

WILLIAMS COUNTY AGRICULTURAL SOCIETY

WILLIAMS COUNTY

Audit Report

For the Years Ended November 30, 2018 and 2017



OHIO AUDITOR OF STATE KEITH FABER



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

Board of Directors
Williams County Agricultural Society
619 E Main Street
Montpelier, OH 43543

We have reviewed the *Independent Auditor’s Report* of the Williams County Agricultural Society, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2016 through November 31, 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance

The Society made the following purchases of alcohol to serve at a reverse raffle fundraising event held on February 4, 2017:

Warrant Number	Warrant Date	Vendor	Warrant Amount	Warrant Signature
#13295	February 3, 2017	City Beverage	\$320.38	Alan Bennett David Walker
#13317	March 1, 2017	Walmart Rite Aid	\$ 39.96 126.72	Alan Bennett Scott Carroll

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 indicates governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Board of Directors
Williams County Agricultural Society
619 E Main Street
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Noncompliance (continued)

Ohio Attorney General Opinion No. 2013-23 provides that “[a] county agricultural society may use moneys provided by the state or a county to acquire alcoholic beverages and a liquor permit to sell the beverages at an event that is open to the public and conducted on the society’s or county’s fairgrounds and retain the revenue derived from the sales, provided (1) the society’s constitution and bylaws permit the expenditure; (2) the moneys to be expended are not required to be used for other purposes; and (3) the expenditure is reasonable.”

The Society’s constitution and bylaws do not mention that these types of purchases are permissible. The Society’s constitution and bylaws were amended in December 2018 to allow these types of purchases however, the purchases were made prior to the approval of the amendment. Therefore, the Society’s determination that these disbursements serve a proper public purpose is incorrect.

On October 11, 2019, Alan Bennett repaid \$511 to the Williams County Agricultural Society, which included repayment for the alcohol purchases.

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 Williams County Agricultural Society is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

October 28, 2019

Williams County Agricultural Society
Williams County
 For the Years Ended November 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Williams County Agricultural Society
Williams County
619 East Main Street
Montpelier, Ohio 43543

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Williams County Agricultural Society, Williams 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 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 evaluating of the overall presentation of the financial statements.

We believe 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 determined, 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, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

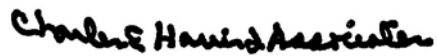
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements and related notes of the Williams County Agricultural Society, Williams County as of November 30, 2018 and 2017, for the years then ended in accordance with 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 Matter

The financial statements of the Williams County Agricultural Society, Williams County, for the year ended November 30, 2016, were audited by predecessor auditors whose report dated September 21, 2017, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 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 solely 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 the effectiveness of the Society's 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.
August 26, 2019

Williams County Agricultural Society
Williams County
Statement of Receipts, Disbursements and
Changes in Fund Balance
For the Years Ended November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Receipts:		
Admissions	\$ 149,056	\$ 177,428
Privilege Fees	52,517	54,539
Racing	6,464	6,147
Sales Activities	10,111	1,484
Fees	5,423	8,656
Rentals	48,605	45,249
Promotions	12,567	19,860
Total Operating Receipts	<u>284,743</u>	<u>313,363</u>
Operating Disbursements:		
Current:		
Wages - Directors	3,908	3,133
Administrative	17,998	28,484
Supplies	18,197	16,686
Utilities	53,878	47,976
Racing	84,480	85,282
Services	48,859	52,040
Property	30,393	66,411
Advertising	11,099	8,329
Repairs	4,439	4,313
Insurance	23,019	22,693
Rent and Lease	27,938	27,295
Senior Fair and Open Class	4,152	4,392
Contest	40,594	43,755
Junior Fair	11,762	20,317
Other	3,030	4,234
Capital Outlay	25,615	92,021
Total Operating Disbursements	<u>409,361</u>	<u>527,361</u>
<i>Excess (Deficiency) of Operating Receipts</i>		
<i>Over (Under) Operating Disbursements</i>	(124,618)	(213,998)
Non-Operating Receipts (Disbursements):		
State Support	13,431	14,280
Local Government	3,300	3,300
Restricted Support	109,059	179,387
Unrestricted Support	3,255	6,078
Interest Income	-	2
Miscellaneous	(3,008)	(11,450)
Total Non-Operating Receipts (Disbursements)	<u>126,037</u>	<u>191,597</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	1,419	(22,401)
Cash Balance, Beginning of Year	<u>18,658</u>	<u>41,059</u>
Cash Balance, End of Year	<u>\$ 20,077</u>	<u>\$ 18,658</u>

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

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2018 and 2017

Note 1 – Reporting Entity

The Williams County Agricultural Society (the Society), Williams 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 1900 to operate an annual agricultural fair. The Society sponsors the week-long Williams County Fair during September. During the fair, harness races are held, culminating in the running of the harness racing event. Williams County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Williams 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. Other year-round activities at the fairgrounds include facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Williams County, Ohio.

