



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE **KEITH FABER**



February 5, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Montgomery County Agricultural Society
Montgomery County
580 Calumet Lane
Dayton, Ohio 45417

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balance, receipts and disbursements and related notes of the Montgomery County Agricultural Society, Montgomery County, Ohio (the Society) as of and for the years ended November 30, 2017 and 2016.

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 such 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, 2017 and 2016, and the 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, receipts and disbursements by fund type, and related notes of the Montgomery County Agricultural Society, Montgomery County as of November 30, 2017 and 2016, 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 January 11, 2019, 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

January 11, 2019

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Operating Receipts:	
Admissions	\$ 138,796
Privilege Fees	28,344
Sales	14,544
Rentals	129,498
Race	24,081
Other Operating Receipts	17,642
Sale of Equipment	84,664
Total Operating Receipts	<u>437,569</u>
Operating Disbursements:	
Wages and Benefits	225,594
Utilities	82,571
Professional Services	304,564
Equipment and Grounds Maintenance	123,409
Race Purses	87,331
Senior Fair	23,622
Junior Fair	9,383
Capital Outlay	92,882
Other Operating Disbursements	89,554
Total Operating Disbursements	<u>1,038,910</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(601,341)</u>
Non-Operating Receipts (Disbursements):	
State Support	74,880
County Support	100,220
Donations/Contributions	70,451
Investment Income	20,315
Sale of Land and property	12,007,706
Debt Service	(1,600)
Purchase of new land and property	(10,817,806)
Net Non-Operating Receipts (Disbursements)	<u>1,454,166</u>
Excess of Receipts Over Disbursements	852,825
Cash Balance, Beginning of Year	<u>196,359</u>
Cash Balance, End of Year	<u>\$ 1,049,184</u>

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

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**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 1 – Reporting Entity

The Agricultural Society of Montgomery County (the Society), Montgomery 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 1853 to operate an annual agricultural fair. The Society sponsors the week-long Montgomery County Fair during July. During the fair, harness races are held. Montgomery County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Montgomery 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 trade shows, antique shows, wrestling and boxing events, horse shows, concerts, and festivals. The reporting entity does not include any other activities or entities of Montgomery County, Ohio.

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

Deposits and Investments

The Society has a business checking account, a capital checking account, and two business savings accounts. The Society had no investments in 2017.

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.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

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

Stake races are held during the Montgomery 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 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 Race Receipts.

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 Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2017 was as follows:

	<u>2017</u>
Demand deposits	\$1,049,184

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

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, 2017 was \$56,583 as State Support.

Pari-mutuel Wagering

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

	2017
Total Amount Bet (Handle)	\$ 2,904
Less: Payoff to Bettors	(2,330)
Parimutuel Wagering Commission	574
Tote Service Set Up Fee	(695)
State Tax	(70)
Society Portion	\$ (191)

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

The Society provides health coverage for full-time, supervisory employees through an insurance company unless the employee declines coverage due to obtaining insurance through a different source (i.e., spouse or Medicare).

The Montgomery County Commissioners provide general insurance coverage for all the buildings on the Montgomery County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

Note 6 – Social Security

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

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

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 7 – Move of Fairgrounds

In April 2017, the Society sold the existing fairgrounds for a total purchase price of \$15,000,000. Of that amount, \$12,000,000 was received during fiscal year 2017 and is reported in the accompanying financial statement as Sale of Land and Property.

In May 2017, the Society, Montgomery County, and the Montgomery County Transportation Improvement District entered into an Intergovernmental Agreement for the development of a new Montgomery County Fairgrounds. In September 2017, the Society entered into a New Fairgrounds Facilities Project Management and Financing Agreement with the Montgomery County Transportation Improvement District to build new fairgrounds facilities for a cost up to \$13,532,400. During fiscal year 2017, the Society paid \$10,000,000 to the Montgomery County Transportation Improvement District under that agreement. The payments are reported in the accompanying financial statement as Purchase of New Land and Property.

Note 8 – Subsequent Events

Construction on new fairgrounds was completed in June 2018. The Society received the final \$3 million from the sale of the old fairgrounds (\$1.5 million from Premier Health and \$1.5 million from the University of Dayton) in March 2018. In May 2018, Montgomery County agreed to donate the property on which the new fairgrounds were constructed to the Society.

Note 9 – 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 Montgomery County Fair. The Society disbursed \$9,383 in 2017 directly to vendors to support Junior Fair activities. These expenses are reflected as a Junior Fair disbursement in the accompanying financial statement. Montgomery County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2017 follows:

	2017
Beginning Cash Balance	1,527
Receipts	700
Disbursements	<u>(1,748)</u>
Ending Cash Balance	<u><u>\$479</u></u>

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Note 10 – Junior Livestock Sale Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Montgomery County's auction. A commission of 4% 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, 2017 follows:

	<u>2017</u>
Beginning Cash Balance	\$ 35,038
Receipts	181,092
Disbursements	<u>(196,356)</u>
Ending Cash Balance	<u><u>\$ 19,774</u></u>

