



Certified Public Accountants, A.C.

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

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Dave Yost • Auditor of State

Board of Directors
Mahoning County Agricultural Society
P.O. Box 250
Canfield, Ohio 44406

We have reviewed the *Independent Auditor's Report* of the Mahoning County Agricultural Society, Mahoning 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 Mahoning County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 4, 2018

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**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 11, 2018

Mahoning County Agricultural Society
Mahoning County
P.O. Box 250
Canfield, Ohio 44406

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 **Mahoning County Agricultural Society**, Mahoning 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.

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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 Mahoning County Agricultural Society, Mahoning 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 11, 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

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

	2017
Operating Receipts:	
Admissions	\$ 1,935,038
Privilege Fees	809,635
Rentals	404,774
Sustaining and Entry Fees	42,464
Pari-mutuel Wagering Commission	3,575
Other Operating Receipts	160,375
Total Operating Receipts	3,355,861
Operating Disbursements:	
Wages and Benefits	1,015,310
Utilities	340,376
Professional Services	1,167,776
Equipment and Grounds Maintenance	244,800
Race Purse	119,562
Senior Fair	148,692
Junior Fair	71,152
Capital Outlay	245,972
Other Operating Disbursements	438,766
Total Operating Disbursements	3,792,406
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(436,545)
Non-Operating Receipts:	
State Support	14,279
Sale of Assets	2,610
Sponsorships	292,446
Investment Income	4,193
Net Non-Operating Receipts	313,528
(Deficiency) of Receipts (Under) Disbursements	(123,017)
Cash Balance, Beginning of Year	1,679,420
Cash Balance, End of Year	\$ 1,556,403

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

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mahoning County Agricultural Society, Mahoning 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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August and September. During the fair, harness races are held, culminating in the running of the Home Talent harness racing event. Mahoning County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 17 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mahoning 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 including facility rental, track and stall rental, and community events including Dave and Ed's Swap Meets and horse shows. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

Notes 8 and 9, 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.

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).

These financial statements follow the accounting 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 Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the 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 disbursements, respectively.

The Society values certificates of deposit at cost.

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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING 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

Home Talent Colt stake races are held during the Mahoning County (Canfield) 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 Canfield Horseman's 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 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 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 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 at November 30, 2017 was as follows:

	<u>2017</u>
Demand deposits	\$ 188,404
Certificates of deposit	442,545
Other time deposits (savings accounts)	<u>925,454</u>
	<u>\$ 1,556,403</u>

Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Society, or collateralized by the financial institution's public entity deposit pool.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING 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 \$10,002 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)	\$ 17,720
Less: Payoff to Bettors	(14,145)
Pari-mutuel Wagering Commission	3,575
Tote Service Set Up Fee	(1,500)
Tote Service Commission	(991)
Sales Tax	(477)
Society Portion	\$ 607

Note 5 – Social Security

In December 1998, the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is entirely funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3 percent of their compensation for the year, not to exceed \$12,500.

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2017, employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2017.

Note 6 – Risk Management

The Mahoning County Commissioners provide general insurance coverage for all the building on the Mahoning County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$100,000.

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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 Mahoning County (Canfield) Fair. The Society disbursed \$71,152 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Mahoning County did not provide any monetary support for 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, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 59,411
Receipts	27,965
Disbursements	<u>(25,642)</u>
Ending Cash Balance	<u><u>\$ 61,734</u></u>

Note 9 – 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 Mahoning County's auction. A commission of 1 percent on auction sales per head for large animals and 2 percent per head for small animals 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:

	<u>2017</u>
Beginning Cash Balance	\$ 96,504
Receipts	636,939
Disbursements	<u>(613,988)</u>
Ending Cash Balance	<u><u>\$ 119,455</u></u>

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 10 – Western Reserve Village

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the Society. However, maintenance and improvements of these structures are performed by the Western Reserve Village Board. The Board receives donations from people visiting the Village to help with maintenance and improvement of these structures. There would be a minimum of seven members on the Board, one of which is to be appointed by the President of the Mahoning County Agricultural Society Board. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	\$ 44,592
Receipts	5,849
Disbursements	(8,572)
Ending Cash Balance	\$ 41,869

Note 11 – Canfield Fair Foundation

The Canfield Fair Foundation is a nonprofit corporation under Ohio Revised Code 1702.01. The Foundation is organized and at all times shall be operated exclusively for charitable, educational, scientific and religious purposes, within the meaning of Section 501c(3) of the Internal Revenue Code of 1986, as amended, or any other corresponding provision of any superseding federal tax law, (the "Code"), including without limiting the foregoing, for the purposes of supporting, benefitting, and carrying out the charitable, educational, scientific and religious purposes of the Canfield Fair and the Mahoning County Agricultural Society. The Board of Directors shall consist of five Directors, one of which is the President of the Society Board. Of the remaining four members, two of the elected officials must be a member of the Society but not a Director. The accompanying financial statement does not include the activities of the Canfield Fair Foundation. The Canfield Fair Foundation's financial activity for the year ended November 30, 2017, follows:

	2017
Beginning Cash Balance	\$ 8,100
Receipts	462,187
Disbursements	(264,303)
Ending Cash Balance	\$ 205,984

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 12 – Veterans Memorial Building

The Veterans Memorial Building is located on the fairgrounds. The building is owned by the Society. However, the maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters into with various branches of the United States Armed Services and the veterans groups to set up displays, encampments and exhibits on the grounds and around the building. The accompanying financial statement does not include the activities of the Veterans Memorial Building.

