



**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

Williams County Agricultural Society
Williams County
P.O. Box 28
Montpelier, Ohio 43543-0028

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 21, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Williams County Agricultural Society
Williams County
P.O. Box 28
Montpelier, Ohio 43543-0028

To the Board of Directors:

We have audited the accompanying financial statements of Williams County Agricultural Society, Williams County, (the Society) as of and for the years ended November 30, 2006 and 2005. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes for the years ended November 30, 2006 and 2005. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2006 and 2005, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Williams County Agricultural Society, Williams County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 21, 2007

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2006**

	2006
Operating Receipts:	
Admissions	\$188,152
Privilege Fees	67,149
Rentals	48,539
Sustaining and Entry Fees	21,360
Contest Fees	12,581
Other Operating Receipts	2,419
	340,200
Operating Disbursements:	
Wages and Benefits	34,048
Administrative	6,890
Supplies	60,050
Utilities	47,597
Professional Services	29,201
Equipment and Grounds Maintenance	42,754
Race Purse	42,396
Race Expenses	5,311
Advertising	25,383
Repairs	7,150
Insurance	14,902
Rental/Lease Expenses	29,142
Contest Expenses	38,281
Senior Fair	8,181
Junior Fair	14,755
Capital Outlay	3,600
Other Operating Disbursements	21,891
	431,532
Excess of Operating Disbursements Over Operating Receipts	(91,332)
Non-Operating Receipts (Disbursements):	
State Support	29,155
County Support	8,300
Restricted Donations/Contributions	50,019
Unrestricted Donations/Contributions	9,778
Investment Income	175
Non-Operating Receipts	364
Non-Operating Disbursements	(4,282)
	93,509
Excess of Receipts Over Disbursements	2,177
Cash Balance, Beginning of Year	72,057
Cash Balance, End of Year	\$74,234

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

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2005**

	2005
Operating Receipts:	
Admissions	\$189,680
Privilege Fees	69,500
Rentals	45,190
Sustaining and Entry Fees	20,040
Contest Fees	11,325
Parimutuel Wagering Commission	2,990
Other Operating Receipts	3,484
	<u>3,484</u>
Total Operating Receipts	<u>342,209</u>
Operating Disbursements:	
Wages and Benefits	33,386
Administrative	7,478
Supplies	50,108
Utilities	40,715
Professional Services	23,228
Equipment and Grounds Maintenance	40,005
Race Purse	49,754
Race Expenses	7,700
Advertising	24,648
Repairs	38,428
Insurance	15,370
Rental/Lease Expenses	18,703
Contest Expenses	32,747
Senior Fair	8,184
Junior Fair	10,443
Capital Outlay	174,527
Other Operating Disbursements	20,520
	<u>20,520</u>
Total Operating Disbursements	<u>595,944</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(253,735)</u>
Non-Operating Receipts (Disbursements):	
State Support	32,044
County Support	6,600
Restricted Donations/Contributions	113,702
Unrestricted Donations/Contributions	3,002
Investment Income	803
Non-Operating Receipts	979
Non-Operating Disbursements	(7,550)
	<u>(7,550)</u>
Net Non-Operating Receipts	<u>149,580</u>
Excess of Disbursements Over Receipts	<u>(104,155)</u>
Cash Balance, Beginning of Year	<u>176,212</u>
Cash Balance, End of Year	<u>\$72,057</u>

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

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1856 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 twenty-six 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 including facility rental, track and stall rental, and community events including a summer flea market and the antique tractor and craft festival. 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 Williams County Fair Foundation is presented in Note 8 to the financial statements.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

E. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include 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

Northwestern Ohio Colt 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 Williams County Horseman's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

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.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 November 30, 2006 and 2005, the Society had the following budgetary activity:

Year	Appropriations	Expenditures	Variance
2006	\$ 634,400	\$ 435,814	\$ 198,586
2005	684,700	603,494	81,206

3. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$74,234	\$72,057

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 purse for the years ended November 30, 2006 and 2005, were \$17,704 and \$20,304, 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.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. HORSE RACING – (Continued)

	2005
Total Amount Bet (Handle)	\$ 14,720
Less: Payoff to Bettors	(11,730)
Parimutuel Wagering Commission	2,990
Tote Service Set Up Fee	(630)
Tote Service Commission	(1,498)
State Tax	(393)
Society Portion	\$ 469

Races were not held in 2006 due to weather conditions.