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**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Operating Receipts	
Admissions	\$ 168,152
Privilege Fees	85,589
Sales	8,058
Rentals	140,567
Race	15,218
Other Operating Receipts	19,181
Sale of Equipment	120
Total Operating Receipts	<u>436,885</u>
Operating Disbursements	
Wages and Benefits	184,488
Utilities	96,592
Professional Services	140,314
Equipment and Grounds Maintenance	119,643
Race Purses	60,552
Senior Fair	29,892
Junior Fair	10,284
Capital Outlay	10,134
Other Operating Disbursements	84,244
Total Operating Disbursements	<u>736,143</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(299,258)</u>
Non-Operating Receipts (Disbursements):	
State Support	74,739
County Support	398,995
Donations/Contributions	47,243
Investment Income	1
Debt Service	(51,786)
Net Non-Operating Receipts (Disbursements)	<u>469,192</u>
Excess of Receipts Over Disbursements	169,934
Cash Balance, Beginning of Year	<u>26,425</u>
Cash Balance, End of Year	<u>\$ 196,359</u>

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

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**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note 1 – Reporting Entity

The Agricultural Society of Montgomery County (the Society), Montgomery 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 1853 to operate an annual agricultural fair. The Society sponsors the week – long Montgomery County Fair during July. During the fair, harness races are held. Montgomery County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Montgomery 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 trade shows, antique shows, wrestling and boxing events, horse shows, concerts, and festivals. The reporting entity does not include any other activities or entities of Montgomery County, Ohio.

Notes 8 and 9, respectively; summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

Deposits and Investments

The Society has a business checking account and two business savings accounts. The Society had no investments in 2016.

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.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2016**

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

Stake races are held during the Montgomery 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 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 Race Receipts.

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 Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2016 was as follows:

	<u>2016</u>
Demand deposits	\$196,359

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2016**

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, was \$55,400 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion. The races were cancelled in fiscal year 2016.

Note 5 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

The Society provides health coverage for full-time, supervisory employees through an insurance company unless the employee declines coverage due to obtaining insurance through a different source (i.e., spouse or Medicare).

The Montgomery County Commissioners provide general insurance coverage for all the buildings on the Montgomery County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's President, Vice President and Treasurer are bonded with coverage of \$25,000.

Note 6 – Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2016.

Note 7 – Debt

Montgomery County loaned the Society \$50,000 during fiscal year 2015 to support cash flow needs prior to the 2015 Montgomery County Fair. During fiscal year 2016, the Society repaid the loan from Montgomery County in full. The Society had no debt outstanding at November 30, 2016.

**MONTGOMERY COUNTY AGRICULTURAL SOCIETY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Note 8 – 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 Montgomery County Fair. The Society disbursed \$10,284 in 2016 directly to vendors to support Junior Fair activities. These expenses are reflected as a Junior Fair disbursement in the accompanying financial statement. Montgomery County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2016 follows:

	2016
Beginning Cash Balance	1,681
Receipts	915
Disbursements	(1,069)
Ending Cash Balance	\$1,527

Note 9 – 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 Montgomery County's auction. A commission of 4% 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	\$ 16,168
Receipts	162,926
Disbursements	(144,056)
Ending Cash Balance	\$ 35,038

Note 10 – Subsequent Events

In April 2017, the Society sold the existing fairgrounds for a total purchase price of \$15,000,000.

In May 2017, the Society, Montgomery County, and the Montgomery County Transportation Improvement District entered into an Intergovernmental Agreement for the development of a new Montgomery County Fairgrounds. In September 2017, the Society entered into a New Fairgrounds Facilities Project Management and Financing Agreement with the Montgomery County Transportation Improvement District to build new fairgrounds facilities for a cost up to \$13,532,400.

Construction on the new fairgrounds was completed in June 2018.

In May 2018, Montgomery County agreed to donate the property on which the new fairgrounds were constructed to the Society.



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

Montgomery County Agricultural Society
Montgomery County
580 Calumet Lane
Dayton, Ohio 45417

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 the cash balance, receipts, and disbursements of the Montgomery County Agricultural Society, Montgomery County, (the Society) as of and for the years ended November 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2019 wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of 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*.

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 report 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

January 11, 2019



**FAIRGROUNDS & EVENT CENTER OF MONTGOMERY COUNTY
ADMINISTRATIVE OFFICE MAILING ADDRESS**

580 Calumet Lane
Dayton, Ohio 45417-8014
www.montcofair.com
Phone: (937) 224-1619
FAIRGROUNDS SITE: 645 INFIRMARY RD, DAYTON

EXECUTIVE DIRECTOR
Greg Wallace

BOARD OF DIRECTORS
John Yancik, President
Tim Terrill, Vice President

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Noncompliance – Finding for Recovery Repaid Under Audit	Fully Corrected	FFR fully paid during the prior audit
2015-002	Material Weakness – Financial Statement Misstatements	Partially Corrected	We have discussed this with our accountant to be sure transactions are fairly presented for reporting purposes. We will continue to review draft reports as they are prepared.

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OHIO AUDITOR OF STATE KEITH FABER



MONTGOMERY COUNTY AGRICULTURAL SOCIETY

MONTGOMERY 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
FEBRUARY 5, 2019**