



Certified Public Accountants, A.C.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY
Regular Audit
For the Years Ended November 30, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St.,
Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave.,
Suite 300
Cambridge, OH 43725
740.435.3417

www.perrycpas.com



Dave Yost • Auditor of State

Board of Directors
Summit County Agricultural Society
P.O. Box 89
Tallmadge, Ohio 44278

We have reviewed the *Independent Auditor's Report* of the Summit County Agricultural Society, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Summit 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

June 12, 2018

This page intentionally left blank.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) - For the Year Ended November 30, 2017	3
Notes to the Financial Statements For the Year Ended November 30, 2017	4
Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) - For the Year Ended November 30, 2016	8
Notes to the Financial Statements For the Year Ended November 30, 2016	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

May 23, 2018

Summit County Agricultural Society
Summit County
P.O. Box 89
Tallmadge, Ohio 44278

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Summit County Agricultural Society**, Summit 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 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.

www.perrycpas.com
... "bringing more to the table"

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 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 by fund type, and related notes of the Summit County Agricultural Society, Summit 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

	2017
Operating Receipts:	
Admissions	\$ 205,117
Privilege Fees	91,531
Rentals	190,464
Sustaining and Entry Fees	108,755
Pari-mutuel Wagering Commission	10,218
Other Operating Receipts	114,356
Total Operating Receipts	720,441
Operating Disbursements:	
Wages and Benefits	150,259
Utilities	95,234
Professional Services	60,954
Equipment and Grounds Maintenance	89,392
Race Purse	116,100
Senior Fair	65,738
Junior Fair	11,186
Capital Outlay	74,249
Other Operating Disbursements	155,426
Total Operating Disbursements	818,538
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(98,097)
Non-Operating Receipts:	
State Support	55,129
Donations/Contributions	39,582
Investment Income	4
Net Non-Operating Receipts	94,715
(Deficiency) of Receipts (Under) Disbursements	(3,382)
Cash Balance, Beginning of Year	28,798
Cash Balance, End of Year	\$ 25,416

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

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 1 – Reporting Entity

The Agricultural Society of Summit County (the Society), Summit County, is a body of politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1957 to operate an annual agricultural fair. The Society sponsors the week-long Summit County Fair during July. During the fair, harness races are held. Summit County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Summit County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rentals, storage rental, and community events such as dog shows and craft shows. The reporting entity does not include any other activities or entities of Summit County, Ohio.

Note 8 summarizes the Junior Fair Board's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and change in fund balances (regulatory cash basis).

Basis of Accounting

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 presentation 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.

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursement, respectively.

All cash received by the Society is maintained in demand deposits.

Capital Assets

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

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

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

Race Purse

Stake races are held during the Summit 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 Buckeye Super Stakes 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 4 for additional information.

Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to the bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

Note 3 – Deposits

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

	2017
Demand deposits	<u>\$ 25,416</u>
Total deposits	<u><u>\$ 25,416</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 4 – 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 \$8,962, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2017
Total Amount Bet (Handle)	\$ 59,740
Less: Payoff to Bettors	(49,522)
Pari-mutuel Wagering Commission	10,218
Trk Breakage	171
Tote Service Set Up Fee	(103)
Tote Service Commission	(3,035)
State Tax	(2,033)
Society Portion	\$ 5,218

Note 5 – Risk Management

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Summit County Commissioners provides general insurance coverage for all the buildings on the Summit County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000 with no deductible and wrongful acts coverage with limits of liability of \$2,000,000 with a \$2,500 deductible.

Note 6 – Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2017.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note – 7 Debt

Debt outstanding at November 30, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Personal Loan	\$ 20,000	4.00%
Personal Loan	2,856	0.00%
Total	<u>\$ 22,856</u>	

The \$2,856 personal loan relates to a \$17,000 loan the Society received from its Board President on January 11, 2000 to pay a vendor. At its inception, the loan carried an interest rate of 9.5% and was expected to be repaid within two years, although no additional interest was to be accrued for delinquent payments beyond the original term of the loan. For the year ended 2017, the individual forgave \$300. These payments are not reflected as disbursements on the financial statements based on the Society's accounting basis.

The \$20,000 personal loan relates to a \$20,000 loan the Society entered into with Howard and Theresa Call for the purpose of covering the cost of additional capital improvements made throughout 2016. The Lender stipulated that the Society will begin making payments on the loan once the Society's accounts payable is paid down to show no old debt. Once accounts payable debt is paid down, payment terms will be agreed upon between the Society's Executive Board and the Lender. The loan carries an interest rate of 4% once payments begin.

