

***ATTICA INDEPENDENT AGRICULTURAL SOCIETY***

**SENECA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended November 30, 2018 and 2017**







88 East Broad Street  
Columbus, Ohio 43215  
IPARepoort@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Attica Independent Agricultural Society  
15127 East Township Road 12  
Attica, Ohio 44807

We have reviewed the *Independent Auditor's Report* of the Attica Independent Agricultural Society, Seneca County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2016 through November 30, 2018. 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 Attica Independent Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 10, 2019

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
 SENECA COUNTY  
 Audit Report  
 For the years ended November 30, 2018 and 2017**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report.....	1 - 2
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended November 30, 2018 .....	3
Notes to the Financial Statements – For the Year Ended November 30, 2018.....	4 – 9
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended November 30, 2017 .....	10
Notes to the Financial Statements – For the Year Ended November 30, 2017.....	11 – 16
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 <i>Government Auditing Standards</i> .....	17 – 18
Schedule of Findings.....	19
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	20
Corrective Action Plan.....	21

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

---

## **INDEPENDENT AUDITOR'S REPORT**

Attica Independent Agricultural Society  
Seneca County  
15127 East Township Road 12  
P.O. Box 433  
Attica, Ohio 44807

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Attica Independent Agricultural Society, Seneca County, Ohio (the Society), as of and for the years ended November 30, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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***

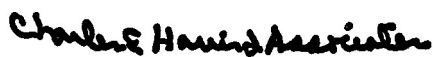
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2018 and 2017, and the respective 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 Attica Independent Agricultural Society as of November 30, 2018 and 2017, 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 April 23, 2019, on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.*  
April 23, 2019

**Attica Independent Agricultural Society**  
**Seneca County**  
*Statement of Cash Receipts, Cash Disbursements, and*  
*Changes in Fund Balances - (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2018*

<b>Operating Receipts:</b>	
Admissions	\$ 28,657
Privilege Fees	5,975
Rentals	64,195
Sustaining and Entry Fees	83,190
Other Operating Receipts	56,354
<i>Total Operating Receipts</i>	238,371
<b>Operating Disbursements:</b>	
Contractual Services	11,038
Administrative	45,445
Utilities	40,273
Professional Services	30,609
Property Services	9,167
Equipment and Grounds Maintenance	7,717
Race Purse	93,462
Advertising	5,490
Insurance	20,126
Rent and Leases	4,041
Senior Fair	21,768
Junior Fair	6,622
Capital Outlay	6,000
Other Operating Disbursements	25,084
<i>Total Operating Disbursements</i>	326,842
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(88,471)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	13,431
County Support	5,800
Investment Income	53
Debt Proceeds	20,000
Debt Service - Principal	(33,975)
Debt Proceeds - Interest	(3,734)
Donations and Contributions	93,971
<i>Net Non-Operating Receipts (Disbursements)</i>	95,546
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	7,075
Cash Balance, Beginning of Year	66,752
<b>Cash Balance, End of Year</b>	<b>\$73,827</b>

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

# **Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2018*

---

## **Note 1 – Reporting Entity**

The Attica Independent Agricultural Society (the Society), Seneca County, is a body 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 1851 to operate an annual agricultural fair. The Society sponsors the 5 day – long Attica Independent County Fair during August. During the fair, harness races are held, culminating in the running of the Attica Fair Horse Races. Seneca County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing, and other year-round activities at the fairgrounds including facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 7 and 8, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

### ***Public Entity Risk Pools***

The Society participates in a public entity risk pool (PEP Ohio). Note 5 to the financial statements provides additional information for this entity.

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 changes 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 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.



**Attica Independent Agricultural Society**  
*Seneca County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

---

---

**Note 2 – Summary of Significant Accounting Policies - Continued**

***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 disbursements, respectively.

***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.

***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***

Harness stake races are held during the Attica Independent 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 Ohio Harness Horse Association 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 4 for additional information.

**Note 3 – Deposits and Investments**

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

	2018
Demand deposits	<u>\$73,827</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2018*

---

**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 \$13,431, as State Support.

**Note 5 – Risk Management**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Society’s share of these unpaid claims collectible in future years is approximately \$13,000.

**Attica Independent Agricultural Society**  
*Seneca County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2018*

---

**Note 5 – Risk Management – Continued**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>2018 Contributions to PEP</b>
<b>\$19,931</b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Debt**

Debt outstanding at November 30, 2018, was as follows:

	Principal	Current Interest Rate
Promissory Note - Raise the Roof	\$105,464	3.02%
Promissory Note - Grant Match	28,275	3.50%
Promissory Note - Operating Loan	20,000	3.25%
Total	\$153,739	

The Raise the Roof promissory note bears a current interest rate of 3.02% and is due to Sutton Bank. The note was entered into on September 9, 2014 and will mature on April 1, 2025. Proceeds of the note were used to build a new building for the Junior Fair show arena and hog building.

