



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 and related notes of Williams County Agricultural Society, Williams County, Ohio, (the Society) as of and for the years ended November 30, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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, 2016 and 2015, 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, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2017, 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

September 21, 2017

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
STATEMENT OF RECEIPTS, DISBURSMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016

Operating Receipts	
Admissions	\$171,385
Privilege Fees	58,460
Rentals	50,340
Racing	7,071
Sustaining and Entry Fees	10,235
Pari-mutuel Wagering Commission	1,374
Restricted Support	54,730
Sales Activities	2,545
Promotions	35,141
	<hr/>
<i>Total Operating Receipts</i>	<i>391,281</i>
	<hr/>
Operating Disbursements	
Wages	2,958
Administrative Expense	29,281
Supplies	17,279
Utilities	51,723
Racing	85,862
Professional Services	84,032
Property	85,997
Advertising	23,861
Repairs	12,018
Insurance	25,149
Rents and Leases	27,605
Senior Fair and Open Class	5,171
Contest Expenses	50,759
Junior Fair	14,814
Other Fair Expenses	9,243
	<hr/>
<i>Total Operating Disbursements</i>	<i>525,752</i>
	<hr/>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<i>(134,471)</i>
	<hr/>
Non-Operating Receipts (Disbursements)	
State Support	87,054
County Support	3,300
Investment Income	9
Unrestricted Support	16,892
Miscellaneous Expenditures	(17,368)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>89,887</i>
	<hr/>
<i>Excess of Disbursements Over Receipts</i>	<i>(44,584)</i>
	<hr/>
Cash Balance, Beginning of Year	85,643
	<hr/>
<i>Cash Balance, End of Year</i>	<i>\$41,059</i>
	<hr/> <hr/>

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

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016

Note 1 – Reporting Entity

The Agricultural Society of Williams County, (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. 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the Antique Tractor Show, reverse raffles 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and change in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes 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.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid.

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016
(CONTINUED)

The accompanying financial statement does not report these items as assets.

Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

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 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.

Note 3 – Deposits

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

	2016
Demand deposits	<u>\$13,765</u>
Other time deposits (savings and NOW accounts)	<u>27,294</u>
Total deposits	<u><u>\$41,059</u></u>

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016
(CONTINUED)

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 purse for the year ended November 30, 2016 of \$80,616, as State Support.

Pari-mutuel Wagering

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

	2016
Total Amount Bet (Handle)	\$ 4,459
Less: Payoff to Bettors	(3,085)
Parimutuel Wagering Commission	1,374
Tote Service Set Up Fee	(600)
Tote Service Commission	(111)
State Tax	(100)
Society Portion	\$ 563

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 July 2017.

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 crime coverage for employee dishonesty with limits of liability of \$25,000.

Note 6 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H and FFA representatives, is responsible for the Junior Fair Division activities of the Williams County Fair. The Society disbursed \$400 directly to the Junior Fair Board and \$14,414 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. The accompanying financial statement does not include this

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016
(CONTINUED)

activity. The Junior Fair Board's financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 3,811
Receipts	11,157
Disbursements	(11,309)
Ending Cash Balance	\$ 3,659

Note 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 5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	\$ 26,781
Receipts	188,108
Disbursements	(179,345)
Ending Cash Balance	\$ 35,544

Note 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 statement does 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.

Note 9 – Compliance

Contrary of the Ohio law, the Society conducted reverse raffles during 2016 which contributed \$35,141 to the General Fund.

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WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

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Operating Receipts	
Admissions	\$179,201
Privilege Fees	71,086
Rentals	42,392
Racing	7,076
Sustaining and Entry Fees	7,812
Pari-mutuel Wagering Commission	1,126
Restricted Support	26,410
Sales Activities	2,416
Promotions	14,269
	<hr/>
<i>Total Operating Receipts</i>	<i>351,788</i>
Operating Disbursements	
Wages	3,068
Administrative Expense	35,389
Resale Items	305
Supplies	13,954
Utilities	61,937
Racing	74,773
Professional Services	67,185
Property	45,122
Advertising	33,959
Repairs	19,614
Insurance	20,496
Rents and Leases	28,337
Senior Fair and Open Class	5,266
Contest Expenses	41,746
Junior Fair	14,669
Other Fair Expenses	5,463
	<hr/>
<i>Total Operating Disbursements</i>	<i>471,283</i>
<i>Operating Disbursements Over Operating Receipts</i>	<i>(119,495)</i>
Non-Operating Receipts (Disbursements)	
State Support	74,735
County Support	3,300
Sales Tax	8
Unrestricted Support	25,151
Miscellaneous Expenditures	(1,392)
	<hr/>
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>101,802</i>
<i>Excess of Disbursements Over Receipts</i>	<i>(17,693)</i>
Cash Balance, Beginning of Year	<hr/>
	103,336
<i>Cash Balance, End of Year</i>	<i>\$85,643</i>
	<hr/> <hr/>

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

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

Note 1 – Reporting Entity

The Agricultural Society of Williams County, (the Society), Williams County is a body corporate and politic 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. 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.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the Antique Tractor Show, reverse raffles 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes 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 STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015
(CONTINUED)

Capital Assets

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

Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

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 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.

