



OHIO AUDITOR OF STATE
KEITH FABER



**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY
NOVEMBER 30, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

Putnam County Agricultural Society
Putnam County
P.O. Box 47
Ottawa, Ohio 45875-0047

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Putnam County Agricultural Society, Putnam County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for 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.

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www.ohioauditor.gov

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, 2018 and 2017, and the respective 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 Putnam County Agricultural Society, Putnam County, Ohio as of November 30, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 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.



Keith Faber
Auditor of State

Columbus, Ohio

April 18, 2019

**Putnam County Agricultural Society
Putnam County**

**Statement of Receipts, Disbursements, and Change in
Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Fiscal Year Ended November 30, 2018**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Receipts	
Admissions	\$93,925
Privilege Fees	47,073
Rentals	34,701
Sustaining and Entry Fees	110,842
Pari-mutuel Wagering Commission	1,943
Other Operating Receipts	<u>19,025</u>
Total Operating Receipts	<u>307,509</u>
Operating Disbursements	
Wages and Benefits	27,226
Utilities	36,952
Supplies and Materials	24,761
Contract Services	37,433
Equipment and Grounds Maintenance	77,122
Race Purse	114,364
Senior Fair	20,924
Junior Fair	6,087
Other Operating Disbursements	<u>31,272</u>
Total Operating Disbursements	<u>376,141</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(68,632)</u>
Non-Operating Receipts	
State Support	13,431
County Support	3,300
Donations/Contributions	53,501
Investment Income	<u>44</u>
Total Non-Operating Receipts	<u>70,276</u>
Net Change in Fund Cash Balance	1,644
Cash Balance, Beginning of Year	<u>60,086</u>
Cash Balance, End of Year	<u><u>\$61,730</u></u>

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

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018**

Note 1 – Reporting Entity

The Agricultural Society of Putnam County (the Society), Putnam 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 1855 to operate an annual agricultural fair. The Society sponsors the week – long Putnam County Fair during June. During the fair, harness races are held, culminating in the running of the Western Ohio Super Stakes. Putnam County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Putnam 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. The reporting entity does not include any other activities or entities of Putnam 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 this financial statement present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statement consist of a statement of receipts, disbursements and changes in fund balance (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.

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 has no investments.

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.

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).

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018
(Continued)**

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

The Western Ohio Super Stake races are held during the Putnam 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 Western 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:

	2018
Demand deposits	<u>\$61,730</u>

Deposits

Deposits are insured by the Federal Deposit 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, 2018, was \$9,257, 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

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018
(Continued)**

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.

	2018
Total Amount Bet (Handle)	\$ 11,148
Less: Payoff to Bettors	(9,205)
Parimutuel Wagering Commission	1,943
Tote Service Set Up Fee	(800)
Tote Service Commission	(743)
State Tax	(278)
Society Portion	\$ 122

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 May 2019.

The Putnam County Commissioners provide general insurance coverage for all the buildings on the Putnam County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of each \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$20,000 each.

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, 2018.

Note 7 – Rental Agreements

The Society renewed its rental agreement in 2014 for 3.6 acres, to be used for fair parking. The current lease has a term of 5 years with \$1,500 due each year on December 1st expiring in 2019.

The Society pays the County \$1 annually for rental of the fairgrounds.

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 Putnam County Fair. The Society disbursed \$6,087 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Putnam 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, 2018, follows:

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018
(Continued)**

	2018
Beginning Cash Balance	\$ 2,545
Receipts	1,107
Disbursements	(535)
Ending Cash Balance	\$ 3,117

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 Putnam County’s auction. A commission of 2.5 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, 2018, follows:

	2018
Beginning Cash Balance	\$ 29,716
Receipts	411,943
Disbursements	(428,191)
Ending Cash Balance	\$ 13,468

**Putnam County Agricultural Society
Putnam County**

**Statement of Receipts, Disbursements, and Changes in
Fund Balances (Regulatory Cash Basis)
Proprietary and Fiduciary Fund Types
For the Fiscal Year Ended November 30, 2017**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Receipts			
Admissions	\$98,939		\$98,939
Privilege Fees	41,065		41,065
Rentals	43,169	\$191,500	234,669
Sustaining and Entry Fees	112,659		112,659
Pari-mutuel Wagering Commission	2,213		2,213
Other Operating Receipts	20,142		20,142
Total Operating Receipts	<u>318,187</u>	<u>191,500</u>	<u>509,687</u>
Operating Disbursements			
Wages and Benefits	29,260		29,260
Utilities	40,530		40,530
Supplies and Materials	19,233		19,233
Contract Services	79,656	5,502	85,158
Equipment and Grounds Maintenance	62,192	215,599	277,791
Race Purse	105,554		105,554
Senior Fair	18,824		18,824
Junior Fair	11,005		11,005
Capital Outlay	101,125	20,000	121,125
Other Operating Disbursements	20,954		20,954
Total Operating Disbursements	<u>488,333</u>	<u>241,101</u>	<u>729,434</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(170,146)</u>	<u>(49,601)</u>	<u>(219,747)</u>
Non-Operating Receipts			
State Support	64,280		64,280
County Support	23,300		23,300
Sale of Capital Assets	2,273		2,273
Donations/Contributions	52,350		52,350
Investment Income	1		1
Total Non-Operating Receipts	<u>142,204</u>		<u>142,204</u>
Net Change in Fund Cash Balances	<u>(27,942)</u>	<u>(49,601)</u>	<u>(77,543)</u>
Cash Balances, Beginning of Year	<u>88,028</u>	<u>\$49,601</u>	<u>137,629</u>
Cash Balances, End of Year	<u><u>\$60,086</u></u>	<u><u>\$49,601</u></u>	<u><u>\$60,086</u></u>

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

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

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

Note 1 – Reporting Entity

The Agricultural Society of Putnam County (the Society), Putnam 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 1855 to operate an annual agricultural fair. The Society sponsors the week – long Putnam County Fair during June. During the fair, harness races are held, culminating in the running of the Western Ohio Super Stakes. Putnam County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Putnam 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. The reporting entity does not include any other activities or entities of Putnam 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.

Fund Accounting

The Society uses fund accounting to segregate cash and investments that are restricted as to use. The Society classifies its funds into the following types:

Proprietary – Enterprise Fund This fund accounts for all fair operations, where management intends to recover the significant costs of providing certain goods or services through user charges or state and county support.

Fiduciary – Agency Fund This fund holds resources for Putnam County and disburses these funds as directed by the Putnam County Commissioners. The source of these resources is the County owned Ag Complex located next to the fairgrounds. The Society performs management services for the County by

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017
(Continued)**

billing businesses, collecting rent, and maintaining the Ag Complex. All rent revenue collected is deposited into a separate Society checking account.

Deposits and Investments

The Society has no investments.

Capital Assets

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

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

The Western Ohio Super Stake races are held during the Putnam 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 Western 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 statements 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.

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 was as follows:

	<u>2017</u>
Demand deposits	<u>\$60,086</u>

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017
(Continued)**

Deposits

Deposits are insured by the Federal Deposit 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, 2017, was \$10,002, 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.

	2017
Total Amount Bet (Handle)	\$ 12,678
Less: Payoff to Bettors	(10,465)
Parimutuel Wagering Commission	2,213
Tote Service Set Up Fee	(800)
Tote Service Commission	(919)
State Tax	(329)
Society Portion	\$ 165

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 May 2019.

The Putnam County Commissioners provide general insurance coverage for all the buildings on the Putnam County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of each \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society’s Treasurer and Secretary are bonded with coverage of \$20,000 each.

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.

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017
(Continued)**

Note 7 – Rental Agreements

The Society renewed its rental agreement in 2014 for 3.6 acres, to be used for fair parking. The current lease has a term of 5 years with \$1,500 due each year on December 1st expiring in 2019.

The Society pays the County \$1 annually for rental of the fairgrounds.