Note 8 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Summit County Fair. The Society disbursed \$11,186 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

	2016
Operating Receipts:	
Admissions	\$ 163,821
Privilege Fees	77,073
Rentals	175,729
Sustaining and Entry Fees	92,750
Pari-mutuel Wagering Commission	10,681
Other Operating Receipts	147,203
 Total Operating Receipts	 667,257
Operating Disbursements:	
Wages and Benefits	141,638
Utilities	81,800
Professional Services	70,324
Equipment and Grounds Maintenance	93,534
Race Purse	114,600
Senior Fair	64,891
Junior Fair	11,929
Capital Outlay	78,193
Other Operating Disbursements	129,896
 Total Operating Disbursements	 786,805
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(119,548)
Non-Operating Receipts:	
State Support	23,889
Donations/Contributions	87,478
Investment Income	16
 Net Non-Operating Receipts	 111,383
(Deficiency) of Receipts (Under) Disbursements	(8,165)
Cash Balance, Beginning of Year	36,963
Cash Balance, End of Year	\$ 28,798

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

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note 1 – Reporting Entity

The Agricultural Society of Summit County (the Society), Summit County, is a body of politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1957 to operate an annual agricultural fair. The Society sponsors the week-long Summit County Fair during July. During the fair, harness races are held. Summit County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 22 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Summit County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rentals, storage rental, and community events such as dog shows and craft shows. The reporting entity does not include any other activities or entities of Summit County, Ohio.

Note 8 summarizes the Junior Fair Board's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and change in fund balances (regulatory cash basis).

Basis of Accounting

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 presentation 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.

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursement, respectively.

All cash received by the Society is maintained in demand deposits.

Capital Assets

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

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

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

Race Purse

Stake races are held during the Summit 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 Buckeye Super Stakes 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 4 for additional information.

Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to the bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 4 for additional information.

Note 3 – Deposits

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

	2016
Demand deposits	<u>\$ 28,798</u>
Total deposits	<u><u>\$ 28,798</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note 4 – 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 \$9,184, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2016
Total Amount Bet (Handle)	\$ 64,211
Less: Payoff to Bettors	(53,530)
Pari-mutuel Wagering Commission	10,681
Trk Breakage	348
Tote Service Set Up Fee	(209)
Tote Service Commission	(2,895)
State Tax	(2,244)
Society Portion	\$ 5,681

Note 5 – Risk Management

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Summit County Commissioners provides general insurance coverage for all the buildings on the Summit County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000 with no deductible and wrongful acts coverage with limits of liability of \$2,000,000 with a \$2,500 deductible.

Note 6 – Social Security

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

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

**SUMMIT COUNTY AGRICULTURAL SOCIETY
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note – 7 Debt

Debt outstanding at November 30, 2016 was as follows:

	Principal	Interest Rate
Summit County Loan	\$ 162,224	0.00%
Personal Loan	20,000	4.00%
Personal Loan	3,156	0.00%
Total	\$ 185,380	

The Summit County Loan originated in 1993 and was for the construction of an Arena Complex, the principal amount was \$906,000. The County of Summit entered into an agreement with the Society on December 19, 2007. As part of the agreement, the County agreed to forgive the outstanding debt owed by the Society at the rate of one-tenth of the debt per year provided the Society is in compliance with the terms and conditions of the agreement, which in addition to conducting an annual fair includes the Society’s participation in a process for developing a Summit County Fairgrounds Operational Plan and participation in reviews of operations and implementation of policies, procedures and recommendations by the Summit County Internal Audit Department. For the year ended 2016, the Society has completed participation in a process for developing an Operation Plan and in a review by the Summit County Internal Audit Department, therefore, the County forgave \$162,224. These amounts are not reflected as disbursements on the financial statements based on the Society’s accounting basis.

The \$3,156 personal loan relates to a \$17,000 loan the Society received from its Board President on January 11, 2000 to pay a certain vendor. At its inception, the loan carried an interest rate of 9.5% and was expected to be repaid within two years, although no additional interest was to be accrued for delinquent payments beyond the original term of the loan. For the year ended 2016, the individual forgave \$300. These payments are not reflected as disbursements on the financial statements based on the Society’s accounting basis.

The \$20,000 personal loan relates to a \$20,000 loan the Society entered into with Howard and Theresa Call for the purpose of covering the cost of additional capital improvements made throughout 2016. The Lender stipulated that the Society will begin making payments on the loan once the Society’s accounts payable is paid down to show no old debt. Once accounts payable debt is paid down, payment terms will be agreed upon between the Society’s Executive Board and the Lender. The loan carries an interest rate of 4% once payments begin

Note 8 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Summit County Fair. The Society disbursed \$11,929 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement.

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

May 23, 2018

Summit County Agricultural Society
Summit County
P.O. Box 89
Tallmadge, Ohio 44278

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 by fund type of **Summit County Agricultural Society**, Summit 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 May 23, 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

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 statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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 statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

www.perrycpas.com
... "bringing more to the table"

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*.

We noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 23, 2018.

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 report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

SUMMIT COUNTY AGRICULTURAL SOCIETY

SUMMIT 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
JUNE 26, 2018**