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 errors or omissions liability, with limits of \$1,000,000 per occurrence and \$5,000,000 aggregate for general liability and \$5,000,000 aggregate for errors and omissions. The Society's secretary/treasurer is bonded with coverage of \$40,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2007.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Williams County Fair. In fiscal years 2006 and 2005, the Society disbursed \$14,755 and \$10,443 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. In fiscal years 2006 and 2005, Williams County paid the Society \$500 and \$1,000, respectively, to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 3,161	\$ 3,161
Receipts	7,842	8,126
Disbursements	(7,205)	(8,126)
Ending Cash Balance	\$ 3,798	\$ 3,161

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

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 statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 14,153	\$ 196,121
Receipts	169,481	171,905
Disbursements	<u>(168,897)</u>	<u>(353,873)</u>
Ending Cash Balance	<u>\$ 14,737</u>	<u>\$ 14,153</u>

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 fairgrounds 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 43543-0028.

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Mary Taylor, CPA

Auditor of State

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

Williams County Agricultural Society
Williams County
P.O. Box 28
Montpelier, Ohio 43543-0028

To the Board of Directors:

We have audited the financial statements of the Williams County Agricultural Society, Williams County, (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated June 21, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2006-004 through 2006-008.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider reportable conditions 2006-004 through 2006-006 listed above to be material weaknesses. In a separate letter to the Society's management dated June 21, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-003. In a separate letter to the Society's management dated June 21, 2007, we reported other matters related to noncompliance we deemed immaterial.

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and Board of Directors. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 21, 2007

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Finding for Recovery – Expenditure of Public Funds/Proper “Public Purpose”

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. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Williams County Agricultural Society Board of Directors approved a Visa credit card for use by the Secretary/Treasurer, Gaylene Carpenter. The Board and Secretary/Treasurer authorized payment for credit card charges which either contained no detailed supporting documentation or were items for personal use in the amount of \$1,879.59 during 2005 and 2006. The Society did not enact an ordinance or resolution which demonstrated what public purpose such expenditures served.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co., 120 Ohio St. 47 (1929)*; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985)*.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Gaylene Carpenter, Secretary/Treasurer of the Williams County Agricultural Society, and Auto-Owners (Mutual) Insurance Company, Mrs. Carpenter’s bonding company, jointly and severally in the amount of \$1,879.59, and in favor of the Williams County Agricultural Society’s General Fund.

Officials’ Response

As of June 1, 2007, Management has suspended all credit card charges until such a time as deemed by the Board of Directors for when or if a policy pursuant Ohio Revised Code § 1711.131 is adopted for use by the Board of Directors.

FINDING NUMBER 2006-002

Finding for Recovery – Due But Not Collected (Ride Tickets)

Pursuant to ORC § 9.38, the definition of “public official” found in ORC § 117.01 is applicable to ORC § 9.39. “Public official” is defined in R.C. 117.01(E) as “any officer, employee, or duly authorized representative or agent of a public office.” In turn, “public office” is defined as “any state agency, public institution, political subdivision, or other organized body, office, agency, institution, or entity established by the laws of this state for the exercise of any function of government.” R.C. 117.01(D). The Williams County Agricultural Society would constitute a “public office” for these purposes, and its Secretary/Treasurer would be considered a “public official.”

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

**FINDING NUMBER 2006-002
(Continued)**

Ohio Revised Code § 9.39 states that all public officials are held liable for all public money received or collected by them or by their subordinates under color of office. Further, Ohio Attorney General Opinion 93-004 provides that the language of ORC § 9.39 with respect to the liability of public officials is plain and unambiguous, stating that a public official will be held personally liable if public moneys that come into his possession or custody in his official capacity are lost.

The Williams County Agricultural Society contracted with Poor Jack Amusements for rides during the 2006 and 2005 Williams County Fair. Per the contract, Poor Jack Amusements handles the selling and accounting of ride tickets sold. However, an allotment of tickets is given to the Society to sell. At the end of the fair, the Society returns all of its unsold tickets.

At the conclusion of the Fair, Poor Jack Amusements then prepares a reconciliation of all ride tickets sold and calculates the payment due to the Society for their share (25%) of the ticket sales. In this calculation, Poor Jack Amusements calculates the amount of monies the Society should have collected based on returned unused ride tickets and reduces the payment made to the Society by this amount.