Note 13 – Junior Fair Coliseum and Event Center Campaign

The Society has initialized a campaign to raise funds for the construction of a Junior Fair Coliseum and Event Center.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

	2016
Operating Receipts:	
Admissions	\$ 1,643,622
Privilege Fees	862,450
Rentals	387,770
Sustaining and Entry Fees	44,759
Pari-mutuel Wagering Commission	5,541
Other Operating Receipts	140,640
Total Operating Receipts	3,084,782
Operating Disbursements:	
Wages and Benefits	1,072,661
Utilities	258,012
Professional Services	659,716
Equipment and Grounds Maintenance	210,656
Race Purse	125,588
Senior Fair	112,825
Junior Fair	70,505
Capital Outlay	195,738
Other Operating Disbursements	478,722
Total Operating Disbursements	3,184,423
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(99,641)
Non-Operating Receipts:	
State Support	14,739
Sale of Assets	20,516
Sponsorships	135,313
Investment Income	3,252
Net Non-Operating Receipts	173,820
Excess of Receipts Over Disbursements	74,179
Cash Balance, Beginning of Year	1,605,241
Cash Balance, End of Year	\$ 1,679,420

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

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mahoning County Agricultural Society, Mahoning 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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August and September. During the fair, harness races are held, culminating in the running of the Home Talent harness racing event. Mahoning County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 17 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mahoning 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 including facility rental, track and stall rental, and community events including Dave and Ed's Swap Meets and horse shows. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

Notes 8 and 9, 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.

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).

These financial statements follow the accounting 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 Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the 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 disbursements, respectively.

The Society values certificates of deposit at cost.

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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING 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

Home Talent Colt stake races are held during the Mahoning County (Canfield) 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 Canfield Horseman's 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 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 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 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 at November 30, 2016 was as follows:

	2016
Demand deposits	\$ 104,379
Certificates of deposit	439,790
Other time deposits (savings accounts)	1,135,251
	<u>\$ 1,679,420</u>

Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Society, or collateralized by the financial institution's public entity deposit pool.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING 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 \$10,463 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)	\$ 27,301
Less: Payoff to Bettors	(21,760)
Pari-mutuel Wagering Commission	5,541
Tote Service Set Up Fee	(800)
Tote Service Commission	(2,427)
Sales Tax	(760)
Society Portion	\$ 1,554

Note 5 – Social Security

In December 1998, the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is entirely funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3 percent of their compensation for the year, not to exceed \$12,500.

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2016, employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2016.

Note 6 – Risk Management

The Mahoning County Commissioners provide general insurance coverage for all the building on the Mahoning County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$100,000.

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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 Mahoning County (Canfield) Fair. The Society disbursed \$70,505 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Mahoning County did not provide any monetary support for 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, follows:

	<u>2016</u>
Beginning Cash Balance	\$ 62,856
Receipts	27,333
Disbursements	<u>(30,778)</u>
Ending Cash Balance	<u>\$ 59,411</u>

Note 9 – 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 Mahoning County's auction. A commission of 1 percent on auction sales per head for large animals and 2 percent per head for small animals 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, 2016, follows:

	<u>2016</u>
Beginning Cash Balance	\$ 93,665
Receipts	536,125
Disbursements	<u>(533,286)</u>
Ending Cash Balance	<u>\$ 96,504</u>

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 10 – Western Reserve Village

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the Society. However, maintenance and improvements of these structures are performed by the Western Reserve Village Board. The Board receives donations from people visiting the Village to help with maintenance and improvement of these structures. There would be a minimum of seven members on the Board, one of which is to be appointed by the President of the Mahoning County Agricultural Society Board. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the year ended November 30, 2016, follows:

	2016
Beginning Cash Balance	\$ 37,109
Receipts	20,742
Disbursements	(13,259)
Ending Cash Balance	\$ 44,592

Note 11 – Canfield Fair Foundation

The Canfield Fair Foundation is a nonprofit corporation under Ohio Revised Code 1702.01. The Foundation is organized and at all times shall be operated exclusively for charitable, educational, scientific and religious purposes, within the meaning of Section 501c(3) of the Internal Revenue Code of 1986, as amended, or any other corresponding provision of any superseding federal tax law, (the "Code"), including without limiting the foregoing, for the purposes of supporting, benefitting, and carrying out the charitable, educational, scientific and religious purposes of the Canfield Fair and the Mahoning County Agricultural Society. The Board of Directors shall consist of five Directors, one of which is the President of the Society Board. Of the remaining four members, two of the elected officials must be a member of the Society but not a Director. The accompanying financial statement does not include the activities of the Canfield Fair Foundation. The Canfield Fair Foundation's financial activity for the year ended November 30, 2016, follows:

	2016
Beginning Cash Balance	\$ 8,043
Receipts	57
Disbursements	-
Ending Cash Balance	\$ 8,100

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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

Note 12 – Veterans Memorial Building

The Veterans Memorial Building is located on the fairgrounds. The building is owned by the Society. However, the maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters into with various branches of the United States Armed Services and the veterans groups to set up displays, encampments and exhibits on the grounds and around the building. The accompanying financial statement does not include the activities of the Veterans Memorial Building.

Note 13 – Junior Fair Coliseum and Event Center Campaign

The Society has initialized a campaign to raise funds for the construction of a Junior Fair Coliseum and Event Center.

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

May 11, 2018

Mahoning County Agricultural Society
Mahoning County
P.O. Box 250
Canfield, Ohio 44406

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 **Mahoning County Agricultural Society**, Mahoning 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 11, 2018.

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 efficiencies 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.

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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

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

MAHONING COUNTY AGRICULTURAL SOCIETY

MAHONING 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 19, 2018**