15,540</u>
Total	<u>\$15,000</u>	<u>\$540</u>	<u>\$15,540</u>

5. Risk Management

The Preble County Commissioners provide general insurance coverage for all the buildings on the Preble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General Liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$3,000,000 and no annual aggregation. This policy included crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer and President are bonded with coverage of \$20,000 each person.

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

Preble County Agricultural Society
Preble County

Notes to the Financial Statements
November 30, 2016
(Continued)

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 Preble County Fair. The Society disbursed \$18,135 in 2016 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Preble County paid the Society \$100 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 year ended November 30, 2016 as follows:

Beginning Cash Balance	\$ 5,999
Receipts	11,076
Disbursements	<u>(12,046)</u>
Ending Cash Balance	<u>\$ 5,029</u>

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 Preble County's auction. Monies to cover the cost of the auction are generated through a per head, per group of animals (pen) commission, and are retained by the Junior Livestock Committee. 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:

Beginning Cash Balance	\$ 7,047
Receipts	447,194
Disbursements	<u>(448,660)</u>
Ending Cash Balance	<u>\$ 5,581</u>

8. Beginning Cash Balance Restatement

The cash balance reported in the prior audit report at November 30, 2015 was understated by \$12,317. Balance was increased to \$97,233.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Preble County Agricultural Society
Preble County
722 South Franklin Street
Eaton, Ohio 45320

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 the cash balances, receipts, and disbursements of the Preble County Agricultural Society, Preble County, (the Society) as of and for the years ended November 30, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated July 24, 2018, 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

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented or detected and corrected on a timely basis. 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.

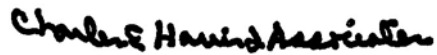
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 24, 2018

PREBLE COUNTY AGRICULTURAL SOCIETY
PREBLE COUNTY
For the Years Ended November 30, 2017 and 2016

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2015-001	Society had several incorrect bank reconciliations during the audit period.	Corrected	

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Dave Yost • Auditor of State

PREBLE COUNTY AGRICULTURAL SOCIETY

PREBLE 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
NOVEMBER 8, 2018**