Testing of the Agricultural Society's receipts revealed the following amount due but uncollected for ride ticket sales for the 2006 Fair:

Total Receipts per "Rides" Account (1360)	\$ 19,172.95
Less:	
Monster Truck Rides Receipts (separate contract)	(456.00)
Pony Rides (separate contract)	(350.00)
Final Poor Jack Payment	<u>(10,642.95)</u>
Subtotal	7,724.00
Society Ride Ticket Sales per Poor Jacks Final Report	<u>9,000.00</u>
Total Amount Due But Not Collected	<u><u>\$ 1,276.00</u></u>

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Gaylene Carpenter, Secretary/Treasurer of the Williams County Agricultural Society, and Auto-Owners (Mutual) Insurance Company, Mrs. Carpenter's bonding company, jointly and severally in the amount of \$1,276, and in favor of the Williams County Agricultural Society's General Fund.

Officials' Response

The Society believes that the unaccounted for monies were deposited in batches including season pass monies during the week of the fair. All deposits were posted to the season pass account. Based on a physical count of unsold season passes performed by the Secretary/Treasurer, 2818 season passes were sold at \$15 each totaling \$42,270. Amounts reported in the Society's season pass revenue account totaled \$43,745 for a difference of \$1,475. The Society agrees that records maintained are not sufficient to confirm this explanation.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDING NUMBER 2006-003

Noncompliance Citation

Ohio Administrative Code § 117-10-01 states each county agricultural society and independent agricultural society shall, for financial reporting and accounting purposes record and report all financial transactions in accordance with appendix A of the auditor of state manual, "Uniform System of Accounting for Agricultural Societies."

In 2005, the Society received a \$75,000 donation from the Bryan Area Foundation to be used towards the costs of the covered bridge built on the fair grounds. The Society handed this check over to the Williams County Fair Foundation, whom had already taken a loan out to pay for the remainder of the contract for the covered bridge, without ever recording the transaction in the Society's accounting system. These monies were not reported in the Society's financial statements.

The accompanying financial statements have been adjusted to reflect this unrecorded activity.

We recommend that the Society post all monies received and expended to the Society's books. In addition, we recommend the Society follow the guidelines of Auditor of State Bulletin 2000-008, which describes the proper accounting treatment for "on-behalf-of" payments.

FINDING NUMBER 2006-004

Material Weakness – Monthly Reconciliations

Prior to the closing out the general ledger records each month, all the bank account balances of the Society should be reconciled to the general ledger fund balance in a timely manner. This procedure is an important method of detecting errors in the general ledger postings and bank account records. After this procedure is completed, any errors found should be immediately corrected, general ledger records closed and month end financial information generated by the Secretary/Treasurer.

The Secretary/Treasurer did not perform valid reconciliations of the Society's bank accounts to the general ledger fund balance at any time during fiscal year 2006 and 2005. For example, while the book balance at November 30, 2005, and November 30, 2006, appeared to reconcile to the bank balance they did not. The book balance was overstated by \$3,653 at November 30, 2005, and was overstated by \$3,108 at November 30, 2006. In addition, outstanding check lists each month included checks that should never have been outstanding, as well as checks that were outstanding but never recognized as such. The unreconciled balances were due to several undetected and unreconciled posting errors that were never corrected.

The accompanying financial statements have been adjusted for the errors identified.

We recommend that the Secretary/Treasurer present evidence to the Board of Directors that the Society's bank account balances have been reconciled to the general ledger fund balance in a timely manner along with other financial information submitted for review. The Board of Directors should verify items appearing on the monthly bank reconciliation, including, but not limited to, authentication of outstanding checks and deposits in transit. The Board should determine that the total balances of all bank accounts reconcile to the total fund (or book) balance. In addition, the Board should initial each bank reconciliation to indicate their review.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDING NUMBER 2006-005

Material Weakness - Monitoring Controls by Board of Directors

The small size of the Society's fiscal operations does not allow for an adequate segregation of duties. The Secretary/Treasurer performs most accounting functions. It is therefore important that the Board of Directors (the Directors) monitor financial activity closely. The following deficiencies were noted in the monitoring of financial activity by the Directors:

- Items appearing in the individual bank reconciliations were neither reviewed by, nor authenticated by, the Board of Directors.
- There was no evidence that the Board of Directors reviewed monthly detail revenue or disbursement ledgers.
- Several check numbers recorded in 2005 and 2006 did not match the actual check number issued.
- The Board approved payments for charges to the Society credit card for which there were no detailed receipts available.