Note 3 – Deposits

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

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015
(CONTINUED)

	2016
Demand deposits	\$84,499
Other time deposits (savings account)	1,144
Total deposits	\$85,643

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 purse for the year ended November 30, 2015 of \$69,465, 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.

	2015
Total Amount Bet (Handle)	\$ 5,574
Less: Payoff to Bettors	(4,448)
Parimutuel Wagering Commission	1,126
Tote Service Set Up Fee	(1,200)
Tote Service Commission	(335)
State Tax	(151)
Society Portion	\$ (560)

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 July 2016.

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 crime coverage for employee dishonesty with limits of liability of \$25,000.

WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015
(CONTINUED)

Note 6 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H and FFA representatives, is responsible for the Junior Fair Division activities of the Williams County Fair. The Society disbursed \$400 directly to the Junior Fair Board and \$14,269 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, 2015 follows:

	2015
Beginning Cash Balance	\$ 3,422
Receipts	13,387
Disbursements	(12,998)
Ending Cash Balance	\$ 3,811

Note 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 5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2015 follows:

	2015
Beginning Cash Balance	\$ 27,319
Receipts	195,599
Disbursements	(196,137)
Ending Cash Balance	\$ 26,781

Note 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 statement does 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.

Note 9 – Compliance

Contrary of the Ohio law, the Society conducted a reverse raffle during 2015 which contributed \$14,269 to the General Fund.

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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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 21, 2017 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

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-003 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 instances of noncompliance and another matter we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 21, 2017

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Finding For Recovery Repaid Under Audit

The Society made the following purchases of alcohol to serve at reverse raffle fundraising events held on February 7, 2015 and November 11, 2016.

Warrant Number	Warrant Date	Vendor	Warrant Amount	Warrant Signature
#11227	February 6, 2015	M & W Carryout	\$319.80	Patrick Muehfeld
#11245	March 3, 2015	Wicks Par-T-Pak	113.98	Eugene Wilson Patrick Muehfeld
#12189	February 10, 2016	City Beverage	321.36	Dave Page Alan Bennett
#12253	April 23, 2016	Wicks Par-T-Pak	101.94	Dave Page Chuck Wallace
#13224	November 11, 2016	Walmart	71.88	Dave Walker Alan Bennett
#13225	November 15, 2016	City Beverage	253.84	David Walker Alan Bennett

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.

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. Therefore, the Society's determination that these disbursements serve a proper public purpose is incorrect.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public money illegally expended is hereby issued, in favor of the Williams County Agricultural Society, in the amount of \$1,182, against the following Society Board of Directors: Patrick Muehfeld, (former member), \$319; Eugene Wilson and Patrick Muehfeld, (former member), \$114; Dave Page and Alan Bennett, \$321; Dave Page and Chuck Wallace, \$102; Dave Walker and Alan Bennett, \$72 and \$254.

On August 16, 2017, Patrick Muehlfeld, issued a check in the amount of \$376.79 to the Society. On August 17, 2017, Eugene Wilson, David Walker, David Page, Alan Bennett, Chuck Wallace issued checks in the amount of \$57, \$163, \$211.50, \$324 and \$51 to the Society. This finding for recovery is considered repaid under audit.

FINDING NUMBER 2016-002

Noncompliance

Ohio Rev. Code § 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 fairground.

Ohio Rev. Code § 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 reverse raffles during 2016 and 2015. These raffles contributed \$35,141 and \$14,269 to the General fund for 2016 and 2015, respectively.

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.

FINDING NUMBER 2016-003

Material Weakness – Reconciliation of Ticket Sales

The Society used a vendor (FIS) to process its credit and debit card ticket sales. A malfunction resulted in a loss of ticket revenues (\$5,245) during the 2016 fair held September 10th through September 17th, 2016. This was not discovered until April 2017. The Society notified the vendor on April 7th, 2017 to attempt to recover the revenues. However, the contract with the vendor allowed only 30 days to make billing and settlement inquiries.

A reconciliation of ticket activity to deposits may have detected this error within a timeframe that a successful inquiry could have been made with the vendor.

Strong accounting controls include reconciliations of collections to deposits. Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify that all recorded transactions have been properly posted to the bank and all transactions with the bank have been recorded in the fiscal records and financial statements

In order to strengthen accountability over the Society's financial activity and reconciliation process, we recommend reconciliations be made to credit and debit card sales on a timely basis. These reconciliations should be performed daily or soon as possible after an event during the Society's fair to ensure all revenues were received. The Society should designate an official to be responsible for the reconciliation and require the official to present all reconciliations to the Board of Directors at monthly meetings.

Official's Response:

We did not receive a response from Official's to the findings reported above.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material Weakness regarding errors recording video lottery terminal funds received from the Ohio Racing Commission.	Corrective action taken and finding is fully corrected.	



Dave Yost • Auditor of State

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
OCTOBER 10, 2017**