Notes 9 and 10, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2018 and 2017

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

Harness racing stake races are held during the Williams 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 Northwest Ohio Colt Racing 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.

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.

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2018 and 2017

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	2017
Demand deposits	\$ 18,605	\$ 17,186
Other time deposits (savings and NOW accounts)	1,472	1,472
Total deposits	\$ 20,077	\$ 18,658

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement the purse for the years ended November 30, 2018 and 2017 was \$9,251 and \$7,986, respectively, included in the financial statements 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. There was no pari-mutuel wagering in 2017.

	2018	2017
Total Amount Bet (Handle)	\$ 5,139	\$ -
Less: Payoff to Bettors	(4,095)	-
Parimutuel Wagering Commission	1,044	-
Tote Service Set Up Fee	(600)	-
State Tax	(144)	-
Society Portion	\$ 300	\$ -

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2018 and 2017

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2019.

The Williams County Commissioners provide general insurance coverage for all the buildings on the Williams County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 in the aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000.

There have been no settlements paid in the past three years in excess of insurance coverage nor has coverage been significantly reduced.

Note 6 – Social Security

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

Employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants' gross salaries. The Society has paid all contributions required through November 30, 2018.

Note 7 – Subsequent Events

There were no events subsequent to November 30, 2018 that had a material effect on these financial statements.

Note 8 – Contingent Liabilities

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

Note 9 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H and FFA, is responsible for the Junior Fair Division activities of the Williams County Fair. The Society dispersed \$200 and \$0, respectively in 2018 and 2017, directly to the Junior Fair Board and \$11,762 and \$20,317, respectively in 2018 and 2017, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements 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 years ended November 30, 2018 and 2017 follows:

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2018 and 2017

Note 9 – Junior Fair Board (continued)

	2018	2017
Beginning Cash Balance	\$ 6,792	\$ 3,659
Receipts	13,851	13,347
Disbursements	(12,287)	(10,214)
Ending Cash Balance	\$ 8,356	\$ 6,792

Note 10 – 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 Williams County Fair’s auction. A commission of 5% 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 years ended November 30, 2018 and 2017 follows:

	2018	2017
Beginning Cash Balance	\$ 12,188	\$ 35,544
Receipts	217,290	205,686
Disbursements	(164,192)	(229,042)
Ending Cash Balance	\$ 65,286	\$ 12,188

Williams County Agricultural Society
Williams County
Statement of Receipts, Disbursements and
Changes in Fund Balance
For the Years Ended November 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Receipts:		
Admissions	\$ 177,428	\$ 171,385
Privilege Fees	54,539	58,460
Racing	6,147	7,071
Sustaining and Entry Fees	-	10,235
Parimutuel Wagering Commission	-	1,374
Sales Activities	1,484	2,545
Fees	8,656	-
Rentals	45,249	50,340
Promotions	19,860	35,141
Restricted Support	-	54,730
Total Operating Receipts	<u>313,363</u>	<u>391,281</u>
Operating Disbursements:		
Current:		
Wages - Directors	3,133	2,958
Administrative	28,484	29,281
Supplies	16,686	17,279
Utilities	47,976	51,723
Racing	85,282	85,862
Services	52,040	84,032
Property	66,411	85,997
Advertising	8,329	23,861
Repairs	4,313	12,018
Insurance	22,693	25,149
Rent and Lease	27,295	27,605
Senior Fair and Open Class	4,392	5,171
Contest	43,755	50,759
Junior Fair	20,317	14,814
Other	4,234	9,243
Capital Outlay	92,021	-
Total Operating Disbursements	<u>527,361</u>	<u>525,752</u>
<i>Excess (Deficiency) of Operating Receipts</i>		
<i>Over (Under) Operating Disbursements</i>	(213,998)	(134,471)
Non-Operating Receipts (Disbursements):		
State Support	14,280	87,054
Local Government	3,300	3,300
Restricted Support	179,387	-
Unrestricted Support	6,078	16,892
Interest Income	2	9
Miscellaneous	(11,450)	(17,368)
Total Non-Operating Receipts (Disbursements)	<u>191,597</u>	<u>89,887</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(22,401)	(44,584)
Cash Balance, Beginning of Year	<u>41,059</u>	<u>85,643</u>
Cash Balance, End of Year	<u>\$ 18,658</u>	<u>\$ 41,059</u>

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

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016

Note 1 – Reporting Entity

The Williams County Agricultural Society (the Society), Williams 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 1900 to operate an annual agricultural fair. The Society sponsors the week-long Williams County Fair during September. During the fair, harness races are held, culminating in the running of the harness racing event. Williams County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Williams 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. Other year-round activities at the fairgrounds include facility rental, track and stall rental, and community events including the reverse raffle. The reporting entity does not include any other activities or entities of Williams County, Ohio.

