

***DEFIANCE COUNTY AGRICULTURAL SOCIETY***  
***DEFIANCE COUNTY, OHIO***

Regular Audit

For the Years Ended November 30, 2019 and 2018







88 East Broad Street  
Columbus, Ohio 43215  
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Members of the Board  
Defiance County Agricultural Society  
P. O. Box 184  
Hicksville, Ohio 43526

We have reviewed the *Independent Auditor's Report* of the Defiance County Agricultural Society prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2017 through November 30, 2019. 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 Defiance County 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, 2020

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**DEFIANCE COUNTY AGRICULTURAL SOCIETY  
DEFIANCE COUNTY**

**For the Years Ended November 30, 2019 and 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended November 30, 2019 .....	4
Notes to the Financial Statements – For the Year Ended November 30, 2019.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended November 30, 2018 .....	9
Notes to the Financial Statements – For the Year Ended November 30, 2018.....	10
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> .....	14
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	16

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**INDEPENDENT AUDITOR'S REPORT**

Defiance County Agricultural Society  
Defiance County  
P.O. Box 184  
Hicksville, Ohio 43526-0184

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 Defiance County Agricultural Society, Defiance County, Ohio (the Society), as of and for the years ended November 30, 2019 and 2018.

***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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

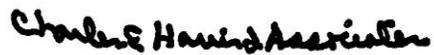
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements and related notes of the Defiance County Agricultural Society, Defiance County as of November 30, 2019 and 2018, for the years the ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2020, 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.*  
May 15, 2020

**Defiance County Agricultural Society**  
**Defiance County**  
*Statement of Cash Receipts, Cash Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2019*

	<b>2019</b>
<b>Operating Receipts:</b>	
Taxes	\$ 380
Admissions	134,900
Privilege Fees	25,195
Rentals	57,628
Sustaining and Entry Fees	12,430
Pari-mutuel Wagering Commission	3,045
Other Operating Receipts	10,115
Total Operating Receipts	243,693
<b>Operating Disbursements:</b>	
Utilities	39,686
Professional Services	82,673
Equipment and Grounds Maintenance	40,657
Property and Rent Services	43,594
Race Purse	98,998
Senior Fair	3,329
Junior Fair	310,270
Capital Outlay	37,000
Other Operating Disbursements	46,621
Total Operating Disbursements	702,828
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(459,135)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	14,100
Local Support	33,426
Donations and Contributions	407,530
Investment Income	49
Debt Service	(207)
Total Non-Operating Receipts (Disbursements)	454,898
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(4,237)
Cash Balance, Beginning of Year	116,047
Cash Balance, End of Year	\$ 111,810

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

**Defiance County Agricultural Society**  
*Defiance County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Defiance County Agricultural Society (the Society), Defiance County, Ohio, 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 1877 to operate an annual agricultural fair. The Society sponsors the week – long Defiance County Fair during August. During the fair, harness races are held, including the running of the Gene L. Vance Memorial Race and the Kermit Peter Trot Race. Defiance County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Defiance 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, stall rental, and community events including the Horsepower Holiday Weekend and the Christmas Cruise Thru. The reporting entity does not include any other activities or entities of Defiance County, Ohio.

Note 7 summarizes the Junior Fair Board’s financial activity. The Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statements.

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.

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.

**Defiance County Agricultural Society**  
*Defiance County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

***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***

Northwest Ohio Colt stake races are held during the Defiance County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

***Sustaining and Entry Fees*** Horse owners and the Defiance Area 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.

**Defiance County Agricultural Society**  
*Defiance County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**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:

	2019
Demand deposits	\$ 33,893
Other time deposits (savings and NOW accounts)	77,917
Total deposits	\$ 111,810

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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, 2019, was \$9,257, as State Support.

***Pari-mutuel Wagering***

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

	2019
Total Amount Bet (Handle)	\$ 13,029
Less: Payoff to Bettors	(9,984)
Parimutuel Wagering Commission	3,045
Tote Service Set Up Fee	(1,100)
Tote Service Commission	(830)
State Tax	(380)
Society Portion	\$ 736

**Defiance County Agricultural Society**  
*Defiance County*  
*Notes to the Financial Statements*  
*For the Year Ended November 30, 2019*

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**Note 5 – Risk Management**

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

The Defiance County Commissioners provide general insurance coverage for all the buildings on the Defiance 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 \$3,000,000 aggregate.

**Note 6 – Contingent Liabilities**

The Society may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Society’s financial condition.