The Grant Match promissory note bears a current interest rate of 3.50% and is due to Sutton Bank. The note was entered into on May 3, 2017 and will mature on December 29, 2019. Proceeds of the note were used to make improvements on the grounds.

The Operating Loan promissory note bears a current interest rate of 3.25% and is due to Sutton Bank. The note was entered into on April 17, 2018 and will mature on April 17, 2019. Proceeds of the note were used to facilitate operations of the fairgrounds.

**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2018*

---

---

**Note 6 – Debt – Continued**

Amortization of the above debt is scheduled as follows (interest rates are variable, so no interest is included in the following amortization schedules):

Year Ending			
November 30:	<u>Raise the Roof</u>	<u>Match Grant</u>	<u>Operating Loan</u>
2019	\$16,250	\$17,725	\$0
2020	16,250	10,550	20,000
2021	16,250	0	0
2022	16,250	0	0
2023	16,250	0	0
2024-2025	24,214	0	0
	<u>\$105,464</u>	<u>\$28,275</u>	<u>\$20,000</u>

**Note 7 – 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 Attica Independent Fair. The Society disbursed \$4,000 directly to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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, 2018, follows:

	2018
Beginning Cash Balance	\$ 5,432
Receipts	12,199
Disbursements	<u>(9,344)</u>
Ending Cash Balance	<u>\$ 8,287</u>

**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2018*

---

**Note 8 – 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 Attica Junior Fair Livestock auction. A commission of 4 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2018, follows:

	2018
Beginning Cash Balance	\$ 24,309
Receipts	225,764
Disbursements	<u>(211,714)</u>
Ending Cash Balance	<u>\$ 38,359</u>

**Note 9 – Other Operating Receipts**

Other operating receipts are primarily made up of membership fees, utility reimbursements and sales during activities held at the fairgrounds.

**Attica Independent Agricultural Society**  
**Seneca County**  
*Statement of Cash Receipts, Cash Disbursements, and*  
*Changes in Fund Balances - (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2017*

<b>Operating Receipts:</b>	
Admissions	\$ 38,541
Privilege Fees	6,575
Rentals	63,953
Sustaining and Entry Fees	80,580
Other Operating Receipts	59,277
<i>Total Operating Receipts</i>	248,926
<b>Operating Disbursements:</b>	
Contractual Services	6,650
Administrative	55,818
Utilities	42,444
Professional Services	35,648
Property Services	9,759
Equipment and Grounds Maintenance	53,061
Race Purse	83,589
Advertising	5,708
Insurance	21,511
Rent and Leases	4,004
Senior Fair	32,523
Junior Fair	4,231
Capital Outlay	26,438
Other Operating Disbursements	19,873
<i>Total Operating Disbursements</i>	401,257
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(152,331)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	56,047
County Support	800
Investment Income	60
Debt Proceeds	46,000
Debt Service - Principal	(16,250)
Debt Service - Interest	(5,075)
Donations and Contributions	87,958
<i>Net Non-Operating Receipts (Disbursements)</i>	169,540
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	17,209
Cash Balance, Beginning of Year	49,543
<b>Cash Balance, End of Year</b>	<b>\$66,752</b>

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

## **Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2017*

---

### **Note 1 – Reporting Entity**

The Attica Independent Agricultural Society (the Society), Seneca County, is a body 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 1851 to operate an annual agricultural fair. The Society sponsors the 5 day – long Attica Independent County Fair during August. During the fair, harness races are held, culminating in the running of the Attica Fair Horse Races. Seneca County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing, and other year-round activities at the fairgrounds including facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 7 and 8, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

#### ***Public Entity Risk Pools***

The Society participates in a public entity risk pool (PEP Ohio). Note 5 to the financial statements provides additional information for this entity.

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 changes 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 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.

**Attica Independent Agricultural Society**  
*Seneca County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2017*

---

---

**Note 2 – Summary of Significant Accounting Policies - Continued**

***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 disbursements, respectively.

***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.

***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***

Harness stake races are held during the Attica Independent 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 Ohio Harness Horse Association 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 4 for additional information.

**Note 3 – Deposits and Investments**

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

	2017
Demand deposits	<u>\$66,752</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.



**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*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 \$14,280, as State Support.