Notes 9 and 10, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016

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

Harness racing stake races are held during the Williams 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 Northwest Ohio Colt Racing 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.

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.

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016

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	2016
Demand deposits	\$ 17,186	\$ 13,765
Other time deposits (savings and NOW accounts)	1,472	27,294
Total deposits	\$ 18,658	\$ 41,059

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement the purse for the years ended November 30, 2017 and 2016 was \$7,967 and \$4,400, respectively, included in the financial statements 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. There was no pari-mutuel wagering in 2017.

	2017	2016
Total Amount Bet (Handle)	\$ -	\$ 3,859
Less: Payoff to Bettors	-	(3,085)
Parimutuel Wagering Commission	-	774
Tote Service Set Up Fee	-	(600)
Tote Service Commission	-	(111)
State Tax	-	(100)
Society Portion	\$ -	\$ (37)

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016

Note 5 – Risk Management

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.

The Williams County Commissioners provide general insurance coverage for all the buildings on the Williams County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 in the aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000.

There have been no settlements paid in the past three years in excess of insurance coverage nor has coverage been significantly reduced.

Note 6 – Social Security

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

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

Note 7 – Subsequent Events

There were no events subsequent to November 30, 2017 that had a material effect on these financial statements.

Note 8 – Contingent Liabilities

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

Note 9 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H and FFA, is responsible for the Junior Fair Division activities of the Williams County Fair. The Society dispersed \$0 and \$400, respectively for 2017 and 2016, directly to the Junior Fair Board and \$20,317 and \$14,414, respectively for 2017 and 2016, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements 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 years ended November 30, 2017 and 2016 follows:

Williams County Agricultural Society
Williams County
Notes to the Financial Statements
For the Years Ended November 30, 2017 and 2016

Note 9 – Junior Fair Board (continued)

	<u>2017</u>	<u>2016</u>
Beginning Cash Balance	\$ 3,659	\$ 3,811
Receipts	13,347	11,157
Disbursements	<u>(10,214)</u>	<u>(11,309)</u>
Ending Cash Balance	<u>\$ 6,792</u>	<u>\$ 3,659</u>

Note 10 – 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 Williams County Fair's auction. A commission of 5% 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 years ended November 30, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Beginning Cash Balance	\$ 35,544	\$ 26,781
Receipts	205,686	188,108
Disbursements	<u>(229,042)</u>	<u>(179,345)</u>
Ending Cash Balance	<u>\$ 12,188</u>	<u>\$ 35,544</u>

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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***

Williams County Agricultural Society
Williams County
619 East Main Street
Montpelier, Ohio 43543

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 Williams County Agricultural Society, Williams 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 August 26, 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. We also noted other auditors audited the financial statements of the Society as of and for the year ended November 30, 2016.

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 appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2018-001.


We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated August 26, 2019.

Society's Response to Finding

The Society's response to the finding identified in our audit is 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 and Associates, Inc.
August 26, 2019

Williams County Agricultural Society
Williams County
Schedule of Findings
November 30, 2018 and 2017

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2018-001 – Noncompliance

Reverse Raffle

Ohio Rev. Code Section 1711.09 provides, in part, that except as otherwise provided in this section, county agricultural societies shall not at any time allow or tolerate games of chance or gambling of any kind anywhere on the fairgrounds.

Ohio Rev. Code Section 1711.09 further provides that a county agricultural society may permit, at any time except during a fair or for one week before or three days after a fair, a charitable organization to conduct in accordance with Chapter 2915 of the Revised Code, games of chance or bingo on the fairground of any county. A charitable organization may lease all or part of the fairground from the agricultural society for that purpose.

The Society conducted a reverse raffle during 2017. This raffle contributed \$19,860 to the General fund for 2017.

The Society was unaware of the law limiting its ability to sponsor a reverse raffle on the fairgrounds. Raising money by a reverse raffle is a violation of the Ohio Revised Code and resulted in the illegal collection of money. The Society should ensure that reverse raffles are not held and sponsored by the Society.

Management's Responses:

See Corrective Action Plan on page 20.

Williams County Agricultural Society
Williams County
 Schedule of Prior Audit Findings
 (Prepared by Management)
 For the Years Ended November 30, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding For Recovery Repaid Under Audit	Not Corrected	Management was unaware of the reason for the finding prior to repeating the purchase. This practice has been discontinued.
2016-002	Reverse Raffle	Not Corrected	Management was unaware of the law limiting its ability to sponsor a reverse raffle on the fairgrounds. This practice has been discontinued.
2016-003	Reconciliation of Ticket Sales	Corrective Action Taken and Finding Fully Corrected	

Williams County Agricultural Society
Williams 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	Once the prior audit was completed this practice was discontinued.	Immediately	Matthew Kennedy, Board President

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OHIO AUDITOR OF STATE
KEITH FABER



WILLIAMS COUNTY AGRICULTURAL SOCIETY

WILLIAMS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2019**