



Dave Yost • Auditor of State

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

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 and related notes of Williams County Agricultural Society, Williams County, Ohio (the Society) as of and for the years ended November 30, 2014 and 2013.

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 opinion.

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

As described in Note 1 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, 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 permitted 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, 2014 and 2013, or changes in financial position or cash flows 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 of Williams County Agricultural Society, Williams County, Ohio as of November 30, 2014 and 2013, and its cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 13, 2015

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Admissions	\$211,244	\$207,833
Privilege Fees	63,255	61,322
Rentals	49,029	53,412
Racing	6,760	3,110
Sustaining and Entry Fees	8,067	9,714
Pari-mutuel Wagering Commission	962	753
Restricted Support	34,885	41,173
Sales Activities	3,951	10,185
Promotions	9,811	12,473
	387,964	399,975
Total Operating Receipts		
Operating Disbursements:		
Wages	2,837	3,386
Administrative Expense	22,068	25,153
Resale Items	4,468	4,151
Supplies	12,922	18,060
Utilities	58,087	59,536
Racing	45,227	42,947
Professional Services	80,766	113,440
Property	34,638	39,551
Advertising	15,092	25,386
Repairs	4,544	20,345
Insurance	20,008	17,552
Rent and Leases	23,218	27,970
Senior Fair and Open Class	4,977	4,845
Contest Expenses	39,589	35,573
Junior Fair	11,539	16,325
Other Fair Expenses	6,741	10,245
	386,721	464,465
Total Operating Disbursements		
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	1,243	(64,490)
Non-Operating Receipts (Disbursements):		
State Support	45,149	32,474
County Support	3,300	
Sales Tax	1	7
Unrestricted Support	17,681	1,416
Investment Income	1	3
Miscellaneous Expense		(79)
	66,132	33,821
Net Non-Operating Receipts (Disbursements)		
Excess (Deficiency) of Receipts Over (Under) Disbursements	67,375	(30,669)
Cash Balance, Beginning of Year	35,961	66,630
Cash Balance, End of Year	\$103,336	\$35,961

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

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**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Williams County Agricultural Society, Williams County, (the Society) as a body corporate and politic. The Society is an independent 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. Williams County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of approximately 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.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds include facility rental and community events including the Antique Tractor Show, the reverse raffle, and garage sales. The reporting entity does not include any other activities or entities of Williams County, Ohio.

Notes 6 and 7, 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.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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.

C. 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.

D. Budgetary Process

The Board of Directors annually prepares an operating budget for disbursements. Appropriations are adopted at the fund and object level. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013
(Continued)**

E. Property, Plant, and Equipment

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

F. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

G. 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.

H. 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 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.

I. 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.

2. BUDGETARY ACTIVITY

For the years ended in November 30, 2014 and 2013, the Society had the following budgetary activity:

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013
(Continued)**

<u>Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
2014	\$ 404,725	\$ 386,721	\$ 18,004
2013	375,000	464,544	(89,544)

3. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$101,777	\$26,404
Other time deposits (savings accounts)	1,559	9,557
Total deposits	<u>\$103,336</u>	<u>\$35,961</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purses for the years ended November 30, 2014 and 2013 was \$9,144 and \$8,000, respectively 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.

	<u>2014</u>	<u>2013</u>
Total Amount Bet (Handle)	\$ 4,749	\$ 3,523
Less: Payoff to Bettors	<u>(3,787)</u>	<u>(2,770)</u>
Parimutuel Wagering Commission	962	753
Tote Service Set Up Fee	(600)	(1,200)
Tote Service Commission	(116)	-
State Tax	<u>(131)</u>	<u>(105)</u>
Society Portion	<u>\$ 115</u>	<u>\$ (552)</u>

5. RISK MANAGEMENT

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 and no annual aggregate. This policy includes dishonesty coverage with limits of liability of \$25,000.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013
(Continued)**

The Society provides workers compensation coverage on all Board members, officers, and independent contractors through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2015.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and Future Farmers of American representatives, is responsible for the Junior Fair Division activities of the Williams County Fair. The Society disbursed \$0 and \$90 directly to the Junior Fair Board and disbursed \$11,539 and \$16,235 directly to vendors to support Junior Fair activities for 2014 and 2013, respectively. 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 years ended November 30 follows:

	2014	2013
Beginning Cash Balance	\$ 899	\$ 2,980
Receipts	12,111	7,238
Disbursements	(9,588)	(9,319)
Ending Cash Balance	\$ 3,422	\$ 899

7. 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's auction. A commission of five percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30 follows:

	2014	2013
Beginning Cash Balance	\$ 22,816	\$ 21,943
Receipts	209,218	181,717
Disbursements	(204,715)	(180,844)
Ending Cash Balance	\$ 27,319	\$ 22,816

8. WILLIAMS COUNTY FAIR FOUNDATION

The Williams County Fair Foundation was established in September 1976 and is governed by three trustees. The purpose of the Williams County Fair Foundation is to assume mortgages on County fairground buildings and raise money to pay them off. The Williams County Fair Foundation shall have the power to do everything and anything reasonably and lawfully necessary, proper, suitable or convenient for the achievement of the foregoing statement of purpose, including the power to raise, receive, manage and distribute funds and property of every kind and nature exclusively for the benefit of the Society, thereby promoting and supporting the Society. The accompanying financial statements do not include the activities of the Williams County Fair Foundation. Financial information can be obtained from the Williams County Fair Foundation, P O Box 442, Montpelier, Ohio 43543.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY 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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Williams County Agricultural Society, Williams County, Ohio (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 13, 2015, wherein we noted the Society followed reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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*.

Entity's Response to Finding

The Society's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not audit the Society's response and, accordingly, we express no opinion on it.

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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 13, 2015

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

The following errors were noted in the financial statements that required audit adjustments.

1. Video lottery terminal (VLT) funds received from the Ohio Racing Commission in 2014 to be used for race purposes (purses, track maintenance, barn maintenance, racing officials, or other general operating) in the amount of \$27,000 were reported as Racing instead of State Support.
2. Video lottery terminal (VLT) funds received from the Ohio Racing Commission in 2013 to be used for race purposes (purses, track maintenance, barn maintenance, racing officials, or other general operating) in the amount of \$15,100 were reported as Racing instead of State Support.

There errors occurred as a result of a lack of understanding of the types of monies received and proper classification per the Uniform System of Accounting for Agricultural Societies.

Sound financial reporting is the responsibility of the Fair Secretary and the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Society's financial statements and notes to the statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the statements and notes by the Fair Secretary and Board, to identify and correct errors and omissions.

Officials' Response:

Management believes the Ohio Racing Commission checks were appropriately reported in the accounts that best reflected the income. Management recorded the monies in Racing rather than State Support. There was no guidance from the State as to where these new monies were to be reported, therefore we reported the amounts in the financial statement accounts, which we believed, to be most appropriate.

Auditor of State's Conclusion:

The Uniform System of Accounting for Agricultural Societies requires funds received from the State for support of horse racing to be receipted as State Support.

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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
JULY 30, 2015**