**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 Defiance County Fair. The Society disbursed \$12,026 directly to vendors 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, 2019, follows:

	2019
Beginning Cash Balance	\$ 1,109
Receipts	12,419
Disbursements	<u>(12,026)</u>
Ending Cash Balance	<u>\$ 1,502</u>

**Note 8 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Defiance County Agricultural Society**  
**Defiance County**  
*Statement of Cash Receipts, Cash Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2018*

	<b>2018</b>
<b>Operating Receipts:</b>	
Taxes	\$ 363
Admissions	125,088
Privilege Fees	26,063
Rentals	70,670
Sustaining and Entry Fees	14,865
Pari-mutuel Wagering Commission	2,896
Other Operating Receipts	5,664
Total Operating Receipts	245,609
<b>Operating Disbursements:</b>	
Utilities	44,412
Professional Services	68,444
Equipment and Grounds Maintenance	48,534
Property and Rent Services	44,756
Race Purse	97,649
Senior Fair	2,595
Junior Fair	292,379
Other Operating Disbursements	54,860
Total Operating Disbursements	653,629
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(408,020)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	9,257
Local Support	4,295
Donations and Contributions	422,732
Investment Income	59
Debt Service	(130)
Total Non-Operating Receipts (Disbursements)	436,213
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	28,193
Cash Balance, Beginning of Year	87,854
Cash Balance, End of Year	\$ 116,047

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

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

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**Note 1 – Reporting Entity**

The Defiance County Agricultural Society (the Society), Defiance County, Ohio, 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 1877 to operate an annual agricultural fair. The Society sponsors the week-long Defiance County Fair during August. During the fair, harness races are held, including the running of the Gene L. Vance Memorial Race and the Kermit Peter Trot Race. Defiance County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Defiance 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, stall rental, and community events including the Horsepower Holiday Weekend and the Christmas Cruise Thru. The reporting entity does not include any other activities or entities of Defiance County, Ohio.

Note 7 summarizes the Junior Fair Board's financial activity. The Junior Livestock Sale Committee's financial activity are reported in the Society's financial statements.

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.

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.

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

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

***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***

Northwest Ohio Colt stake races are held during the Defiance County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

***Sustaining and Entry Fees*** Horse owners and the Defiance Area 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.

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

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**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	\$ 18,178
Other time deposits (savings and NOW accounts)	97,869
Total deposits	\$ 116,047

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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, 2018, was \$9,257, as State Support.

***Pari-mutuel Wagering***

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

	2018
Total Amount Bet (Handle)	\$ 12,357
Less: Payoff to Bettors	(9,461)
Parimutuel Wagering Commission	2,896
Tote Service Set Up Fee	(1,000)
Tote Service Commission	(818)
State Tax	(363)
Society Portion	\$ 714

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

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**Note 5 – Risk Management**

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

The Defiance County Commissioners provide general insurance coverage for all the buildings on the Defiance 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 \$3,000,000 aggregate.

**Note 6 – Contingent Liabilities**

The Society may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

**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 Defiance County Fair. The Society disbursed \$17,020 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Defiance County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30 follows:

	2018
Beginning Cash Balance	\$ 1,649
Receipts	10,646
Disbursements	<u>(11,186)</u>
Ending Cash Balance	<u>\$ 1,109</u>

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**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**

Defiance County Agricultural Society  
Defiance County  
P.O. Box 184  
Hicksville, Ohio 43526-0184

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 Defiance County Agricultural Society, Defiance County, Ohio (the Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 15, 2020, 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Defiance County Agricultural Society*

*Defiance County*

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*

Page 2

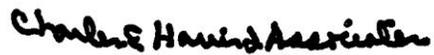
***Compliance and Other Matters***

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 did note a certain matter not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 15, 2020.

***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.***

May 15, 2020

**DEFIANCE COUNTY AGRICULTURAL SOCIETY**  
**DEFIANCE COUNTY, OHIO**  
 Schedule of Prior Audit Findings  
 November 30, 2018 and 2019  
 (Prepared by Management)

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Material Weakness – Audit Adjustments	Corrective Action Taken and Finding is Fully Corrected	
2017-002	Material Weakness – Gate Admissions and Grandstand Event Collections	Corrective Action Taken and Finding is Fully Corrected	

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# OHIO AUDITOR OF STATE KEITH FABER



**DEFIANCE COUNTY AGRICULTURAL SOCIETY**

**DEFIANCE 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 23, 2020**