These weaknesses allowed posting errors in receipts and disbursements to occur and go undetected. To improve controls over financial transactions and to reduce the possibility of loss of cash assets we recommend that the following monitoring controls be implemented:

Monthly bank reconciliations, monthly reconciliations of bank balances to the General Fund Balance, monthly receipt and disbursement ledgers, and the vouchers containing supporting documentation should be presented to the Directors by the Secretary/Treasurer. The documents should be reviewed, initialed, and approved in the minutes by the Board of Directors. This information provides important data necessary to manage the Agricultural Society. This information can help answer questions such as the following:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted.
- Are anticipated receipts being timely received?
- Are expenditures for a "proper public purpose"?
- Is the Society maximizing its return on invested cash balances?

FINDING NUMBER 2006-006

Material Weakness – Admissions

The November, 2002 Revision of the Uniform System of Accounting for Agricultural Societies states that all tickets for admission to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt shall be issued for each batch of tickets sold. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

**FINDING NUMBER 2006-006
(Continued)**

The Williams County Agricultural Society did not maintain ticket accountability forms for any of its admissions. All of the tickets issued for entrance to the fair, season passes, grandstand events, and pit passes for the demo derbies contained preprinted numbers that would allow for numerical control through the use of ticket accountability forms. The Society did not issue tickets for admission to the annual antique tractor show. The Society did not perform any reconciliations of grandstand events using the seating charts maintained. The lack of ticket accountability could result in individuals gaining access to the fairgrounds without paying for the tickets. This also does not provide sufficient evidence to assure the completeness of admission receipts.

We recommend the Society utilize ticket accountability forms for all tickets and passes issued for admissions. Tickets not issued at the gates should be accounted for utilizing ticket accountability forms. A form should be used to total all of the tickets available for sale, the total tickets sold, and the amount of money collected. Additionally, the Board of Directors should collect all unsold tickets to ensure that all of the season tickets were either sold or returned to the Board of Directors.

FINDING NUMBER 2006-007

Reportable Condition – Privilege Fee and Rental Contracts

The Secretary/Treasurer is responsible for entering into contracts with individuals and business for space on the fair grounds (i.e. privilege fees), camping, building rentals, stall rentals, and storage.

The Williams County Agricultural Society entered into contracts with individuals and vendors for the lease of booths, tents, ground space, and campsites during the 2006 and 2005 Williams County Fair and for the rental of the Gillette Building throughout 2006 and 2005. The signed contracts stipulated the total fees due. Testing of the Agricultural Society's receipts revealed the following individuals and vendors which had remaining amounts due but uncollected on signed contracts at November 30, 2006:

Vendor Name	Contract Type	Total Charges	Payments Thru 11/30/06	Amount Outstanding at 11/30/06
Quillen Brothers, Inc.	2005 Outside Concessions	\$ 145.00	\$ 100.00	\$ 45.00
J&F Dist.	2005 Outside Concessions	577.00	537.00	40.00
Captain Rick's	2006 Outside Concessions	217.00		217.00
Pizza Hut	2006 Outside Concessions	1,085.00	500.00	585.00
Rhino Linings of Stryker	2006 Outside Concessions	265.00	117.50	147.50
Soles Motor Sports	2006 Outside Concessions	241.00	170.00	71.00
Suzanne Elston	2005 Merchants	125.00	100.00	25.00
Elgin Service Center	2005 Merchants	100.00	25.00	75.00
A.J. Door LLC	2006 Merchants	225.00	200.00	25.00
Designs by Hare	2006 Merchants	100.00		100.00
Grant & Nicholls LLC	2006 Merchants	190.00	90.00	100.00
Pioneer Custom Coating LLC	2006 Merchants	100.00		100.00
Mary Barber & Ken Klinker	2006 Antique Merchant	20.00		20.00
Total Privilege Fee Contracts				\$ 1,550.50