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 Putnam County Fair. The Society disbursed \$11,005 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Putnam 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	\$ 1,825
Receipts	1,360
Disbursements	(640)
Ending Cash Balance	\$ 2,545

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 Putnam County's auction. A commission of 2.5 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, 2017, follows:

	2017
Beginning Cash Balance	\$ 39,441
Receipts	398,413
Disbursements	(408,138)
Ending Cash Balance	\$ 29,716

OHIO AUDITOR OF STATE KEITH FABER



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

Putnam County Agricultural Society
Putnam County
P.O. Box 47
Ottawa, Ohio 45875-0047

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 balances, receipts, and disbursements by fund type of Putnam County Agricultural Society, Putnam County, Ohio (the Society) as of and for the years ended November 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 18, 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. 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 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Society's Response to Finding

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

Purpose of this Report

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.



Keith Faber
Auditor of State

Columbus, Ohio

April 18, 2019

**PUTNAM COUNTY AGRICULTURAL SOCIETY
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. The following errors were identified in the accompanying financial statements:

- A separate bank account is maintained for Junior Fair livestock sales. These amounts have historically, and correctly, not been included in the financial statements and only reported in the notes. The activity in this account was incorrectly included in the 2018 Enterprise Fund financial statements. This resulted in overstating beginning fund balance, revenues, expenditures, and ending fund balance by \$29,716, \$411,943, \$428,191, and \$13,468, respectively.
- A separate bank account is maintained for Junior Fair livestock sales. These amounts have historically, and correctly, not been included in the financial statements and only reported in the notes. The activity in this account was incorrectly included in the 2017 Enterprise Fund financial statements. This resulted in overstating beginning fund balance, revenues, expenditures, and ending fund balance by \$39,441, \$398,413, \$408,138, and \$29,716, respectively.
- The Society managed Putnam County's Agricultural Complex building in 2017. The Agricultural Complex building activity was incorrectly included in the Enterprise Fund financial statements in 2017. This resulted in overstating the Enterprise Fund and understating the Agency Fund beginning fund balance, revenues, and expenditures by \$49,601, \$191,500, and \$241,101, respectively.
- In 2018, equipment and grounds maintenance disbursements in the amount of \$77,122 were incorrectly classified as contract services and other operating disbursements in the Enterprise Fund.
- In 2018 and 2017, sustaining and entry fees were incorrectly classified as racing fees and charges in the Enterprise Fund by \$100,680 and \$104,825, respectively.
- In 2017, equipment and grounds maintenance disbursements were incorrectly classified as contract services in the amount of \$62,192 in the Enterprise Fund.
- In 2017, capital outlay disbursements were incorrectly classified as contract services in the amount of \$101,125 in the Enterprise Fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. As a result, the Society's financial statements did not correctly reflect the financial activity of the Society. The accompanying financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

To help ensure the Society's financial statements are complete and accurate, the Society should adopt policies and procedures, including a final review of the statements by the Treasurer and the finance committee, to identify and correct errors and omissions.

Officials' Response:

The Putnam County Agricultural Society is currently in the process of updating their policies and procedures that will include a policy focusing on final review of financial statements by the Treasurer and finance committee.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 NOVEMBER 30, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	This finding was first reported in 2014. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as finding 2018-001 in this report.	The client declined to offer an explanation why the finding reoccurred. The Society has a better understanding of the posting issues and will be working to get the issues fixed in the system for the future postings.
2016-002	This finding was first reported in 2016. Material weakness for lack of segregation of duties.	Partially corrected. Reissued in the Management Letter.	The client declined to offer an explanation why the finding was not fully corrected. The Society will continue to make improvements where needed, with assistance from auditors and guidance on procedures.
2016-003	This finding was first reported in 2016. Material weakness for lack of internal control procedures on admission receipts.	Partially corrected. Reissued in the Management Letter.	The client declined to offer an explanation why the finding was not fully corrected. The Society will continue to make improvements where needed, with assistance from auditors and guidance on procedures.
2016-004	Finding for recovery for revenue collected but not accounted for.	Fully corrected.	

OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY AGRICULTURAL SOCIETY

PUTNAM 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
MAY 9, 2019**