**Note 5 – Risk Management**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Society’s share of these unpaid claims collectible in future years is approximately \$13,000.

**Attica Independent Agricultural Society**  
*Seneca County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2017*

---

**Note 5 – Risk Management – Continued**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>2017 Contributions to PEP</b>
<b>\$21,304</b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Debt**

Debt outstanding at November 30, 2017, was as follows:

	Principal	Current Interest Rate
Promissory Note - Raise the Roof	\$121,714	3.02%
Promissory Note - Grant Match	46,000	3.50%
Total	\$167,714	

The Raise the Roof promissory note bears a current interest rate of 3.02% and is due to Sutton Bank. The note was entered into on September 9, 2014 and will mature on April 1, 2025. Proceeds of the note were used to build a new building for the Junior Fair show arena and hog building.

The Grant Match promissory note bears a current interest rate of 3.50% and is due to Sutton Bank. The note was entered into on May 3, 2017 and will mature on December 29, 2019. Proceeds of the note were used to make improvements on the grounds.

**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2017*

---

---

**Note 6 – Debt - Continued**

Amortization of the above debt is scheduled as follows (interest rates are variable, so no interest is included in the following amortization schedules):

Year Ending		
November 30:	Raise the Roof	Grant Match
2018	\$16,250	\$17,725
2019	16,250	17,725
2020	16,250	10,550
2021	16,250	
2022	16,250	
2023-2025	40,464	
	<u>\$121,714</u>	<u>\$46,000</u>

**Note 7 – 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 Attica Independent Fair. The Society disbursed \$2,375 directly to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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, follows:

	2017
Beginning Cash Balance	\$ 4,369
Receipts	11,005
Disbursements	<u>(9,942)</u>
Ending Cash Balance	<u>\$ 5,432</u>

**Attica Independent Agricultural Society**

*Seneca County*

*Notes to the Financial Statements*

*For the Year Ended November 30, 2017*

---

---

**Note 8 – 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 Attica Junior Fair Livestock auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	\$ 13,473
Receipts	219,776
Disbursements	<u>(208,940)</u>
Ending Cash Balance	<u>\$ 24,309</u>

**Note 9 – Other Operating Receipts**

Other operating receipts are primarily made up of membership fees, utility reimbursements and sales during activities held at the fairgrounds.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***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*

Attica Independent Agricultural Society  
Seneca County  
15127 Township Road 12  
P.O. Box 433  
Attica, Ohio 44807

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of the Attica Independent Agricultural Society, Seneca County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 23, 2019, 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 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 23, 2019.

***Entity's Response to Finding***

The Society's response to the finding identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Society's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.***  
April 23, 2019

ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY  
Schedule of Findings  
November 30, 2018 and 2017

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

**Finding Number 2018-001 – Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Society's management and is essential to ensure the information provided to the readers of the financial statement is fairly stated.

The Society lacked a policy regarding financial review, which contributed to the following material reporting discrepancies occurring without detection in the financial statements:

- In 2018 and 2017, numerous revenues and expenses were rolled into Other Operating Receipts and Other Operating Disbursements that should have been reported as a separate revenue or expense line item. These included Investment Income amounts in Other Operating Receipts, and Administrative, Property Services, Advertising, Insurance, Rents and Leases, and Debt Service amounts in Other Operating Disbursements.
- Ending fund balance in 2017 was understated by \$3,703. This was caused by not eliminating the expenses associated with the voiding of 2 checks, and by not recording \$14 in investment income.
- During 2018 and 2017, adjustments were necessary to correct various items in the notes to the financial statements, including the debt note, the Junior Fair Board note, and the Junior Livestock Sale Committee note.

As a result, the financial statements did not correctly reflect the financial activity of the Society. The Society's financial statements have been adjusted to correct these errors for both 2018 and 2017. We recommend the Board develop policies and procedures, including a final review of the financial statements, by the Board (or other oversight committee or individual) to identify and correct errors and omissions. In addition, the Board should refer to guidance provided by the United States Department of Agriculture and the Auditor of State to assist in the proper presentation of the Society's financial statements.

**Managements' Response:**

See Corrective Action Plan

ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY, OHIO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
November 30, 2018 and 2017

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2016-001	Material Weakness – Financial Reporting	Not Corrected	Repeated as Finding 2018- 001



ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management  
November 30, 2018 and 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Management will refer to the guidance provided by the United States Department of Agriculture and the Auditor of State to ensure proper presentation of the Society's financial statements in the future.	Immediately	Tammy Beard, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**ATTICA INDEPENDENT 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  
JUNE 20, 2019**