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

**FINDING NUMBER 2006-007
(Continued)**

Lessee Name	Contract Type	Total Charges	Payments Thru 11/30/2006	Amount Outstanding at 11/30/06
Montpelier EVSD	2005 Gillette Building	\$ 300.00	\$ 150.00	\$ 150.00
Sacred Heart Church	2005 Gillette Building	335.00		335.00
Patrick Thorp	2006 Gillette Building	335.00	330.00	5.00
Hawaiin Shaved Ice	2005 Camping Fair Week	150.00	15.00	135.00
Bruce Short	2006 Camping Fair Week	150.00	140.00	10.00
Millie Bible	2006 Camping Fair Week	300.00	280.00	20.00
R&G Fruity Concessions	2006 Camping Fair Week	150.00		150.00
		Total Rental Contracts		\$ 805.00

The Society has no formal contracts for several rental activities including camping outside of fair week and stall rentals. Several rental activities for which there are formal contracts (i.e. storage) did not have signed contracts on file. In addition, many of the privilege fee and rental rates have never been formally approved by the Board of Directors.

For privilege fees and rental activities with contracts, payment information was not always documented on the contract. This could result in errors or irregularities to occur and not be detected in a timely manner. Failure to document this information could also result in the Society not receiving amounts due per contracts.

We recommend that formal prenumbered contracts be prepared and signed for all privilege fee and rental activities. In addition, all rates and fees should be formally approved by the Board of Directors. We also recommend that a master listing be maintained showing all privilege fee and rental contracts. The master listing should include the following:

- Prenumbered contract number,
- Individual or business name,
- Amounts paid for current year,
- Check number(s),
- Date(s) received,
- Outstanding balance,
- Amounts paid as deposit for following year, and
- Secretary's receipt data (number, date and account number).

The amounts paid per the master listing should then be reconciled to the receipt ledger accounts each year. This should then be presented to the Board for review and approval. The amounts paid for deposit could then be used when preparing next year's contracts. Also, to reduce the risk inherent with cash the Society should consider establishing a policy requiring all individuals and business to pay by check.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005
(Continued)**

FINDING NUMBER 2006-008

Reportable Condition – Restricted Donations/Contributions Documentation

The Society collected Restricted Donations and Contributions from various individuals during fiscal years 2005 and 2006. Sound internal control policies require that some form of documentation be provided to support the amounts received. In addition, they require management and the Board to monitor the financial activity of the Society.

The Society recorded \$38,702 and \$50,019 in 2005 and 2006, respectively, in Restricted Donations and Contributions receipts. During 2005, we noted that 41.3 percent of the recorded receipts were not supported by any documentation other than the duplicate receipt prepared by the Secretary/Treasurer. In addition, another 8.5 percent of the recorded receipts were not supported by any documentation. During 2006, we noted that 46.0 percent of the recorded receipts were not supported by any documentation other than the duplicate receipt prepared by the Secretary/Treasurer.

We recommend that the Society maintain supporting documentation for all monies received. This support should be filed with the duplicate receipt in order to ensure record retention. We further recommend the Society maintain a copy of the remittance advice or any letter accompanying a donation to help substantiate the amounts recorded in the ledgers. In addition, we recommend the Board of Directors formally accept all donations in open meetings and document the donations in the minutes of those meetings. The documentation should include the person/organization from which the donation was received as well as the amount of the donation. A policy requiring all donations received by the Society to be formally acknowledged and documented in the minutes could provide some assurance that receipts from donations are properly recorded in the financial statements.

Officials' Response for Findings 2006-003 thru 2006-008

The Williams County Agricultural Society's Executive Committee is reviewing all findings and creating needed policies to bring before the Board of Directors.

**WILLIAMS COUNTY AGRICULTURAL SOCIETY
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Invalid reconciliations of Society's bank accounts and general ledger fund balance.	No	Not corrected. Will be repeated in the current audit period as finding 2006-004.
2004-002	Lack of monitoring controls by the Board of Directors.	No	Not corrected. Will be repeated in the current audit period as finding 2006-005.
2004-003	Voided checks improperly accounted for on accounting system.	Yes	
2004-004	Lack of reconciliations and supporting documentation for admission revenues.	No	Not corrected. Will be repeated in the current audit period as finding 2006-006.
2004-005	Lack of expenditure controls including the lack of invoices, prior approvals, and requisitions.	Yes	



Mary Taylor, CPA
Auditor of State

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 24, 2007**